



HOUSING & REDEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

MONDAY, JUNE 13, 2022

6:00 PM

1. Call to Order
2. Approval of the Minutes
3. Program Reports
 - A. Mobile Home Buy-Out Program
 - B. Mobile Home Heat Tape Program
 - C. RAD/Repositioning Process
 - D. 230 Central Avenue Apartments
4. Property Reports
 - A. Robinwood Manor - Monthly Operating and Budget Statement
 - B. Public Housing - Monthly Operating and Budget Statement
 - C. Scattered Sites - Monthly Operating and Budget Statement
5. Public Hearings
6. Items for Discussion
 - A. Memorandum of Understanding - Resolution 2022-03
 - B. Creation of LLC - Resolution 2022-04
 - C. Other HRA / Housing Related Updates
7. Adjournment

Faribault Housing and Redevelopment Authority
Meeting Minutes
April 11, 2022

1. Call to Order / Approval of the Agenda

Chair Speckhals called the meeting to order at 6:01 p.m.

Members Present: Narren Brown, Travis McColley, Jonathan Wood and Chair Speckhals

Members Absent: Loni Ahlers, Travis Kath, Brenden Kennedy

A motion was brought by McColley, seconded by Wood to approve the agenda. Vote carried unanimously.

2. Minutes

A. Minutes of April 11, 2022.

A motion was made by McColley to approve the minutes of April 11, 2022 seconded by Wood as presented. Motion carried unanimously.

3. RAD/Repositioning Process

Conning Springer, City of Faribault's Community Development Specialist that oversees the current Public Housing Program, attended. On Zoom, were Kim Clausen, former Community Development Coordinator currently serving in a consultant role specific to this special project and Nicole Wickliffe from Recap Advisors. Brief introductions were made.

Director Kuennen distributed a project spreadsheet and went over the details showing a 20-year pro forma for the proposed RAD repositioning. Discussed was the required Replacement Reserve Deposit, how the Replacement Reserve Deposit will be used for capital improvements, and how the projected revenue reflected on an annual basis would gross approximately \$690,000.

The RAD Repositioning requires the HRA to work with Rice County under a Memorandum of Understanding. Clausen is working with the attorneys to prepare a draft, whereas Rice County will collect the rents and send payment to the HRA minus an administrative fee.

With the 20-year pro forma, the structure would presumably bring in a revenue of approximately \$7,000,000, not including the Replacement Reserve Deposits.

Clausen provided a comparison versus how the current Public Housing program and funding works. This new program is designed to give a more stable reserve. From a tenant perspective the only difference to the current residents would really only impact those that currently pay flat rents. These residents would have rent agreements that bring them to get them to the 30% of income payment over a three-year time frame. There are approximately five (5) families at this time that are at that flat rent. When the board was

offered the options to move our current program, the main goal was not to displace anyone currently in public housing. This proposed program would not do that that.

Another thing mentioned is that with this new program, the HRA would not have to follow the Davis Bacon Prevailing Wage requirement on capital improvement. Wickliffe advised that the Board should update the capital improvement plan and take a look at best practices on how the money should be spent. She indicated that the HRA will essentially be wearing two hats; 1) as the landlords, and 2) property managers. She recommended an annual CIP rather than a 5-year plan.

The other need is to transfer the ownership to an LLC from the HRA. Kuennen asked the Board to make a motion to direct staff to work with the City's attorneys to begin the process of setting up the LLC. The board members seemed hesitate as to taking this on and asked for assurances that they would be indemnified from litigation personally in this regard. Wickliffe did state that this is a common practice and she is working with other cities in MN, like Duluth and Mankato. In Duluth, they have formed several LLCs for their repositioning.

The timeline discussed moving forward was to have a 5/24/22 meeting with the resident; begin preparing the third-party reports, finalize and submit the environmental requirements; upload the RAD request; call HUD; finalize the entity's LLC; prepare the financial plan; HUD then has 60 days for review and then there are 90 days to close and issue. The City's attorneys will prepare the legal work and do the closing. The goal now is to be done before 2023.

A motion was made by McColley, seconded by Wood to direct staff to work with the attorney to establish an LLC for the HRA. Motion carried unanimously. The name of the LLC would be Faribault HRA, LLC if available. Wickliffe suggested that they use a pilot program and that there is a tax exemption in place.

4. Other Discussion

Wood brought up that a resident of one of the public housing units was asking if it was necessary to have the no-smoking sign directly on the front door. Staff agreed to look into whether it was a HUD requirement and what could be done about the placement.

McColley asked Kuennen if there was anything different on the monthly budget items and she said that nothing changed. He was fine with that.

5. Adjournment

A motion was made by McColley and seconded by Brown to adjourn the meeting at 7:19 p.m. Motion carried unanimously.

Respectfully Submitted,

Kari Casper, Recording Secretary



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: Mobile Home Buy-Out Program

BACKGROUND:

The HRA provides funding to assist mobile home owners with disposal of substandard mobile homes, to allow for updated/upgraded replacements.

REQUESTED ACTION:

No action required. No applications have been submitted over the last 30 days.

ATTACHMENTS:



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: Mobile Home Heat Tape Program

BACKGROUND:

The HRA provided funding in 2021/2022 for the Heat Tape program. The manufactured home communities are some of the largest water users in the city. This is because poor insulation of water pipes, and residents running water to prevent pipes from freezing. To reduce the excessive water usage, the HRA has developed a program to offer heat tape installation.

Initially, with this round of approved funding, it was difficult to find a qualified contractor to do the work. A contractor has been identified, a contract is in place, and marketing of the program will begin with park managers to encourage installation of heat tape now versus in the midst of the winter.

Staff will share the marketing brochure created to advertise the program.

REQUESTED ACTION:

No action required.

ATTACHMENTS:



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: RAD/Repositioning Process

BACKGROUND:

Last month, Recap Advisors participated in the HRA meeting via Zoom to update the HRA on the reposition process, talk about the proforma, discuss next steps, and answer questions. Since that meeting, a number of actions have continued to progress. Attached is a memo prepared by Kim Clausen on activities.

The Memo mentions the Memorandum of Understanding (MOU) between the HRA and Rice County. This is an integral part of the RAD Repositioning. Staff is asking the HRA to approve the MOU via resolution, with the caveat that Rice County may have some modifications and that those modifications do not substantially change the agreement. If there are substantive changes, the MOU will be brought back to the HRA for review and re-approval. The actual MOU is included later on the Agenda for action.

Also included on the agenda is the approval of a new LLC. This is also required to complete the repositioning.

REQUESTED ACTION:

ATTACHMENTS:

1. 6-9-22 MEMO- RAD Repositioning Update - KC



Discussion Item

TO: Faribault Housing and Redevelopment Authority
FROM: Kim Clausen
MEETING DATE: June 13, 2022
SUBJECT: RAD Repositioning Status Report

PURPOSE: Provide an ongoing update to the HRA regarding the RAD Repositioning process.

Current Activity:

Financing Plan

Staff has been actively working with RECAP to submit all components of the Financing Plan to HUD. Once the Financing Plan is submitted, HUD will schedule a call to go over the next steps to move toward closing. Documents submitted include:

- Rent Roll
- 5-Year Annual Plan
- Meeting notes and sign-in sheet from May 24, 2022 resident meeting
- Final title work and title opinion
- Environmental Review documents

Resident Meeting

At the resident meeting on May 24, 2022, residents were provided with an update on the status of the repositioning. The biggest area of concern is from residents who are currently at the Flat Rent and what their rent will be post-conversion. Staff contacted the 5 households this affects to explain the ramifications to their rent. The meeting notes are attached for HRA information.

Memorandum of Understanding

The FHRA must enter into a Memorandum of Understanding (MOU) with the Rice County HRA for administration of the Project-Based Vouchers post-conversion. The MOU outlines roles and responsibilities for each entity and includes required language from HUD. The RCHRA will also need to review and approve the MOU. The HRA is asked to adopt Resolution 2022-03 approving the MOU and authorizing the Chairperson and/or Executive Director to execute the MOU provided the RCHRA does not make substantive changes to the agreement. Substantive changes will be brought back to the FHRA for ratification.



