

Faribault Housing and Redevelopment Authority
Meeting Minutes
February 14, 2022

Travis McColley was sworn in under Oath.

1. Call to Order / Approval of the Agenda

Vice Chair Ahlers called the meeting to order at 6:00 p.m.

Members Present: Loni Ahlers, Brenden Kennedy, Travis McColley, Matt Speckhals, and Jonathan Wood.

Members Absent: Narren Brown.

2. Minutes

A. Minutes of January 10, 2022.

A motion was made by Speckhals to approve the minutes of January 10, 2022 seconded by McColley as presented.

Motion carried on a 5/0 vote.

3. Program Reports

A. Mobile Home Buyout Program

No activity to report

B. Mobile Home Heat Tape Program

Staff has continued to try to identify a contractor and the previous contract has reconsidered. They are requesting changes to the contract. Once the contract has been finalized, Staff will let park owners know that the program is available.

A motion was made by Kennedy, seconded by Speckhals to approve to receive and file the report as presented.

Motion carried on a 5/0 vote.

C. Monthly Loan Status Report

Nothing new to report.

D. RAD/Repositioning Process

Staff reviewed the current activity associated with the RAD/Repositioning process. Activity included a project meeting with Braun Intertec regarding the environmental work, the first meeting with the RAD Launch Assistance Provider, and the CHAP Award Letter.

A motion was made by Kennedy and seconded by Speckhals to receive and file the report as presented.

Motion carried on a 5/0 vote.

E. Sale of 1116 2nd St NW

The closing is scheduled to take place on (or before) February 28, 2022. A Purchase Agreement has been drafted by the attorney and reviewed by the buyer - and the HRA will be requested to approve the agreement (Item 5E. on the HRA Agenda). As a reminder, the delay in the closing was related to obtaining a clean title prior to the sale of the property.

F. 230 Central Avenue Apartments

Mr. Nelson submitted a monthly update as required. Upon receipt of the report, Staff forwards to the Building Official for review. After some discussion, it was requested that Staff inquire about the overall schedule to be included with the March update.

A motion was made by McColley and seconded by Wood to receive and file the program reports as submitted.

Motion carried on a 5/0 vote.

4. Property Management Reports

A. Robinwood Manor

The financial report for the month of December was briefly discussed.

A motion was made by Wood and seconded by Speckhals to receive and file as presented. Motion carried unanimously.

B. Public Housing

The financial report for the month of December was briefly discussed.

A motion was brought by Kennedy and seconded by McColley to receive and file as presented. Motion carried unanimously.

C. Scattered Sites Rental Housing

Nothing new to report.

A motion was made by Kennedy and seconded by McColley to receive and file the operating statements as submitted. Motion carried unanimously.

5. Items for Discussion

A. Election of Officers

Per the Bylaws the elections officers will occur at the February meeting. Staff noted that currently there is one open seat on the HRA.

A motion to appoint Matthew Speckhals as Chair, Kennedy as Vice Chair/Secretary was made by McColley and seconded by Wood. Motion carried unanimously.

The new Chair, Matthew Speckhals then took over the meeting.

B. Approving 2021 Accounts Receivable Write Offs

Annually, the HRA must review delinquent rents and charges per the Charges Process Policy adopted in 2006. Staff worked with the Finance Department to review the uncollected accounts receivables for 2021. Discussion followed regarding the policy, and how Revenue Recapture is utilized.

A motion was made by Kennedy to Approve Resolution 2022-02 Approving Accounts Receivable Write-Offs, seconded by McColley as presented. Motion carried unanimously.

C. Review of Loan Subordination Request - 206 Central Ave

A loan subordination request has been received for the HRA loan held on the property located at 206 Central. The owners seek to refinance in order to pull out equity and reinvest in an adjacent building. The HRA loan subordination guidelines state that no "cash out" is allowed and the combined loan to value ratio may not exceed 95-percent using the average of the appraisal and County's assessed value. The HRA loan subordination does not differentiate payable and forgivable loans as part of the guidelines and review process.

The HRA is asked to subordinate so the owners can pull the dollars out to reinvest.

A motion was made by Kennedy and seconded by Wood to subordinate the original loan as presented.

After the vote, discussion ensued regarding ways that the HRA can ensure that dollars are being reinvested as stated in the application. Staff commented that the applications come from the banks directly regarding the reason for the subordination and use of funds. The HRA indicated that they would like language added to the subordination request approvals stating the use of the funds

Wood made a motion to amend the subordination agreement asking for clarification of where the dollars are going to go, seconded by McColley. Motion passed unanimously.

D. Approve Amended Contract for Professional Services – Public Housing

Asset Repositioning Analysis

The Asset Reposition process is continuing to progress as planned. The HRA is asked to approve an Amended Contract for Professional Services with RECAP Real Estate Advisors. The amended contract specifically involves assisting the HRA with the Phase 2 - Financing Plan Preparation and Phase 3 - RCC through Closing, as described in the RFP that was issued by the HRA in 2021.

Kim Clausen, who is assisting the HRA with the RAD Repositioning project, has reviewed the amended contract in relation to the RFP and has confirmed that it is consistent.

A motion was made by Kennedy and seconded by Ahlers to Approve the Amended Contract for Professional Services - Public Housing Asset Repositioning Analysis, and authorize the Chairperson and Executive Director to execute the contract as presented. Motion carried unanimously.

E. Approve Purchase Agreement of 1116 2nd Street NW

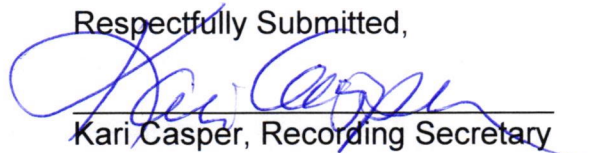
In August 2021, the HRA approved the sale of 1116 2nd Street NW to Theodore Krause, for the amount of \$25,000. The condition of the sale stipulated that Mr. Krause would demolish the existing garage and build a new house for his family, and then rent his existing house at 1120 2nd Street NW to a low-income family (at or below 80-percent of the Rice County Area Median Income as determined by HUD) for no more than the Rice County Fair Market Rent for three (3) years. The attached Purchase Agreement outlines these requirements. Closing is scheduled to occur on February 28, 2022.

A motion was made by Wood and seconded by Ahlers to Approve Purchase Agreement for 1116 2nd Street NW as presented. Motion passed unanimously.

6. Adjourn

A motion was made by McColley and seconded by Kennedy to adjourn the meeting at 6:44 p.m. Motion carried unanimously.

Respectfully Submitted,



Kari Casper, Recording Secretary