

**MINUTES OF THE REGULAR MEETING
OF THE HOUSING AND REDEVELOPMENT
AUTHORITY OF AUSTIN, MINNESOTA**

August 19, 2009

1.) Roll Call.

The regular meeting of the Housing and Redevelopment Authority of Austin, Minnesota was held August 19, 2009 at 4:30 P.M. at the HRA Office. The meeting was called to order by Chairman Nelson. Present were Commissioners Pacholl, Lang, Schlieve, and Martin. Also present were Executive Director Hurm, Deputy Director for Community Development Smith, Finance Director Detloff and Family Housing Specialist Mattson. Commissioners McAllister and Clennon were absent.

2.) Approval of the meeting minutes of July 22, 2009.

It was moved by Commissioner Pacholl and seconded by Commissioner Martin to approve the minutes of the regular meeting of July 22, 2009. All present voted in favor thereof, none in opposition thereto. The Chairman declared the motion passed and carried.

3.) Approval of accounts payable.

It was moved by Commissioner Pacholl and seconded by Commissioner Schlieve to authorize payment of the list of accounts payable. All present voted in favor thereof, none in opposition thereto. The Chairman declared the motion passed and carried.

4.) Public Housing:

a. Pickett Place - Award bid for Window Replacement.

Bids were publicly solicited to replace all of the windows at Pickett Place. Three bids were received on the project. Grant funds were made available

through Federal stimulus money. The new windows are significantly more energy efficient and easier to open and close. It was moved by Commissioner Pacholl and seconded by Commissioner Schlieve to accept the low base bid from W.L. Hall for \$270,000.00. It was further moved to accept Alternate #1 to eliminate replacement of all window stools for a deduct of \$24,000.00. All present voted in favor of the motion, none in opposition thereto. The Chairman declared the motion passed and carried.

b. Pickett Place - Award bid for Roof Railings. The Fire Inspector notified the HRA of safety hazards on the Pickett Place roof. It is necessary to install safety railings in specific areas to meet code requirements. Three bids were received on the project. It was moved by Commissioner Pacholl and seconded by Commissioner Lang to accept the low base bid from Kiker Roofing for \$22,875.00. It was further moved to approve change order #1 for a contract deduct of \$4,405.00 to provide glass bead blast anodized aluminum guardrails instead of satin finished aluminum guardrails. All present voted in favor of the motion none in opposition thereto. The Chairman declared the motion passed and carried.

c. Scattered Sites-Approve new Utility Allowances. Karen Mattson presented the proposed utility allowances for the scattered site family homes. Regulations require that the allowances be recalculated annually based on average utility consumptions for the scattered site homes. It was moved by Commission Pacholl and seconded by Commissioner Lang to accept the Scattered Site utility allowance schedule as presented. All present voted in favor of the motion, none in opposition thereto. The Chairman declared the motion passed and carried.

5.) Market Rate Housing:

a. Motion to refinance Chauncey Apartment Gross Revenue Bonds with General Obligation Bonds backed by Mower County. Director Hurm and Finance Director Detloff explained to get the most favorable interest rates to

refinance Chauncey Apartments, this refinancing would require a general obligation (GO) backing. Since there is not enough GO capacity left by the City, because the City gave Austin Courtyard it's GO backing on their bonds, the Austin HRA asked the Mower County if they would be willing to provide a GO backing for refinancing Chauncey. They are willing to do so, in which case the bonds would have to be issued in the name of the Mower County HRA with a joint powers agreement stating the Austin HRA would be responsible for all debt. It is estimated that this GO refinancing will save in excess of \$4 million over the 23 year life of the bonds.

It was moved by Commissioner Lang and seconded by Commissioner Martin to direct staff to work with Mower County and the Mower County HRA, along with both financial advisors and bond counsel, to proceed with the proposed Mower County HRA General Obligation Housing Revenue Bond issue for the purpose of refunding the Austin HRA's Series 2000A Gross Revenue Bonds for Chauncey Apartments via a joint powers agreement. All present voted in favor of the motion, none in opposition thereto. The Chairman declared the motion passed and carried.

6.) Other Business:

- a. **Section 8 Voucher Program - FYI only. See letters sent to tenants and landlords regarding program shortfall.** Section 8 payments to landlords have increased above the Section 8 payment the HRA is receiving from HUD. To minimize the shortfall a letter has been sent to landlords requesting they not increase their rents. The HRA will not increase the payment standards this year. Current Section 8 tenants will not be allowed to move to a new unit if the gross rent is higher than the gross rent in their current unit. These measures should help limit the program revenue shortfall.

- b. **Cedars of Austin - Update on letter of credit.** At the last HRA meeting it was moved to execute an "Acknowledgment and Reaffirmation of Subordination Agreement" be executed by the HRA to enable them to extend their Letter of Credit with the Bank of

America. The execution of the agreement was contingent on the opinion of Craig Johnson and Tom Dankert. Farr Development disputes that an interest rate reduction loan of \$650,000 is repayable to the City of Austin. Craig Hoversten and Tom Dankert contend the loan is payable and recommended that subordination of mortgage not be granted unless Farr Development makes arrangements to pay the \$650,000 loan. Farr has made no reply to the request for repayment.

c. Discussion of number of board members on HRA Board.

A discussion about the size and composition of the HRA board was held. HRA by-laws say the board may consist of up to seven members. Up until 2003 the board had only five members. Commissioner Lang said he thought five members would be a good number. The commissioners also thought the board was over-represented by City Council members with four currently serving on the HRA Board. More non-elected citizen members are desirable with one or at most two council members serving. Director Hurm was instructed to prepare a proposal on the size and composition of the HRA Board. The proposal will be reviewed at a future meeting when all board members are present.

Adjournment: There being no further business it was moved by Chairman Nelson and seconded by Commissioner Schlieve to adjourn the meeting. All present voted in favor thereof, none in opposition thereto. The Chairman declared the motion passed and carried.

Jay Nelson, Chairman

SEAL

Shirley Schlieve, Secretary