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: 230 Central Avenue Apartments

BACKGROUND:

The HRA has required that Todd Nelson provide monthly updates on work performed and completed on the 230 Central Avenue apartment project. The following is a summary provided as of the end of May:

Elevator contractor has tracking number and will arrive Thursday the 9th
Demo is complete and starting the new shaft wall installations
Elevator contractor on site June 13th to start to set elevator door frames
Elevator contractor begin installation of new elevator on the 6-13
We are doing final paint touchups and completing and installing clothes washers and dryers
Final cleaning is beginning this week on the floors and walls
Blinds have been installed
Hall carpet and stair flooring will be installed when elevator is complete
Elevator contractors has it being ready for final inspection on the week of 7-11

The exterior finish items
Tile to complete on the new dumpster enclosure , paint door ,

Store front 105 (west of apartment door)
looking at installation of new glass store front had a car run into the front of a few weeks ago
that space has been cleaned and ceiling is up to old tin ceiling with new lighting and paddle fans ,fire alarm and sprinkler system
painting and new flooring for 105 being done this month so will be ready to rent store front by August

remove canopy on the pawn store front 101,102

REQUESTED ACTION:

ATTACHMENTS:

1. 20220605_182231
2. 20220605_182240
3. 20220605_182410
4. 20220605_182416
5. 20220605_182423
6. 20220605_182743

7. 20220605_182752
8. 20220605_182805
9. 20220605_182958
10. 20220605_183010
11. 20220605_183021
12. 20220605_183114



























Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: Robinwood Manor - Monthly Operating and Budget Statement

BACKGROUND:

The purpose of this memorandum is to provide the HRA with an update on the activity at Robinwood Manor for the month of APRIL 2022.

- Occupancy: 96% Leased
- Turnovers: 0
- Vacancy: Two (1-bedroom) units
- Extraordinary Expenses:
 - League of MN Cities Insurance Property/Liability 2022 Premium - \$9887
 - Flex Comm Annual Fire Alarm Testing - \$1628
 - Bergan KDV Audit of Financial Statement - \$8100

REQUESTED ACTION:

Review and approve operating/monthly budget as attached.

ATTACHMENTS:

1. 4A - Attachment APRIL Robinwood Budget

**ROBINWOOD MANOR
FOR APRIL 22**

	<u>2022 Budget</u>	<u>% of Revenue</u>	<u>APRIL Actual</u>	<u>Monthly Budget</u>	<u>Variance of Monthly Budget</u>	<u>Favorable/ Unfavorable</u>	<u>2022 Year-To-Date</u>	<u>Remaining Balance</u>
REVENUES								
33160 FEDERAL GRANTS	239,842.00	48.60%	23,207.00	19,986.83	16.11%	F	98,843.00	140,999.00
36200 OTHER MISCELLANEOUS	6,000.00	1.22%	634.00	411.00	54.26%	F	2,296.65	3,703.35
36210 INTEREST ON INVESTMEI	6,800.00	1.38%	184.68	566.67	NA	NA	1,698.56	5,101.44
36211 INTEREST MARKET VALUE	0.00	0.00%	(6,864.68)	0.00	NA	NA	(25,763.51)	25,763.51
36220 RENTS	239,842.00	48.60%	16,071.00	19,986.83	-19.59%	U	61,485.00	178,357.00
36221 VACANCIES	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36227 EXCESS UTILITIES	1,000.00	0.20%	20.00	83.33	-76.00%	U	89.00	911.00
36280 PROJECT REIMBURSEME	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS (G	<u>\$493,484.00</u>	<u>51.40%</u>	<u>\$33,252.00</u>	<u>\$41,034.67</u>	<u>-18.97%</u>	<u>U</u>	<u>\$138,648.70</u>	<u>\$354,835.30</u>
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	23,000.00	5.74%	2,828.97	1,916.67	47.60%	U	5,027.54	17,972.46
42410 MINOR EQUIPMENT/TOOL	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
TOTAL: SUPPLIES	<u>\$23,000.00</u>	<u>5.74%</u>	<u>\$2,828.97</u>	<u>1,916.67</u>	<u>47.60%</u>	<u>U</u>	<u>5,027.54</u>	<u>\$17,972.46</u>
OTHER SERVICES & CHARGES								
43010 AUDITING & ACCOUNTING	10,000.00	2.50%	8,100.00	833.33	872.00%	U	8,100.00	1,900.00
43040 ATTORNEY FEES-CIVIL P	1,000.00	0.25%	0.00	83.33	-100.00%	F	0.00	1,000.00
43070 MANAGEMENT SERVICE	45,250.00	11.30%	3,780.58	3,770.83	0.26%	U	15,415.04	29,834.96
43090 EXPERT & PROF SERVICE	15,500.00	3.87%	210.28	1,291.67	-83.72%	F	615.18	14,884.82
43095 SOFTWARE MAINT & SUP	3060.00	0.00%	0.00	255.00	NA	NA	0.00	3,060.00
43130 TENANT SERVICES	3,000.00	0.75%	0.00	250.00	-100.00%	F	0.00	3,000.00
43210 TELEPHONE & TELEGRA	-	0.00%	0.00	-	#DIV/0!	#DIV/0!	0.00	0.00
43250 OTHER COMMUNICATION	900.00	0.22%	224.24	75.00	198.99%	U	898.34	1.66
43430 ADVERTISING - OTHER	500.00	0.12%	0.00	41.67	-100.00%	F	0.00	500.00
43610 INSURANCE & BONDS	9,902.00	2.47%	9,887.82	825.17	1098.28%	U	9,887.82	14.18
43810 ELECTRIC UTILITIES	26,000.00	6.49%	2,391.21	2,166.67	10.36%	U	7,898.84	18,101.16
43820 WATER UTILITIES	2,200.00	0.55%	225.53	183.33	23.02%	U	595.53	1,604.47
43830 GAS UTILITIES	10,500.00	2.62%	1,035.85	875.00	18.38%	U	6,456.64	4,043.36
43840 REFUSE DISPOSAL	3,100.00	0.77%	292.27	184.70	58.24%	U	1,178.61	1,921.39
43850 SEWER UTILITIES	3,100.00	0.77%	380.40	258.33	47.25%	U	973.18	2,126.82
43860 STORM WATER UTILITY	750.00	0.19%	78.75	62.50	26.00%	U	236.25	513.75
44010 BUILDING MAINTENANCE	100,000.00	24.98%	10,853.31	8,333.33	30.24%	U	34,203.43	65,796.57
44040 VEHICLE/EQUIPMENT RE	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44050 EXTRAORDINARY MAINT	123,000.00	30.72%	0.00	10,250.00	-100.00%	F	1,885.60	121,114.40
44060 LAUNDRY SERVICES	900.00	0.22%	106.12	75.00	41.49%	U	237.26	662.74
44160 RENTS AND LEASES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44200 DEPRECIATION	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44320 BAD DEBT EXPENSE	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44325 BANK FEES & CHARGES	300.00	0.07%	9.10	25.00	-63.60%	F	45.45	254.55
44370 MISC CHARGES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44390 TAXES & LICENSES	18,200.00	4.55%	1,130.00	1,516.67	-25.49%	F	1,130.00	17,070.00
44700 INTEREST	200.00	0.05%	4.55	16.67	NA	U	13.90	186.10
TOTAL: OTHER SERVICES & CH	<u>377,362.00</u>	<u>94.26%</u>	<u>\$38,710.01</u>	<u>\$30,539.87</u>	<u>26.75%</u>	<u>U</u>	<u>\$89,771.07</u>	<u>\$287,590.93</u>
45200 BUILDING & IMPROVEMEN	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>NA</u>	<u>U</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL EXPENSES	<u>\$400,362.00</u>	<u>100.00%</u>	<u>\$41,538.98</u>	<u>32,456.53</u>	<u>27.98%</u>	<u>U</u>	<u>\$94,798.61</u>	<u>\$305,563.39</u>



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: Public Housing - Monthly Operating and Budget Statement

BACKGROUND:

The purpose of this memorandum is to provide the HRA with an update on the activity the Public Housing Program for the month of APRIL 2022.

- Occupancy: 100% leased
- Turnovers: 0
- Vacancy: 0
- Extraordinary Expenses:
 - League of MN Cities Property/Liability Insurance 2022 Premium - \$22495
 - Kennedy & Graven Public Housing Declaration of Trust - \$9272
 - Braunt Intertec Corp Environmental Assessment - \$4425
 - Rice County Property Tax Recycling Fee - \$1520

REQUESTED ACTION:

Review and approve operating statement for the month of APRIL 2022.

