

BOARD OF COMMISSIONERS
WASHINGTON COUNTY COMMUNITY DEVELOPMENT AGENCY
WASHINGTON COUNTY, MINNESOTA

The Washington County Community Development Agency Board of Commissioners convened in Regular Session at Washington County CDA, 7645 Currell Blvd., Woodbury, MN on June 19, 2018. Staff present: Barbara Dacy, Executive Director; Melissa Taphorn, Deputy Executive Director; Aaron Christianson, Director of Finance; Ann Hoechst, Housing Assistance and Administrative Services Director; Chris Eng, Economic Development Director; Bill Lightner, Community Development Project Manager II, Angie Shuppert, Community Development Programs Manager; Kathryn Paulson, Community Development Project Manager II and Sandy Meza, Office Manager.

Also present: Bill Sumner, Newport City Council and Tammy Omdal, Northland Securities.

Meeting called to order at 3:00 p.m.

ROLL CALL

Commissioners present: Dingle, Miron, Zeller, Widen and Belisle. Commissioner absent: Ryan.

OPEN FORUM

None

CONSENT CALENDAR

Consent Calendar agenda items are generally defined as items of routine business, not requiring discussion, and approved in one vote. Commissioners may elect to pull a Consent Calendar item(s) for discussion and/or separate action.

Minutes of Regular Meeting

May 15, 2018

Minutes of Finance Committee Meeting

June 5, 2018

Abstract of Bills, May 31, 2018

Total: \$1,388,164.73

A-1 Resolution No. 18-26. Resolution Authorizing Execution of Independent Contractor Agreement for Prevailing Wage Compliance Monitoring Service

**Commissioner Miron moved to approve the Consent Calendar, seconded by Commissioner Widen.
Motion carried 5-0.**

PRESENTATIONS

P-1 Recognition of Barbara Dacy for the Minnesota Chapter of National Association of Housing and Redevelopment Official's Allan Anderson Award of Merit

Ms. Taphorn indicated pleasure in presenting the Allan Anderson Award of Merit to Barbara Dacy in recognition of her leadership in housing issues not only in Washington County but also throughout the state. Ms. Taphorn stated that Ms. Dacy strategically led the Agency through a period of large growth and expansion over the past eighteen years. She explained that Ms. Dacy lives the values of leadership and has instilled those values in the staff. Ms. Taphorn said that the award was presented at the Minnesota Chapter of the National Association of Housing and Redevelopment (NAHRO) spring conference.

Chairman Zeller indicated that the award was well-deserved for a job well done. The Board applauded Ms. Dacy's achievement.

NEW BUSINESS

A-2 Resolution No. 18-27. Resolution Authorizing the Executive Director to Execute a Contract for Municipal Advisory Services

Ms. Dacy explained that the Agency issued a request for proposal (RFP) to invite five qualified firms to submit a response to serve as the Municipal Advisor for the Agency, in compliance with the Agency's policy regarding continuing service contracts. She said that the RFP was designed to select a firm to serve as the Agency's Municipal (financial) Advisor for an initial three-year term, with the opportunity to extend the agreement for two additional years. She reported that three well qualified firms responded to the RFP by the deadline. Ms. Dacy appointed the Finance Director, the Deputy Executive Director, and the Economic Development Director as the RFP panel to review the responses, conduct interviews, and make a recommendation. She said that the panel interviewed all three of the firms.

Ms. Dacy reported that the staff panel unanimously recommended Northland Public Finance because it had prepared the best written proposal and best personal interview, demonstrating a thorough understanding of the Agency's needs. She reported that The Northland Public Finance team also demonstrated it has significant direct experience in public finance including housing, community and economic development and redevelopment activities. Ms. Dacy said that several references were contacted, and outstanding recommendations were received. She said that the Northland Public Finance personnel have strong municipal and county experience in development finance which will provide assistance to the Agency's future senior housing program ideas, and other community and economic development needs that may arise. In addition, Ms. Dacy reported, the hourly rate quoted was the lowest rate among the respondents. Ms. Dacy indicated that she and the panel propose offering Northland Public Finance a three-year contract.

Commissioner Widen asked if the current contractor was part of the three which responded to the RFP. Ms. Dacy indicated that the current contractor was part of the responding group.

Commissioner Belisle moved to approve Resolution 18-27, seconded by Commissioner Widen. Motion carried 5-0.

Tammy Omdal from Northland Public Finance indicated that the Company is looking forward to working with the Agency.

DISCUSSION

D-1 2019 Draft Budget

Mr. Christianson reported that the Finance Committee met to discuss the draft budget in detail. He said that the Committee recommended presentation of the draft budget to the full Board. He indicated that the staff had proposed rent increases of one percent for senior housing and two percent for family housing. The Committee asked that staff reevaluate the rent determination policy and determine if those increases were appropriate. The staff then compared proposed rents to private rates, private increases, industry standards and cost burden on tenants. Based on this evaluation, the staff is recommending increasing rents by two percent for Ann Bodlovick, Cobble Hill, John Jergens, Muller Manor, Oakhill, Pioneer, Trailside, Brick Pond and Park Place I and II and a three percent increase for Briar Pond and Woodland Park. Mr. Christianson indicated that would generate approximately \$173,000 in additional rental income and will be used to offset increases in operating expenses. The Committee also supported the proposal to increase the levy by \$180,000 which represents a three point six percent increase over the prior year. He said these moves allow for the Agency to fulfill its financial obligations to the Glen, increase GROW funds available for program services, add an additional \$66,000 to capital reserves and ensures that the 2019 budget is balanced.

