Faribault Housing and Redevelopment Authority
Meeting Minutes
November 14, 2022

1. Call to Order / Approval of the Agenda

Chair Speckhals called the meeting to order at 6:03 p.m.

Members Present: Loni Ahlers, Narren Brown, Travis Kath, Brendan Kennedy, Travis McColley, Jonathan Wood, and Chair Matthew Speckhals

Members Absent: None.

Also Present: Deanna Kuennen, Interim Community and Economic Development Director, David Wanberg, and Nicole Wickliffe and Attorney, Scott Riggs joined via Zoom.

2. Minutes

A. Minutes of October 10, 2022.

A motion was made by Brown to approve the minutes of October 10, 2022 seconded by Wood as presented. Motion carried on a 7/0 vote.

3. Program Reports

A. RAD Repositioning

The RAD Repositioning is now in the closing stage. This means that the RAD Conversion Commitment (RCC) was issued and a RAD Closing Coordinator has been assigned who will be assisting with the conversion.

A kick-off call including the RAD Closing Coordinator, HUD Counsel, and PHA Staff/Consultants/Legal Counsel took place at the end of October. The local Team is working to upload the entire closing packet to the RAD Resource Desk so that HUD can start their review. Staff also met with the Rice County HRA Staff to coordinate the transition.

Nicole Wickliffe from RECAP Advisors was available via Zoom and explained the upcoming closing of the RAD repositioning to hopefully take place at the end of the year. She mentioned that the baselines rents will be increasing which the expected increase of the COLA from 3 or 4% to 7 or 9%. This would mean a possible increase on each unit from $40 to $50 each. Attorney Riggs spoke about the numerous documents his law firm has been working on; he indicated that they may have them ready for review by the end of this week.

There will be another tenant meeting on 11/23 to discuss the signing of the new leases. Kim Clausen then went over the new lease agreement and indicated the slight changes removing some HUD language and including some information regarding insurance. The biggest change may be the notice period being reduced to 30 days instead of 60 days.

A motion was made by McColley, seconded by Wood to Approve Resolution 2022-15 Resolution Electing Managers to the Faribault HRA LLC as presented. Motion carried on a 7/0 vote.

4. Property Reports

A. Robinwood Manor - Monthly Operating and Budget Statement

Rand went over the report as presented in the packet for the month of October which included occupancy at 96% no turnovers and there is one vacancy due to a fire with a move out on 10/14/2022.

Extraordinary Expenses included Lamperts Oak Door #219 $382.99, Virg's Appliance $1,952.16 Refigerator #205, #108.

Routine Maintenance included $9,229.02 (Xcel, City Water, Flom Disposal, Property Pros Lawn Care, Cintas, Culligan Water Softener Salt, All Pro Cleaners, Shofcorp Data Processing, Metronet Holdings Phone, Jimmie Larkin Fire Alarm Monitoring, Minnesota Elevator Monitoring, Tom's Lock & Key, Virg's Appliance)

A motion was made by McColley and seconded by Brown to receive and file the property reports as presented. Motion carried on a 7/0 vote.

B. Public Housing - Monthly Operating and Budget Statement

Rand went over the report for the month of October for Public Housing with an occupancy at 98%; zero turnovers and a vacancy of one move out on 10/11/2022.

Extraordinary Expenses included Kennedy & Graven, Declaration of Trust $616.80, Recap Advisors RAD Conversion $10.000, Faribault Interiors $475, Bathroom Vinyl, Virg's Appliance 1520 Western Refrigerator $954.

Routine Maintenance included $10,814.54 (HD Supply, Lampert's, Property Pros Lawn Care/Repairs, Tom's Lock & Key, Xcel, City of Faribault Water, Flom Disposal, All Pro Cleaners, Bluefin, B & B Drain Cleaning, Bug Busters, Faribo Air Conditioning & heating, Faribault Interiors, Utility Reimbursements)

A motion was made by McColley and seconded by Kennedy to receive and file the property reports as presented. Motion carried on a 7/0 vote.