ATTACHMENTS:

1. 4B. Attachment APRIL Public Housing Budget

**PUBLIC HOUSING
FOR APRIL 22**

	<u>2022 Budget</u>	<u>% of Revenue</u>	<u>APRIL Actual</u>	<u>Monthly Budget</u>	<u>Variance of Monthly Budget</u>	<u>Favorable/ Unfavorable</u>	<u>2022 Year-To-Date</u>	<u>Remaining Balance</u>
REVENUES								
33160 FEDERAL GRANTS	250,000.00	48.35%	0.00	20,833.33	-100.00%	U	1,439.00	248,561.00
36200 OTHER MISC REVENUE	6,000.00	1.16%	1,854.03	500.00	270.81%	F	6,595.05	(595.05)
36210 INTEREST ON INVESTMENTS	1,100.00	0.21%	47.17	91.67	-48.54%	U	534.89	565.11
36211 INTEREST MARKET VALUE	0.00	0.00%	(1,639.42)	0.00	NA	F	(7,349.78)	7,349.78
36220 RENTS	260,000.00	50.28%	26,436.82	21,666.67	22.02%	F	85,680.00	174,320.00
36240 REFUNDS & REIMBURSEMENTS	0.00	NA	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS	<u>\$517,100.00</u>	<u>100.00%</u>	<u>\$26,698.60</u>	<u>\$43,091.67</u>	<u>-38.04%</u>	<u>U</u>	<u>\$86,899.16</u>	<u>\$430,200.84</u>
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	23,000.00	4.16%	1,363.64	1,916.67	-28.85%	F	8,533.00	14,467.00
42115 TENANT SERVICES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
TOTAL: SUPPLIES	<u>\$23,000.00</u>	<u>4.16%</u>	<u>\$1,363.64</u>	<u>1,916.67</u>	<u>-28.85%</u>	<u>F</u>	<u>\$8,533.00</u>	<u>\$14,467.00</u>
OTHER SERVICES & CHARGES								
43010 AUDITING & ACCT SERVICES	1,500.00	0.27%	0.00	125.00	-100.00%	F	0.00	1,500.00
43040 ATTORNEY FEES-CIVIL PROCESS	6,500.00	1.18%	9,272.80	782.40	1085.17%	U	10,055.20	(3,555.20)
43070 MANAGEMENT SERVICES	80,484.00	14.55%	6,707.00	6,707.00	0.00%	F	26,828.00	53,656.00
43090 EXPERT & PROF SERVICES	52,500.00	9.49%	4,425.00	33.75	13011.11%	U	20,276.10	32,223.90
43430 ADVERTISING - OTHER	500.00	0.09%	0.00	41.67	-100.00%	F	0.00	500.00
43610 INSURANCE & BONDS	34,748.00	6.28%	22,495.18	2,895.67	676.86%	U	22,495.18	12,252.82
43810 ELECTRIC UTILITIES	1,100.00	0.20%	105.89	91.67	15.52%	U	363.83	736.17
43820 WATER UTILITIES	800.00	0.14%	104.88	66.67	57.32%	U	345.53	454.47
43830 GAS UTILITIES	500.00	0.09%	22.69	41.67	-45.54%	F	391.65	108.35
43840 REFUSE DISPOSAL	3,000.00	0.54%	199.82	250.00	-20.07%	F	888.00	2,112.00
43850 SEWER UTILITIES	500.00	0.09%	0.00	41.67	-100.00%	F	21.36	478.64
43860 STORM WATER UTILITY	700.00	0.13%	89.53	58.33	53.48%	U	272.45	427.55
44010 BUILDING MAINTENANCE	89,500.00	16.18%	3,432.68	7,458.33	-53.98%	F	20,855.55	68,644.45
44050 EXTRAORDINARY MAINTENANCE	240,000.00	0.00%	1,437.00	20,000.00	NA	U	1,437.00	238,563.00
44325 BANK FEES & CHARGES	0.00	0.00%	68.30	0.00	NA	U	219.49	(219.49)
44370 MISC CHARGES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44375 UTILITY REIMBURSEMENT	7,500.00	1.36%	1,562.00	625.00	149.92%	U	5,478.00	2,022.00
44390 TAXES & LICENSES	10,000.00	1.81%	1,520.00	833.33	82.40%	U	4,690.00	5,310.00
44700 INTEREST	300.00	0.05%	0.00	25.00	-100.00%	F	29.41	270.59
TOTAL: OTHER SERVICES & CHARGES	<u>\$530,132.00</u>	<u>95.84%</u>	<u>\$51,442.77</u>	<u>\$40,077.15</u>	<u>28.36%</u>	<u>U</u>	<u>\$114,646.75</u>	<u>\$415,485.25</u>
TOTAL EXPENSES	<u>\$553,132.00</u>	<u>100.00%</u>	<u>\$52,806.41</u>	<u>41,993.82</u>	<u>25.75%</u>	<u>U</u>	<u>\$123,179.75</u>	<u>\$429,952.25</u>



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: Scattered Sites - Monthly Operating and Budget Statement

BACKGROUND:

The purpose of this memorandum is to provide the HRA with an update on the activity in the Scattered Sites program for the month of APRIL 2022.

- Property Address: 16 SE 1st Street
- Occupancy: 100% leased
- Turnovers: 0
- Vacancy: 0
- Extraordinary Expenses:
 - League of MN Cities Property/Liability Insurance 2022 Premiums - \$268
 - Rice County Property Taxes - \$1954

REQUESTED ACTION:

Review and approve the operating/month budget as attached.

ATTACHMENTS:

1. 4C - Attachment - APRIL Scattered Sites Budget

**CITY SCATTERED SITES
FOR APRIL 2022**

	2022 Budget	% of Revenue	APRIL Actual	Monthly Budget	Variance of Monthly Budget	Favorable/ Unfavorable	2022 Year-To-Date	Remaining Balance
REVENUES								
36211 MARKET VALUE ADJUSTMENT	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36200 OTHER MISC REVENUE	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36210 INTEREST ON INVESTMENTS	1,200.00	8.51%	28.01	100.00	NA	F	270.91	929.09
36211 INTEREST MARKET VALUE	0.00	0.00%	(1,063.25)	0.00	NA	F	(4,078.79)	4,078.79
36220 RENTS	12,900.00	91.49%	1,075.00	1,075.00	0.00%	U	4,300.00	8,600.00
36240 REFUNDS & REIMBURSEMENTS	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS	\$14,100.00	91.49%	\$39.76	\$1,075.00	-96.30%	U	\$492.12	\$13,607.88
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	500.00	5.98%	0.00	41.67	-100.00%	F	0.00	500.00
TOTAL: SUPPLIES	\$500.00	5.98%	\$0.00	41.67	-100.00%	F	\$0.00	\$500.00
OTHER SERVICES & CHARGES								
43040 LEGAL FEES - CIVIL PROCESS	0.00	0.00%	0.00	0.00	#DIV/0!	#DIV/0!	0.00	750.00
43070 MANAGEMENT SERVICES	1,140.00	13.62%	95.00	95.00	0.00%	F	380.00	760.00
43090 EXPERT & PROFESSIONAL SVCS	0.00	0.00%	0.00	0.00	0.00%	F	0.00	0.00
43430 ADVERTISING - OTHER	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
43610 INSURANCE & BONDS	527.00	6.30%	268.00	43.92	510.25%	U	268.00	259.00
43810 ELECTRIC UTILITIES	200.00	2.39%	0.00	16.67	-100.00%	F	0.00	200.00
43820 WATER UTILITIES	300.00	3.59%	26.88	25.00	7.52%	U	78.26	221.74
43830 GAS UTILITIES	100.00	1.20%	0.00	8.33	-100.00%	F	0.00	100.00
43840 REFUSE DISPOSAL	200.00	2.39%	0.00	16.67	-100.00%	F	0.00	200.00
43850 SEWER UTILITIES	450.00	5.38%	34.10	37.50	-9.07%	F	97.85	352.15
43860 STORM WATER UTILITY	100.00	1.20%	6.53	8.33	-21.64%	F	19.59	80.41
44010 BUILDING MAINTENANCE	3,000.00	35.86%	11.14	250.00	-95.54%	F	161.14	2,838.86
44160 RENTS & LEASES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44320 BAD DEBT	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44390 TAXES & LICENSES	1,800.00	21.51%	1,954.00	0.00	NA	U	2,064.00	(264.00)
44700 INTEREST	50.00	0.60%	0.00	4.17	-100.00%	F	1.89	48.11
TOTAL: OTHER SERVICES & CHARGES	\$7,867.00	94.02%	\$2,395.65	\$505.58	373.84%	U	\$3,070.73	\$4,796.27
45200 BUILDING & IMPROVEMENTS	\$0.00	0.00%	\$0.00	\$0.00	NA	U	\$0.00	\$0.00
TOTAL EXPENSES	\$8,367.00	100.00%	\$2,395.65	547.25	337.76%	U	\$3,070.73	\$5,296.27