Mr. Christianson explained that the long-term capital reserve policy requires ten to twenty-five percent of the prior year's business activity accumulated depreciation to be reserved for future needs. He said the

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2019 range is projected to be \$3.1 million to \$7.8 million and the long-term capital reserve balance at the end of 2019 is projected to be on the low end of the range at \$3.1 million. He indicated that, due to the age of the properties, the Agency is evaluating options to increase the reserve balance to address future needs.

Mr. Christianson reviewed budget details.

Commissioner Belisle indicated that his main concern was that the Agency does not fall behind in revenue and reserves.

Commissioner Miron asked how the proposed increases compared to last year's increases. Mr. Christianson indicated that last year's increases were one percent on senior properties and two percent on the rest of the properties.

Commissioner Belisle stated that this is a balancing act with being good stewards while accomplishing the Agency's mission. He feels more comfortable now knowing the debt retirement.

Commissioner Miron indicated there is still a need for affordable housing and this budget does help with those contingencies.

Mr. Christianson indicated that the budget information would next go to the County Board before returning to the Agency on August 21st with feedback from the workshop.

Commissioner Miron added that there are many budget mandates that impact the County which is rapidly growing, so it is wise to have a modest budget proposal such as this one.

REPORTS

COMMUNITY DEVELOPMENT DEPARTMENT

Ms. Taphorn discussed several changes in the homeownership department which includes the addition of Maishoua Yang who begins next week. Ms. Taphorn expressed her gratitude that Angie Shuppert and Smita Rakshit were cross trained and available to assist with the workload. She disclosed that, until everything settles into place, new clients are being referred to other agencies.

Ms. Taphorn indicated that The Glen at Valley Creek is moving forward to closing. She stated that the demolition permit has been received and work may start next week and then the grading will start. She said that the final closing should happen in mid-July.

Ms. Taphorn reported that the St. Andrews Emergency Shelter is having an opening celebration on Sunday. She reminded the Board that the Agency is supporting the renovation of that building with Community Development Block Grant (CDBG) funds.

Ms. Taphorn pointed out that the Low Income Housing Tax Credit allocation has increased to \$642,926 for the nine percent competitive pool with applications due July 12th.

ECONOMIC DEVELOPMENT DIRECTOR

Mr. Eng reported that two new predevelopment applications have been received for projects in Hugo and Scandia. He indicated that the City of Hugo project has been approved and they are working on the City of Scandia project and soon hope to be able to approve it. He said that both are good projects. Mr. Eng reported that the Agency now has three applications which includes the previously discussed Oak Park Heights application. He indicated that Forest Lake, Afton and Cottage Grove are also working on applications. He indicated that all projects so far are less than \$10,000.

Mr. Eng hopes to make an announcement soon concerning the location of an out-of-state entity which will hopefully develop a 400,000 square foot facility, accommodating 250 new jobs.

FINANCE AND PROPERTY MANAGEMENT

No further report.

RENTAL ASSISTANCE

Ms. Hoechst reported that the contracted housing inspector has given his notice of retirement. She said a Request for Proposal (RFP) had been issued for the position with one response. Ms. Hoechst indicated that St. Paul Public Housing Authority will be the new housing inspection contractor for all Section 8 tenants in the Agency-owned units. She said that they are working on the details of the contract.

EXECUTIVE DIRECTOR

Ms. Dacy reported that Landfall has hired a temporary full-time property manager from a temporary employment agency which specializes in the multi-family property management industry. She will be participating in interviews for the Park Property Manager position in early July.

Ms. Dacy indicated that the County has initiated its process to select a new Commissioner for District 2. She said that in 2013, the Board discussed tangible and intangible skills for Agency Commissioners so that the County Board could evaluate candidates. She believes that the County will be interviewing a candidate on the third of July. After the new Agency Commissioner has been named, she would like to convene a closed executive session to review standard security issues regarding emergencies in the Agency building.

Ms. Dacy reviewed that the Agency has used a State agency's Results Accountability Benchmark system to evaluate some of the departments. She said that they have been using the tracking system for the first service area focusing on the Economic Development division. She explained that a peer survey has been developed and sent to participants of the economic development work group representing cities, townships, and other jurisdictions with results due from the participants by June 22nd. She indicated that the results would be shared later.

Ms. Dacy provided an update of legislative activities including the Governor's signing of the \$825 million bonding bill, which included \$10 million of General Obligation Bonds for public housing rehabilitation and \$80 million for Housing Infrastructure Bonds, including adding manufactured housing and senior housing for seniors 55 and older as eligible uses. She indicated that now there is a state role for development of senior housing at 50% of AMI or lower. The County has been very supportive of the Agency's four-year involvement in lobbying for affordable senior housing.

Commissioner Belisle asked if the state would allow a nine percent tax credit development for senior housing. Ms. Dacy explained that this bonding is funding for the Housing Infrastructure Bond program which is only used with the four percent tax credits that accompany the state allocated tax exempt bonds.

ADJOURN

Commissioner Miron moved to adjourn. Seconded by Commissioner Widen. Motion carried 5-0.

Meeting adjourned at 3:50 P.M.

/S/Brian Zeller

Chair/Vice Chair Commissioner