C. Scattered Sites - Monthly Operating and Budget Statement

Refer to the report for detailed information.

A motion was made by Ahlers and seconded by McColley to receive and file the property reports as presented. Motion carried on a 7/0 vote.

5. Public Hearings

None.

6. Items for Discussion

A. Board and Commission Members-Appreciation Dinner

On December 7th, 2022 there will be an Appreciation Dinner for Board and Commission members. We will need one or two HRA board members to present HRA's accomplishments in 2022.

After some discussion, the Board felt that it be known that spouses should be invited to attend as well. As for the one hour event before the dinner. Commissioners Kennedy, Brown and Chair Speckhals agreed to sit at the table on behalf of the HRA to discuss their roles as board members.

B. Van Replacement

The replacement of the maintenance van was included in a previous year's budget. However, the replacement did not occur at that time. Recently, the van was deemed inoperable. Staff have requested three bids for a replacement van from local dealerships, and to date have received one back. Staff is seeking authorization to amend the current year's HRA budget to purchase a replacement vehicle - and authorization to order/acquire a maintenance van. Much discussion took place in an effort to reduce the cost associated with acquiring a new van for our full-time maintenance person. The board then came to a conclusion that they would cap the top dollar at $45,000 and reduce the expenditure based on the age of the potential vehicle being purchase. The main hurdle here is delivery time for any vehicle. In these times (post-COVID), most things are hard to get and may take up to one year to acquire. Another question that was asked was "who pays the insurance?" and, "who pays the gas?"

A motion was made by Kennedy, seconded by Ahlers to approve funds to purchase a new maintenance van with the conditions of capping the new price at $45,000 and used, less than 2 years old at $40,000 and older at $30,000. Motion carried on a 7/0 vote.

C. Service agreement with HCI Mobile Home Coordinator

At the October HRA meeting, Sandy Malecha from Healthy Community Initiative (HCI) presented a request for funding to help support a newly created Mobile Home Coordinator position. As part of the presentation, an overview of the condition and issued with the Rice County manufactured home parks was provided, as well as an overview of the role and impact of the Mobile Home Coordinator. The HRA agreed to provide funding in the amount of $55,000 for two years. Staff has been working with legal counsel to prepare a service agreement with HCI. The service agreement will outline the expectations and obligations of HCI in return for $55,000 from the HRA for two years.

If the draft agreement is available before the November HRA meeting, Staff will present it at the meeting. If it is not prepared and ready, this item will be tabled until a later meeting. An approved and executed service agreement will be necessary to provide the funding.

A motion was made by Wood, seconded by Brown to table the recommendation regarding the Service Agreement with Healthy Community Initiative (HCI) related to funding for the Mobile Home Coordinator for two years as presented. Motion carried on a 7/0 vote.

D. Resolution 2022-11 and Resolution 2022-12- Approving 2023 HRA Budgets

Annually, the HRA must approve a budget for the HRA, Robinwood, Public Housing, and Scattered-Site City Rentals. Over the last few months, the HRA has been discussing 2023 programming priorities. Based on these discussions, and based on the funding decisions that the HRA has committed to - the following budgets are being presented for review and approval: 280, 241, 898 and 211.

After much discussion about special programs and budget items. Brown asked that Rand put together a summary of the "known numbers" for the special programs for the last 10 years to review.

A motion was made by McColley, seconded by Brown to approve Resolution 2022-11 Adopting the FY 2023 HRA Budgets as presented. Motion carried on a 7/0 vote.

Another motion was made by Brown, seconded by McColley to approve Resolution 2022-12 Adopting the FY 2023 Faribault Public Housing Budget as presented. Motion carried on a 7/0 vote.