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: Memorandum of Understanding - Resolution 2022-03

BACKGROUND:

One of the requirements of the RAD Repositioning was to identify a contract administrator partner to administer the vouchers. Staff has been working with the Rice County Housing and Redevelopment Authority on this arrangement, as they administer a Housing Choice Voucher program. Through many conversations to ensure all of the HUD regulations are accurately and adequately addressed - specifically H 2019-03/PIH 2019-23, REV-4 and any successors, the attached draft Memorandum of Understanding has been prepared and reviewed. It has also been forwarded to Rice County for their review. The purpose of the MOU is to clearly define the roles and responsibilities of each authority for the administration of the Project Based Vouchers. The MOU is a 20-year contract, where each entity mutually agrees to the following:

FHRA

- Continue to be responsible for all maintenance, repairs, capital improvements, capital improvement and maintenance planning, compliance with building zoning, and rental codes and ordinances for all 49 units.

RCHRA

- Will conduct Housing Quality Standards inspections at all 49 units.
-
-

Tenants

- Continue to pay rent

Kim Clausen will attend the HRA meeting via Zoom to explain the details of the MOU and answer any questions that the HRA may have. The HRA will be asked to approve the MOU, authorizing Staff to incorporate any modifications from Rice County as long as the changes do not fundamentally change the agreement.

-

REQUESTED ACTION:

Approve Resolution 2022-03 Approving Memorandum of Understanding with the Rice County Housing and Redevelopment Authority for the Administration of Project-Based Vouchers.

ATTACHMENTS:

1. 2022-03 Approving MOU with RCHRA

FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY

Resolution 2022-03

APPROVING MEMORANDUM OF UNDERSTANDING WITH THE RICE COUNTY HOUSING AND REDEVELOPMENT AUTHORITY FOR THE ADMINISTRATION OF PROJECT-BASED VOUCHERS

WHEREAS, the Faribault Housing and Redevelopment Authority ("the HRA"); was established by the City of Faribault, on October 13, 1970, under the "Minnesota Housing and Redevelopment Act" pursuant to Minnesota Statutes 469.003; and

WHEREAS, the HRA administers several housing and redevelopment programs in the City of Faribault, including 49 scattered-site Low-Rent Public Housing through the U.S. Department of Housing and Urban Development (HUD) and

WHEREAS, the current funding structure of the Public Housing Program does not provide adequate funding for management, maintenance, operating and capital improvements of the units, and

WHEREAS, the HRA is considered a Small Public Housing Authority under HUD guidelines; and

WHEREAS, HUD offers housing authorities the option to reposition their Public Housing portfolios by exiting the Public Housing Program and converting to a new program/funding source that provides additional revenue ; and

WHEREAS, the HRA has analyzed the various conversion options to determine which repositioning option provides the greatest amount of revenue while also offering robust tenant protections; and

WHEREAS, the HRA has chosen the conversion of the Faribault Public Housing units to Section 8 Project Based Vouchers through the RAD Section 18 Small PHA Blend per PIH notice 2021-09 (HA); and

WHEREAS, the HRA has a total of 49 public housing units that will convert to Section 8 Project Based Vouchers. Twenty percent (20%) of the units will convert through the RAD program, while the remaining eighty percent (80%) of the units will convert through the Section 18 Disposition program, known as the RAD Small PHA Blend; and

WHEREAS, the HRA will enter into a twenty-year (20-year) Housing Assistance Payment (HAP) contract with the Rice County Housing and Redevelopment Authority (RCHRA), who will serve as the Contract Administrator of the Project Based Vouchers;

WHEREAS, a Memorandum of Understanding with the RCHRA has been drafted to clearly define the roles of each authority for the administration of the Project Based Vouchers.

NOW, THEREFORE, BE IT RESOLVED by the Housing and Redevelopment Authority of Faribault, Minnesota that it hereby approves the attached Memorandum of Understanding with the Rice County Housing and Redevelopment Authority for administration of the Project Based Vouchers.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Chairperson and Executive Director are hereby authorized to execute the Memorandum of Understanding, provided no substantive changes are made by the Rice County Housing and Redevelopment Authority. Substantive changes, as determined by the Chairperson and Executive Director, will be brought back to the FHRA for approval.

ADOPTED: June 13, 2022

Faribault Housing and Redevelopment Authority

Matt Speckhals, Chairperson

ATTEST:

Secretary

**MEMORANDUM OF UNDERSTANDING
FOR MANAGEMENT AND ADMINISTRATION OF PROJECT-BASED VOUCHERS
FOR 49 SCATTERED SITE AFFORDABLE HOUSING UNITS**

WHEREAS, the Faribault Housing and Redevelopment Authority (FHRA) was established by the City of Faribault, on October 13, 1970, under the “Minnesota Housing and Redevelopment Act” pursuant to Minnesota Statutes 469.003; and

WHEREAS, the FHRA administers several housing and redevelopment programs in the City of Faribault, including 49 scattered-site Low-Rent Public Housing through the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, the current funding structure of the Public Housing Program does not provide adequate funding for management, maintenance, operating and capital improvements of the unit; and

WHEREAS, the FHRA is considered a Small Public Housing Authority under HUD guidelines; and

WHEREAS, HUD offers housing authorities the option to reposition their Public Housing portfolios by exiting the Public Housing Program and converting to a new program/funding source that provides additional revenue; and

WHEREAS, the FHRA has analyzed the various conversion options to determine which repositioning option provides the greatest amount of revenue while also offering robust tenant protections; and

WHEREAS, the FHRA has chosen the conversion of the Faribault Public Housing units to Section 8 Project Based Vouchers through the HUD’s Rental Assistance Demonstration (RAD) program and the Section 18 Small PHA Blend per PIH notices 2019- 23 Rev 4 and 2021-09; and

WHEREAS, the FHRA has a total of 49 public housing units that will convert to Section 8 Project Based Vouchers. Twenty percent (20%) of the units will convert through the RAD program, while the remaining eighty percent (80%) of the units will convert through the Section 18 Disposition program, known as the RAD/Section 18 Small PHA Blend; and

WHEREAS, HUD only allows public housing authorities with existing Voucher programs to administer Section 8 Project Based Vouchers through the RAD/Section 18 Small PHA Blend; and

WHEREAS, the FHRA does not administer a Voucher program and is therefore required to partner with an agency that has a Voucher program for administration of the Section 8 Project Based Vouchers; and

WHEREAS, the Rice County Housing and Redevelopment Authority (RCHRA) currently administers a Voucher program and has agreed to administer the Section 8 Vouchers through the RAD/Section 18 Small PHA Blend program on behalf of the FHRA; and

WHEREAS, the FHRA will enter into a twenty-year (20-year) Housing Assistance Payment (HAP) contract with the RCHRA, who will serve as the Contract Administrator of the Project Based Vouchers; and

WHEREAS, the FHRA and the RCHRA wish to enter into this memorandum under the guidelines of H 2019-03/PIH 2019-23, REV-4 and any successor Notices and PIH 2021-09, to establish the framework, roles, responsibilities and other requirements of the management and administration of the new Program; and

WHEREAS, upon conversion to Project Based Vouchers the FHRA and RCHRA will adopt the resident rights, participation, waiting list and grievance procedures listed in *For conversions to PBV*: Section 1.6 of H 2019-03/PIH 2019-23, REV-4; and H-2016-17/PIH-2016-17.

NOW, THEREFORE, BE IT MUTUALLY AGREED, that the FHRA and its associated legal entity, Faribault HRA, LLC., will continue to own the affected 49 units.

ALSO, BE IT MUTUALLY AGREED, that after the FHRA closes with HUD on the repositioning but before the effective date of the Housing Assistance Payment (HAP) contract, the RCHRA will conduct Housing Quality Standards inspections on the affected 49 units.

ALSO, BE IT MUTUALLY AGREED, the FHRA will continue to be responsible for all maintenance, repairs, capital improvements, capital improvement and maintenance planning, compliance with building, zoning and rental codes and ordinances of the affected 49 units.

ALSO, BE IT MUTUALLY AGREED, that residents will continue to pay their required rent, late fees, pet fees, maintenance charges and all other required fees and charges associated with the rental/property management of the affected 49 units to the FHRA at their offices at 208 1st Avenue NW, Faribault, MN 55021.

ALSO, BE IT MUTUALLY AGREED, the FHRA will continue to screen potential tenants for criminal and rental histories, in accordance with their Eligibility/Suitability policies.

ALSO, BE IT MUTUALLY AGREED, after the effective date of the HAP contract, the FHRA will continue to pull new residents from their existing waiting list. Once the FHRA's waiting list is exhausted, new residents will be pulled from the RCHRA voucher waiting list, which they agree to share with the FHRA.

ALSO, BE IT MUTUALLY AGREED, that, pursuant to Choice Mobility requirements, after one year of being on the Project Based Voucher Section 8 Lease, households can request a tenant-based voucher from the RCHRA. These household must be allowed to go to the top of the RCHRA voucher list. The RCHRA will add language to their Administrative Plan describing how these households will be pulled from the waiting list relative to other households.

Commented [NW1]: Have you considered to keep the Faribault waitlist separate? I believe it will be easier to manage vs to pull from the voucher waitlist for the PBV units in City of Faribault.

ALSO, BE IT MUTUALLY AGREED, the FHRA and RCHRA will cooperate to transfer the required electronic resident files using the Housing Data Systems software system.

ALSO, BE IT MUTUALLY AGREED, the FHRA and RCHRA will cooperate to transfer the required paper/hard copy resident files.

ALSO, BE IT MUTUALLY AGREED, the RCHRA will perform all duties required to administer the Project-Based Vouchers, including but not limited to, initial, interim and annual certifications/recertifications, income verifications, calculating and tracking Earned Income Disallowances, HQS inspections, processing HAPs.

ALSO, BE IT MUTUALLY AGREED, existing households, who have elected “Flat Rent” will be converted to income base at start of their new Section 8 Lease. Households with a \$25 or 10% increase, will have the rental increase phased in over three years. Section 8 does not have the flat rent option, Therefore, all households are required to pay 30% of their adjusted income.

ALSO, BE IT MUTUALLY AGREED, that the households that converted from public housing to Section 8 PBV under the RAD/Section 18 Small PHA Blend program, are considered “grandfathered” tenants. They are exempt from the PBV guidelines of having to vacate if not generating a subsidy after a certain point.

ALSO, BE IT MUTUALLY AGREED, the RCHRA will receive an Administrative Fee as determined by HUD and for administration of the Project-Based Voucher Program.

ALSO, BE IT MUTUALLY AGREED, the FHRA has elected the Choice Mobility Option. After one year of being on the Section 8 PBV Lease at the FHRA units, the household may request a tenant-based voucher from RCHRA, and if RCHRA has vouchers available, the FHRA family goes to the top of the waitlist. The FHRA residents must follow RCHRA’s policies, which are a part of RCHRA’s Administrative Plan.

IN WITNESS OF THE ABOVE, the parties have caused this memorandum of understanding to be executed on the date and year written below.

RICE COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

By: _____
Chairperson Date

By: _____
Executive Director Date

STATE OF MINNESOTA)
)ss
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of _____, by _____ and _____, the Chairperson and Executive Director, respectively, of the Rice County Housing and Redevelopment Authority.

Notary Public

FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY

By: _____
Matt Speckhals, Chairperson Date _____

By: _____
Deanna Kuennen, Executive Director Date _____

STATE OF MINNESOTA)
)ss
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of _____, by Matt Speckhals and Deanna Kuennen, the Chairperson and Executive Director, respectively, of the Faribault Housing and Redevelopment Authority.

Notary Public



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: Creation of LLC - Resolution 2022-04

BACKGROUND:

At the last HRA meeting, Staff explained the need to create a separate LLC, and the HRA authorized Staff to work with the attorneys' office to do so. We worked with Cristina Cruz-Jennings at Kennedy & Graven, who researched the process and drafted the needed documents for creating an LLC for the HRA.

Cristina Cruz-Jennings provided the following:

Based on my research, the best and easiest way to do this will be to form the LLC with the Faribault HRA as the sole member of the LLC. This way individual members of the HRA are not members of the LLC, and the LLC will have the same tax status as the HRA.

What needs to happen to have the LLC formed is as follows:

1. HRA members should review all attached documents
2. The HRA should approve and adopt the resolution officially agreeing to form the LLC (Faribault HRA Resolution Forming LLC).
3. Staff should notify the attorneys office once the HRA has adopted the resolution, and the attorney will file the application with the Secretary of State's Office (Faribault LLC AOO application).
4. Once the attorneys office is notified that the Secretary of State has accepted the documentation, the HRA should review the Operating Agreement (Faribault HRA LLC Operating Agreement) and adopt the resolution approving the same (Faribault HRA Resolution Adopting Operating Agreement) and certify the organizational minutes (Faribault HRA Organizational Minutes of LLC).

The LLC will be registered with the Secretary of State and fully operational after these steps are taken. Furthermore, there is no personal liability that the HRA members assume by this action. The purpose of an LLC is to shift liability away from individuals to a business entity (the LLC) , so even in a “traditional” LLC the members of the board only face potential exposure if they commit fraud. In this case, there is an extra layer of liability protection, because none of the members of the HRA will be members of the LLC, as the HRA itself will be the sole member of the LLC.

Based on this, the HRA is asked to approve Resolution 2022-04 Authorizing the Formation of LLC and Approving Articles of Organization

REQUESTED ACTION:

Approve Resolution 2022-04

ATTACHMENTS:

1. 2022-04 Authorizing Formation of LLC and Approving Articles of Organization
2. Faribault HRA LLC Operating Agreement
3. Faribault HRA Organizational Minutes of LLC
4. Faribault HRA Resolution Adopting Operating Agreement
5. Faribault LLC AOO application

FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY

Resolution 2022-04

RESOLUTION AUTHORIZING THE FORMATION OF LLC AND APPROVING ARTICLES OF ORGANIZATION

BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Faribault Housing and Redevelopment Authority (the “HRA”), Faribault, Minnesota as follows:

Section 1. Findings.

1.01. The HRA is authorized to exercise the powers of a housing and redevelopment authority, pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended (the “HRA Act”).

1.02. The Board has determined that is in the best interest of the residents of Faribault, Minnesota (the “County”) that the HRA exercise its powers under the HRA Act to form a limited liability company to be called Faribault HRA LLC (the “LLC”), whose sole member will be the HRA, in accordance with Section 469.012, subdivision 2j of the HRA Act. The LLC shall own and operate housing facilities for low and moderate income residents in accordance with the HRA Act.

1.03. There has been presented to this Board for its review a proposed form of Articles of Organization for the LLC.

Section 2. HRA Approval, Authorizations.

2.01. The HRA hereby approves the formation of the LLC and the Articles of Organization with such changes, additions or deletions, in the opinion of the HRA’s attorney, are necessary or desirable.

2.02. The staff of the HRA and the HRA’s attorney are hereby directed to take all other actions necessary to proceed with the formation of the LLC. The Chair and the Executive Director are hereby authorized to execute on behalf of the HRA any documents necessary to form the LLC requiring execution by the HRA, and to carry out, on behalf of the HRA, its obligations thereunder.

Section 3. Effective Date. This resolution shall be in full force and effect from and after its passage.

Adopted by the Board of Commissioners of the Faribault Housing and Redevelopment Authority, on June 13, 2022.

**FARIBAULT HOUSING AND
REDEVELOPMENT AUTHORITY**

Matt Speckhals, Chair

Attest:

Brendan Kennedy, Vice Chairperson

STATE OF MINNESOTA	)
	)
CITY OF FARIBAULT	) SS.
	)
FARIBAULT HOUSING AND	)
REDEVELOPMENT AUTHORITY	)
	)

I, the undersigned, being the duly qualified and acting Secretary of the Faribault Housing and Redevelopment Authority, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the Board of Commissioners held on June 13, 2022, with the original thereof on file in my office and the same is a full, true and complete transcript therefrom insofar as the same relates to the issuance of a healthcare and housing facility revenue note.