E. Resolution 2022-13 Establishing the HRA Downtown Revitalization Program Policy

At the October HRA meeting, Nort Johnson, representing Faribo Downtown Central LLC (FDC), provided an update on the $500,000 funding request with additional details on how the funds would be used in both Phase 1 and Phase 2. The HRA recommitted to providing the funding based on the new project understanding. Since then - Staff have worked with the City Attorney to draft a Downtown Revitalization Program Policy and an accompanying application in order to allow the HRA to provide funding to Faribo Downtown Central LLC (FDC). Per the City Attorney, a policy must be adopted and the HRA must follow any/all business subsidy laws. The attached program policy adheres to the state's business subsidy laws, and formalizes the HRA's conditions associated with the $500,000 funding commitment. Please note - this policy closely mirrors the policy approved by the Faribault EDA, which also committed $500,000 of funding to FDC.

Phase 1 funding will be available for the following addresses in 2022. Please note - there are no known occupied apartments in any of these buildings. It is recommended that to be consistent with the EDA policy, these addresses will be ineligible for future HRA program assistance for a period of five (5) years from the date of the execution of the individual loan agreements:

Property addresses for which Phase 1 funding is allocated	
Address:	Funding Allocation:
219 Central	$75,000
223 Central	$75,000
227 Central	$25,000
229 Central	$25,000
313 Central	$25,000
329 Central	$25,000
Total Funding Phase 1	$250,000

The other addresses associated with the FDC portfolio are eligible for future HRA program assistance.

A loan agreement, a promissory note, and a personal guarantee will be required for each loan, and funding will be dispersed upon receipt of fully executed loan documents. Faribo Downtown Central LLC will also be required to provide contractor quotes and upon receipt of proof of inspection, closed building permit, and signed affidavit confirming that the funds provided by the HRA were used in the manner that was presented and included in the policy - the loan on the corresponding property will be forgiven.

Stephanie Aman will be working on this project on behalf of both the EDA and HRA to follow each step and the process. Kuennen indicated that they really would like the money as soon as possible.

A motion was made by Brown, seconded by Wood to approve Resolution 2022-13 Establishing the HRA Downtown Revitalization Program Policy as presented. Motion carried on a 7/0 vote.

F. Resolution 2022-14 Appointing an Interim Executive Director of the Housing and Redevelopment Authority

With the resignation of Community and Economic Development Director Deanna Kuennen, the City Administrator has recommended to City Council that David Wanberg be appointed as Interim Community and Economic Development Director, effective November 14, 2022. With Mr. Wanberg's Interim appointment, he will also serve as Interim Executive Director of the Faribault Housing and Redevelopment Authority, as approved by resolutions of the HRA.

A motion was made by McColley, seconded by Brown to Approve Resolution 2022-14 Appointing Interim Executive Director of the HRA as presented. Motion carried on a 7/0 vote.

G. 2023 Statutory Tort Liability Waiver

Cities/HRAs obtaining coverage from the League of Minnesota Cities Insurance Trust must decide whether or not to waive the statutory tort limits for the extent of the coverage purchased. The decision to waive or not to waive the statutory limits has the following effects:

• If the City/HRA does not waive the statutory tort limits, an individual claimant would be able to recover no more than $500,000 on any claim to which the statutory tort limits apply. The total that all claimants would be able to recover for a single occurrence to which the statutory limits apply, would be limited to $1,500,000.

• If the City/HRA waives the statutory tort limits, a single claimant could potentially recover up to $2,000,000 for a single occurrence. The total that all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to $2,000,000, regardless of the number of claimants.

This decision must be made by the HRA. Staff recommends that the HRA not waive the monetary limits on municipal tort liability. In the past, the City Council, HRA, and EDA have chosen not to waive the limits as a way of controlling liability insurance costs.

A motion was made by Ahlers, seconded by Wood to concur with staff's recommendation and continue the current HRA policy which does not waive the monetary limits on municipal tort liability established by Minnesota Statues 466.04. Motion carried on a 7/0 vote.

7. Adjournment

A motion was made by Brown, seconded by McColley to adjourn the meeting at 7:39 p.m. Motion carried unanimously.

Respectfully Submitted,

Kari Casper

Kari Casper, Recording Secretary