WITNESS My hand as Secretary and this ____ day of _____ 2022.

Brendan Kennedy, Secretary
Faribault Housing and Redevelopment Authority

**OPERATING AGREEMENT
OF
FARIBAULT HRA, LLC**

ARTICLE I.

SOLE MEMBER

Section 1.1 Sole Member.

The sole member of the Company is the Faribault Housing and Redevelopment Authority.

Section 1.2 Acts of Member.

Except as otherwise required by law or specified in the Articles of Organization of the Company, the sole member shall take action by approval of its Board of Commissioners.

ARTICLE II.

GOVERNORS

Section 2.1 Number; Qualifications.

Except as authorized by the sole member, the business and affairs of the Company shall be managed by or under the direction of the Board of Governors. Governors shall be natural persons. The number of Governors of the initial Board of Governors of the Company is hereby fixed at seven (7) and each of the members of the Board of Commissioners of the Faribault Housing and Redevelopment Authority is hereby appointed a Governor.

Section 2.2 Term.

Each Governor shall serve until the termination of his or her term as a member of the Board of Commissioners of the Faribault Housing and Redevelopment Authority, and shall hold office until a successor is elected and qualified or until the earlier death, resignation, removal or disqualification of the Governor.

Section 2.3 Vacancies.

Vacancies on the Board of Governors resulting from the death, resignation, removal or disqualification of a Governor may be filled by the affirmative vote of a majority of the remaining Governors, even though less than a quorum. Each person elected to fill a vacancy shall hold office until a qualified successor is elected by the sole member at the next regular meeting or at any special meeting duly called for that purpose.

Section 2.4 Meetings.

Meetings of the Board of Governors shall be held from time to time at such times and places as specified by the sole member.

Section 2.5 Quorum.

A majority of the Governors currently holding office shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Governors present may adjourn a meeting from time to time without further notice until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the Governors present may continue to transact business until adjournment, even though the withdrawal of a number of the Governors originally present leaves less than the proportion or number otherwise required for a quorum.

Section 2.6 Acts of Board.

Except as otherwise required by law or specified in the Articles of Organization of the Company or a member control agreement, the Board of Governors shall take action by the affirmative vote of a majority of the Governors present at a duly held meeting.

Section 2.7 Compensation.

Governors may receive such compensation as may be determined from time to time by resolution of the Board of Governors.

Section 2.8 Dissent From Action.

A Governor of the Company who is present at a meeting of the Board of Governors at which any action is taken shall be presumed to have assented to the action taken unless the Governor objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting after the objection, or the Governor votes against the action at the meeting, or is prohibited from voting on the action.

ARTICLE III.

MANAGERS

Section 3.1 Number and Designation.

The Company shall have one or more natural persons exercising the functions of the offices of Chief Manager, President and Treasurer. The Board of Governors may elect or appoint such other managers or agents as it deems necessary for the operation and management of the Company, with such powers, rights, duties and responsibilities as may be determined by the Board of Governors. Each of those other managers and agents shall have the powers, rights, duties and responsibilities set forth in this Operating Agreement unless otherwise determined by

the Board of Governors. Any of the positions or functions of those positions may be held by the same person.

Section 3.2 Chief Manager.

Unless provided otherwise by a resolution adopted by the Board of Governors or in a member control agreement or operating agreement, the Chief Manager shall:

- (a) be responsible for the general management of the business of the Company, subject to the supervision and control of the Board of Governors;
- (b) see that all orders and resolutions of the Board of Governors are carried into effect;
- (c) sign and deliver in the name of the Company any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the Company, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles of Organization, this Operating Agreement, or the Board of Governors to some other manager or agent of the Company;
- (d) maintain records of and certify proceedings of the Board of Governors and sole member; and
- (e) perform such other duties as may from time to time be prescribed by the Board of Governors.

The Chief Manager shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.3 Treasurer.

Unless provided otherwise by a resolution adopted by the Board of Governors or in a member control agreement, the Treasurer shall:

- (a) keep accurate financial records for the Company;
- (b) deposit all money, drafts and checks in the name of and to the credit of the Company in such banks and depositories as the Board of Governors shall designate from time to time;
- (c) endorse for deposit all notes, checks and drafts received by the Company as ordered by the Board of Governors, making proper vouchers therefor;
- (d) disburse Company funds and issue checks and drafts in the name of the Company, as ordered by the Board of Governors;

(e) give to the Chief Manager and the Board of Governors, whenever requested, an account of all of such manager's transactions as Treasurer and of the financial condition of the Company; and

(f) perform such other duties as may be prescribed by the Board of Governors or the Chief Manager from time to time.

The Treasurer shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.4 President.

Unless otherwise determined by the Board of Governors, the Chief Manager shall be the President of the Company. If a manager other than the Chief Manager is designated President, the President shall perform such duties as may from time to time be assigned by the Board of Governors.

Section 3.5 Vice Presidents.

Any one or more Vice Presidents, if any, may be designated by the Board of Governors as Executive Vice Presidents or Senior Vice Presidents. During the absence or disability of the President, it shall be the duty of the highest ranking Executive Vice President, or, in the absence of any such Vice President, the highest ranking Senior Vice President or other Vice President present at the time and able to act, to perform the duties of the President. If there are two or more Vice Presidents, the order of succession shall be determined through seniority by the order in which designated or otherwise prescribed by the Board of Governors.

Section 3.6 Secretary.

The Secretary, if any, unless otherwise determined by the Board of Governors, shall attend all meetings of the sole member and of the Board of Governors, shall record or cause to be recorded all proceedings thereof in a book to be kept for that purpose, and may certify such proceedings. Except as otherwise required or permitted by law or by this Operating Agreement, the Secretary shall give or cause to be given notice of all meetings of the sole member and all meetings of the Board of Governors. The Secretary shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.7 Authority and Duties.

In addition to the foregoing authority and duties, all managers of the Company shall respectively have such authority and perform such duties in the management of the business of the Company as may be designated from time to time by the Board of Governors. Unless prohibited by a resolution approved by the affirmative vote of a majority of the Governors present, a manager elected or appointed by the Board of Governors may, without the approval of the Board of Governors, delegate some or all of the duties and powers of a position to other persons.

Section 3.8 Term.

All managers of the Company shall hold office until their respective successors are chosen and have qualified or until their earlier death, resignation or removal. A vacancy in a position because of death, resignation, removal, disqualification or other cause may, or in the case of a vacancy in the position of Chief Manager or Treasurer shall, be filled for the unexpired portion of the term by the Board of Governors.

(a) Resignation. A manager may resign at any time by giving written notice to the Company. The resignation is effective without acceptance when the notice is given to the Company, unless a later effective date is specified in the notice.

(b) Removal. A manager may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of the Governors present at a duly held Board of Governors meeting, subject to the provisions of a member control agreement.

Section 3.9 Salaries.

The salaries of all managers of the Company shall be fixed by the Board of Governors, or by the Chief Manager if authorized by the Board of Governors.

ARTICLE IV.

MISCELLANEOUS

Section 4.1 Indemnification.

The Company shall indemnify its governors and managers for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as required or permitted by Minnesota Statutes, Section 322C.0408, as amended from time to time or as required or permitted by other provisions of law.

Section 4.2 Insurance.

The Company may purchase and maintain insurance on behalf of any person in such person's official capacity against liability asserted against and incurred by such person in or arising from that capacity, whether or not the Company would otherwise be required to indemnify the person against the liability.

Section 4.3 Execution of Instruments.

All deeds, mortgages, bonds, checks, contracts and other instruments pertaining to the business and affairs of the Company shall be signed on behalf of the Company by the Chief Manager, President, or by such other person or persons as may be designated from time to time by the Board of Governors. If a document must be executed by persons holding different positions or functions and one person holds such positions or exercises such functions, that person may execute the document in more than one capacity if the document indicates each such capacity.

Section 4.4 Advances.

The Company may, without a vote of the Governors, advance money to its Governors, managers or employees to cover expenses that can reasonably be anticipated to be incurred by them in the performance of their duties and for which they would be entitled to reimbursement in the absence of an advance.

Section 4.5 Company Seal.

The Company shall have no seal.

Section 4.6 Fiscal Year.

The fiscal year of the Company shall be the same as the fiscal year of the sole member.

Section 4.7 Construction.

This Operating Agreement is subject to the terms of any member control agreement from time to time in effect and, to the extent inconsistent, such member control agreement shall be controlling.

Section 4.8 Amendments.

Subject to the terms of a member control agreement, the sole member shall have the power to adopt, amend or repeal the Operating Agreement of the Company.

Section 4.9 Counterparts.

This Operating Agreement may be signed by the different parties on different counterpart copies hereof and said counterparts shall together constitute a single agreement.

The foregoing Operating Agreement was agreed to by the parties and adopted as the complete Operating Agreement of Faribault HRA LLC by action of the Board of Governors and the Board of Commissioners on the ____ day of _____, 2022.

FARIBAULT HRA LLC

By _____
It's President/Chief Manager

FARIBAULT HOUSING AND
REDEVELOPMENT AUTHORITY

By: _____
Its: Chairperson

By: _____
Its: Executive Director

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1 WHEREAS, the Minnesota Limited Liability Company Act, Chapter 322C of the
2 Minnesota Statutes, provides that the Company shall have a Chief Manager/President,
3 Secretary and a Treasurer, and such other managers as the Board of Governors may from
4 time to time elect or appoint;

5 NOW, THEREFORE, IT IS HEREBY

6 RESOLVED, that the following are hereby elected to the offices set forth opposite their
7 respective names and shall hold such offices until their successors are duly elected and
8 qualified:

<u>Name</u>	<u>Office</u>
Deanna Kuennen	Chief Manager/President
Deanna Kuennen	Treasurer
Deanna Kuennen	Secretary

13 Resolution Adopting Operating Agreement

14 WHEREAS, the Minnesota Limited Liability Company Act authorizes the Board of
15 Governors to prepare and adopt an Operating Agreement; and

16 WHEREAS, counsel for the Company has presented an Operating Agreement to the
17 Board of Governors to govern the affairs of the Company, and it is in the best interests of
18 the Company to adopt the Operating Agreement;

19 NOW, THEREFORE, IT IS HEREBY

20 RESOLVED, that the Operating Agreement presented to the Board of Governors is
21 adopted as the Operating Agreement of the Company, and the Chief Manager is directed
22 to certify the Operating Agreement and cause it to be inserted in the Company's minute
23 book.

24 Resolution Authorizing Payment of Expenses and
25 Ratification of Organizer's Acts

26 WHEREAS, the organizer of the Company has undertaken acts, entered into agreements,
27 and incurred liabilities and expenses on behalf of the Company;

28 NOW, THEREFORE, IT IS HEREBY

29 RESOLVED, that the Chief Manager is authorized and directed to pay the expenses and
30 reimburse the organizer for any expenses incurred on behalf of the Company; and

31 FURTHER RESOLVED, that the acts of the organizer prior to this date are ratified as
32 and for the acts of the Company.

1 Resolution Authorizing Designation of Depository

2 WHEREAS, the nature of the affairs of the Company necessitates the establishment and
3 designation of a bank depository;

4 NOW, THEREFORE, IT IS HEREBY

5 RESOLVED, that the managers of the Company are hereby authorized and directed to
6 designate a banking facility for the Company; and

7 FURTHER RESOLVED, that the managers of the Company are further authorized and
8 directed to complete the certificate encompassing the resolution provided by the banking
9 facility, and the Board of Governors hereby adopts such resolution in the form completed
10 by the managers; and

11 FURTHER RESOLVED, that the managers of the Company are further authorized and
12 directed to complete and execute such other documents as the banking facility may
13 require to implement this resolution.

14 Resolution Setting Fiscal Year of the Company

15 WHEREAS, the Operating Agreement of the Company permits the Board of Governors
16 to determine the fiscal year of the Company; and

17 WHEREAS, it is in the best interests of the Company to have a fiscal year ending on
18 December 31 of each year;

19 NOW, THEREFORE, IT IS HEREBY

20 RESOLVED, that the fiscal year of the Company shall end on December 31 of each year.

21 Effective as of the day and year first above written.

RESOLUTION AUTHORIZING THE EXECUTION OF AN OPERATING AGREEMENT

BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Faribault Housing and Redevelopment Authority (the “HRA”), Faribault, Minnesota as follows:

Section 1. Findings.

1.01. The HRA is authorized to exercise the powers of a housing and redevelopment authority, pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended (the “HRA Act”).

1.02. On **June 13**, 2022, the HRA adopted a resolution approving the formation of Faribault HRA LLC (the “Company”), whose sole member is the HRA, and articles of organization for the Company, all in accordance with Section 469.012, subdivision 2j of the HRA Act.

1.03. The organizer for the Company filed the Articles of Organization of the Company with the Minnesota Secretary of State and a Certificate of Organization was issued for the Company.

1.04. There has been presented to this Board for its review a proposed form of the Operating Agreement (the “Operating Agreement”) for the Company.

Section 2. HRA Approval, Authorizations.

2.01. The HRA hereby approves the execution of the Operating Agreement with such changes, additions or deletions, in the opinion of the HRA’s attorney, are necessary or desirable.

2.02. The staff of the HRA and the HRA’s attorney are hereby directed to take all other actions necessary to implement the Operating Agreement. The Chair and the Executive Director are hereby authorized to execute on behalf of the HRA the Operating Agreement and to carry out, on behalf of the HRA, its obligations thereunder.

Section 3. Effective Date. This resolution shall be in full force and effect from and after its passage.

Adopted by the Board of Commissioners of the Faribault Housing and Redevelopment Authority, on **June 13**, 2022.

**FARIBAULT HOUSING AND REDEVELOPMENT
AUTHORITY**

Matt Speckhals, Chair

Attest:

Brendan Kennedy, Vice Chairperson

STATE OF MINNESOTA)
)
CITY OF FARIBAULT) SS.
)
FARIBAULT HOUSING AND)
REDEVELOPMENT AUTHORITY)
)

I, the undersigned, being the duly qualified and acting Secretary of the Faribault Housing and Redevelopment Authority, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the Board of Commissioners held on [REDACTED], 2022, with the original thereof on file in my office and the same is a full, true and complete transcript therefrom insofar as the same relates to the issuance of a healthcare and housing facility revenue note.

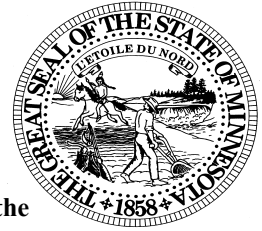
WITNESS My hand as Secretary and this _____ day of _____, 2022.

Brendan Kennedy, Secretary
Faribault Housing and Redevelopment Authority

Office of the Minnesota Secretary of State

Minnesota Nonprofit Limited Liability Company | Articles of Organization

Minnesota Statutes, Chapter 322C



Read the instructions before completing this form.

Filing Fee: \$155 for expedited service in-person and \$135 if submitted by mail

A nonprofit limited liability company that wishes to apply for tax exempt status under 501(c)(3) to the Internal Revenue Service (IRS) cannot use this form for its articles due to the fact that the IRS has additional language requirements. See the instructions for further information.

Note: A professional organization governed under Chapter 319B must include an attachment with the following information: (This information is only required if this is a professional organization.)

1. Statement that the Minnesota firm elects to operate and acknowledges that it is subject to *Minnesota Statutes*, Chapter 319B.01 to 319B.12.
2. List the professional service the organization is authorized to provide under *Minnesota Statutes*, Chapter 319B, subd 19.

The undersigned organizer(s), in order to form a Nonprofit Limited Liability Company under *Minnesota Statutes*, Chapter 322C adopt the following:

Article I – Name of Limited Liability Company (Required)

Faribault HRA LLC

(The company name must include the words *Limited Liability Company* or the abbreviation *LLC*)

Article II - Registered Office Address and Agent (A Registered Office Address is Required)

208 1st Avenue NW

Faribault

MN

55021

Street Address (A PO Box by itself is not acceptable)

City

State

Zip Code

Registered Agent at the above address:

Article III – Duration

The period of duration for this limited liability company shall be perpetual.

Article IV - This Nonprofit Limited Liability Company is subject to *Minnesota Statutes*, section 322C.1101.

Article V – Organizers (Required)

I, the undersigned, certify that I am signing this document as the person whose signature is required, or as agent of the person(s) whose signature would be required who has authorized me to sign this document on his/her behalf, or in both capacities. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

Scott Riggs

Kennedy & Graven Chartered 150 South 5th Street

Minneapolis

MN

55402

Organizer's Name

Street Address

City

State

Zip

Signature

Date

Organizer's Name

Street Address

City

State

Zip

Signature

Date

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

communitydev@ci.faribault.mn.us

☐ Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

Office of the Minnesota Secretary of State

Minnesota Nonprofit Limited Liability Company | Articles of Organization
Minnesota Statutes, Chapter 322C



List a name and daytime phone number of a person who can be contacted about this form:

Scott Riggs

612-337-9310

Contact Name

Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Minnesota Business Snapshot

To better serve Minnesotans, the Secretary of State's Office has created the "Minnesota Business Snapshot," a short and simple survey produced with the input of business owners, business organizations, non-profits, and researchers from across the state. These five questions will take less than three minutes to complete, and you may answer any or all of them. There is no penalty if you choose not to provide this information. However, the answers you do provide will create a useful pool of information for potential customers and inform the analysis of our quarterly "Minnesota Economic and Business Condition Reports". We do not independently verify the answers applicants provide. **Again, this survey is voluntary and the answers are considered public data.** Thank you.

1. (Select up to one) - How many Minnesota – based full time employees (or FTE equivalents) does this entity currently have?

- ☐ 0-5
- ☐ 6-50
- ☐ 51-200
- ☐ 201-500
- ☐ Over 500

2. (Select all that apply) - Does the owner or a member of the ownership group of this entity self-identify as a member of any of the following communities?

- ☐ Woman
- ☐ Member of a community of color
- ☐ Veteran
- ☐ Member of a disability community
- ☐ Member of an immigrant community

Office of the Minnesota Secretary of State

Minnesota Nonprofit Limited Liability Company | Articles of Organization

Minnesota Statutes, Chapter 322C



3. (Select up to one) - Using NAICS codes below, please select the code that best describes this entity. If you believe this entity falls into more than one category, please select the category that generates the majority of the entity's revenue.

- ☐ Agriculture, Forestry, Fishing and Hunting (Code 11)
- ☐ Mining (Code 21)
- ☐ Utilities (Code 22)
- ☐ Construction (Code 23)
- ☐ Manufacturing (Codes 31-33)
- ☐ Wholesale Trade (Code 42)
- ☐ Retail Trade (Codes 44-45)
- ☐ Transportation and Warehousing (Codes 48-49)
- ☐ Information (Code 51)
- ☐ Finance and Insurance (Code 52)
- ☐ Real Estate Rental and Leasing (Code 53)
- ☐ Professional, Scientific, and Technical Services (Code 54)
- ☐ Management of Companies and Enterprises (Code 55)
- ☐ Administrative and Support and Waste Management and Remediation Services (Code 56)
- ☐ Educational Services (Code 61)
- ☐ Health Care and Social Assistance (Code 62)
- ☐ Arts, Entertainment, and Recreation (Code 71)
- ☐ Accommodation and Food Services (Code 72)
- ☐ Other Services (except Public Administration) (Code 81)
- ☐ Public Administration (Code 92)

4. (Select up to one) Is this entity a full time or part time endeavor for those primarily responsible for operating this entity?

- ☐ Full time
- ☐ Part time

5. (Select up to one) - If applicable, what were this entity's gross revenues for the past year?

- ☐ \$0 - \$10,000
- ☐ \$10,001 - \$50,000
- ☐ \$50,001 - \$250,000
- ☐ \$250,001 - \$1M
- ☐ Over \$1M

Print

Reset

INSTRUCTIONS

File your business document online by visiting our website at www.sos.state.mn.us.

This form is intended merely as a guide for filing and is not intended to cover all situations. Retain the original signed copy of this document for your records and submit a legible photocopy for filing with the Office of the Secretary of State.

A nonprofit limited liability company that wishes to apply for tax exempt status 501(c)(3) to the Internal Revenue Service (IRS), should not use this form for its articles due to the fact that the IRS has additional language requirements . Additional information on the language requirements can be obtained from IRS publication 557 at <http://www.irs.gov/charities> or by calling 1-800-829-1040. After combining the IRS language with the requirements on the front of this form, submit the articles for filing to this office. Once the articles have been filed and returned to you, your organization's application for tax exempt status can be sent to the IRS. You may wish to consult with an accountant or attorney to verify if your organization needs to file additional information with the IRS for tax exempt status. This form is to be used to organize a Nonprofit Limited Liability Company only.

Only Professional Organizations governed under Chapter 319B must include a statement that the MN firm elects to operate and acknowledges that it is subject to *Minnesota Statutes*, Chapter 319B.01 to 319B.12, and list the professional service under *Minnesota Statutes*, Chapter 319B.02, subdivision 19, the organization is authorized to provide.

Article I – Name of Limited Liability Company (Required)

List the exact company name. The company name **MUST** include the words Limited Liability Company or abbreviation LLC, and may not include the words corporation” or “incorporated” or their abbreviations. A preliminary name availability check may be done by accessing our website at www.sos.state.mn.us.

Article II - Registered Office Address and Agent (A Registered Office Address is Required)

A registered office address in Minnesota is required. List the complete street address or rural route and rural route box number for the registered office address. A post office box by itself is not acceptable. If you have a registered agent, list the full name of the agent located at the registered office address. An Agent is not required.

Article III - Duration

The limited liability company has a perpetual duration unless stated otherwise.

Article IV - This Nonprofit Limited Liability Company is subject to *Minnesota Statutes*, section 322C.1101.

A limited liability company is a nonprofit limited liability company if it is organized under or governed by this chapter and its articles of organization state that it is a nonprofit limited liability company governed by this section.

Article V – Organizers (Required)

Only one organizer is required. An organizer must be an individual 18 years of age or older. List the name and complete address for each organizer. A signature is required for each organizer or by an Authorized Agent (The signing party must indicate on the document that they are acting as the agent of the person(s) whose signature would be required and that they have been authorized to sign on behalf of that person(s).) List the organizers on an additional sheet if there are more than two organizers.

Email Address for Official Notices. This email address may be used to send annual renewal reminders and other important notices that may require action or response. Check the box if you wish to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime telephone number of a person who can be contacted about this form.

Minnesota Business Snapshot. This information is a snapshot of data at the point of time this filing was made. This information is voluntary and may be shared with other agencies or the public for data analysis.

Filing Fee: \$155 for expedited service in-person and \$135 if submitted by mail

Payable to the MN Secretary of State

Please submit all items together and mail to the address below:

FILE IN-PERSON OR MAIL TO:

Minnesota Secretary of State - Business Services
First National Bank Building
332 Minnesota Street, Suite N201
Saint Paul, MN 55101

(Staffed 8 a.m. – 4 p.m., Monday - Friday, excluding holidays)

Phone Lines: (9 a.m. - 4 p.m., M-F) Metro Area 651-296-2803; Greater MN 1-877-551-6767

All of the information on this form is public. Minnesota law requires certain information to be provided for this type of filing. If that information is not included, your document may be returned unfiled. This document can be made available in alternative formats, such as large print, Braille or audio tape, by calling (651)296-2803/voice. For a TTY/TTD (deaf and hard of hearing) communication, contact the Minnesota Relay Service at 1-800-627-3529 and ask them to place a call to (651)296-2803. The Secretary of State's Office does not discriminate on the basis of race, creed, color, sex, sexual orientation, national origin, age, marital status, disability, religion, reliance on public assistance or political opinions or affiliations in employment or the provision of service.



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: June 13, 2022
SUBJECT: Other HRA / Housing Related Updates

BACKGROUND:

The purpose of this memorandum is to keep the HRA informed on any housing-related activities/projects/programs/initiatives. This information is provided for informational purposes only:

- New MF Housing Development
 - Lockerby/South Viaduct Area
 - Farmer Seed Site
 - 17th/Willow (near Middle School)

- Habitat for Humanity
 - 2022 Builds in Faribault
 - July - presentation and request to support local builds and downpayment assistance discussion

- Downtown Investment Group (DIG)

- Other

REQUESTED ACTION:

No action required.

ATTACHMENTS: