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## **REGULAR MEETING AGENDA**

**THURSDAY, DECEMBER 21, 2017 @ 4:30 PM**

Please let Jon or Sherri know if you cannot attend this meeting.  
Four Commissioners must be present to constitute a quorum.

1. **Roll Call.**
2. Approve **Meeting Minutes** of November 9, 2017.
3. Review **Accounts Payable** Invoices.
4. **Public Housing & Section 8:**
  - a. Public Housing - Motion to adopt the revised 5-year Action Plan.
  - b. Public Housing - Resolution to adopt Tenant Grievance Policy.
  - c. Section 8 - Resolution to change the Section 8 Payment Standards.
5. **Executive Director Reports:**
  - a. Fox Pointe Townhomes – Resolution authorizing a collateral assignment of Development Agreement, the Tax Increments and the Tax Increment Revenue Note to Wells Fargo.
  - b. Murphy Creek Townhomes – Resolution to assign TIF note to MHFA and Re-subordinate the HRA’s Development Agreement to MHFA and City of Austin.
6. **Adjourn.**



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

**1.) Roll Call.**

**Date & Time: December 21, 2017 at 4:30 PM**

Commissioners Present: Judy Enright, Chair  
Janet Anderson, Vice-Chair  
Jerome McCarthy, Secretary  
Marvin Repinski  
Carole Granholm  
David Hagen  
Vernon Lippert

Commissioners Absent: None

HRA staff Present: Jon Erichson, Executive Director  
Sherri Detloff, Finance Manager

There being a quorum, the meeting was called to order by Chair Enright.

**2.) Approval of Minutes.**

It was moved by Commissioner McCarthy and seconded by Commissioner Anderson to approve minutes of the regular meeting held on November 9, 2017. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

**3.) Approval of Accounts Payable.**

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

**4.) Public Housing and Section 8:**

**a.) Public Housing - Motion to adopt the 5-year Action Plan.**

The Austin HRA applied for MHFA's POHP (Publicly-Owned Housing Program) Grant and in the course of preparing that application, it was necessary to change the Capital Fund Year on a few Scattered Site Projects to 2018 so that we can use 2018 Capital Grant Funds as leverage on the POHP grant.

It was moved by Commissioner Hagen and seconded by Commissioner Anderson to adopt the revised 5-year Action Plan as presented. All present voted in favor thereof, none in opposition thereto. The Chair declared the motion passed and carried.

**b.) Public Housing - Resolution to adopt Tenant Grievance Policy.**

During the course of HUD’s audit in September, staff was unable to find where the Board adopted the Tenant Grievance Policy. In order to clear this finding, the Board is required to adopt said policy with a resolution. We have been using this same Tenant Grievance Policy for years and it was attached to all tenant’s new leases when they were updated this summer. It was moved by Commissioner Repinski and seconded by Commissioner Granholm to adopt the following resolution:

**RESOLUTION #601  
RESOLUTION TO ADOPT THE TENANT GRIVANCE POLICY**

All present voted in favor thereof, none in opposition thereto. The Chair declared the resolution passed and carried.

**c.) Section 8 - Resolution to change the Payment Standards.**

Fair Market Rents (FMR) will be increasing on 1/1/2018. HUD requires Section 8 Payment Standards to be within 90% to 110% range of FMR’s. Because of HUD’s reduced Section 8 funding, it was proposed that the new Payment Standards remain at 90% of FMR and will not be lower than the current Payment Standard effective 2/1/2018.

The following resolution was introduced by Commissioner Anderson and seconded by Commissioner McCarthy to adopt the new Payment Standards as presented.

**RESOLUTION #600  
RESOLUTION TO CHANGE THE SECTION 8  
PAYMENT STANDARDS EFFECTIVE 2-1-2018.**

| <b><u>Current Payment Standards</u></b><br><b><u>STANDARDS</u></b><br><b>(2-1-2017)</b> | <b><u>New Fair Market Rents</u></b><br><b>(1-1-2018)</b> | <b><u>NEW PAYMENT</u></b><br><b>(2-1-2018)</b> |
|---|--|--|
| 0BR - \$432   | 0BR - \$485  | 0BR - \$437                                    |
| 1BR - \$513   | 1BR - \$572  | 1BR - \$515                                    |
| 2BR - \$681   | 2BR - \$761  | 2BR - \$685                                    |
| 3BR - \$889   | 3BR - \$1,004  | 3BR - \$904                                    |
| 4BR - \$1,027   | 4BR - \$1,036  | 4BR - \$1,027                                  |
| 5BR - \$1,182   | 5BR - \$1,161  | 5BR - \$1,182                                  |

All present voted in favor of the motion, none in opposition thereto. The Chair declared the resolution passed and carried.

## **5.) Executive Director Reports:**

### **a. Fox Pointe Townhomes – Resolution authorizing a collateral assignment of Development Agreement, the Tax Increments and the Tax Increment Revenue Note to Wells Fargo.**

The City Council and the HRA Board have both approved a Contract for Private Redevelopment with Fox Pointe Townhomes LLC for the development and construction of a 38 unit Townhome Development and the City Council also approved a Reimbursement agreement (TIF) that would reimburse Fox Pointe Townhomes LLC up to \$434,200 for allowable infrastructure reimbursements and the HRA up to \$462,695 for eligible items. The intent of these agreements included the following:

#### TIF Agreement:

- Provide funding for infrastructure to the Developer that would make the project feasible. Without this increment the project would not happen.
- Provide reimbursement to the HRA for incurred costs associated with the land, environmental and administrative.
- All of this funding would be generated by the increased taxes generated by the project

#### Contract for Private Redevelopment:

- The HRA sells the property to the Developer for \$1.00 in exchange for the construction of 38 units of affordable housing.
- If construction does not proceed the property will revert back to the HRA.
- If the project starts construction and is not completed there is a performance bond that would allow the HRA to finish the project.

Fox Pointe Townhomes LLC is using Wells Fargo for the construction loan and they have requested the assignment of the Development Agreement, tax increments and the tax increment revenue from Fox Pointe Townhomes. As part of the Contract for Private Redevelopment this was contemplated and the agreement provides for this approval by the City and the HRA. Wells Fargo as a condition of the assignment is requiring that if there is a default in the project that they could basically bring an end to the project (decline to assume the Development Contract) and still have the land. It is anticipated that this will not happen and there is language that all parties have to work to resolve any default and with the Performance Bond in place it would clearly be beneficial to work with the HRA to complete the project by using the Performance Bond as a tool for completion. In reviewing all the parties involved we have a very strong team in place and there is no indication of any problems or issues with the project. There has been a tremendous amount of scrutiny involved by all parties to get to this point and the risks are minimal. It is clearly the goal of all parties to have a successful project and if the project would default and not be completed, the other parties to the agreement would have significantly greater exposure to losses than the HRA in not having the land.

The following Resolution was moved by Commissioner McCarthy and seconded by Commissioner Hagen:

**RESOLUTION #602  
AUTHORIZING A COLLATERAL ASSIGNMENT OF  
DEVELOPMENT AGREEMENT, TAX INCREMENTS AND  
TAX INCREMENT REVENUE NOTE FOR THE  
FOX POINTE TOWNHOME LP PROJECT TO WELLS FARGO**

All present voted in favor of the motion, none in opposition thereto. The Chair declared the resolution passed and carried.

**b. Murphy Creek Townhomes – Motion to assign TIF note to MHFA and Re-subordinate the HRA’s Development Agreement to MHFA and City of Austin.**

The HRA has received a request from Podawiltz Development Corp., the owner of Murphy Creek Townhomes, asking for our approval of the assignment of the tax increment financing of the project which was established by the HRA’s Development Agreement. This request is based on the partnerships efforts to refinance the project of which they have received approval from Minnesota Housing Finance for a new 30 year loan in the amount of \$5,394,000. As part of this refinancing the HRA has to agree to the following:

- Agree to assign the TIF note to MHFA.
- Resubordinate the HRA Development Agreement to the MHFA 1<sup>ST</sup> loan, MHFA 2<sup>ND</sup> Loan and the City loan (in that order).

The above requested actions do not have any financial impact on the HRA and accomplishes the intent of the Development Agreement and provides the following benefits:

- Ensures that the 88 units of housing are preserved of which 66 will remain for Low to Moderate Income tenants and the remaining 22 will remain as market rate units.
- Project will receive \$2,000,000 of upgrades.
- City of Austin will receive an interest check for approximately \$360,000.

The City of Austin has also received the same request and they have passed it.

The following Resolution was introduced by Commissioner Hagen and seconded by Commissioner McCarthy to assign the TIF Note to MHFA and Resubordinate the HRA’s Development Agreement to the MHFA 1<sup>ST</sup> loan, MHFA 2<sup>ND</sup> Loan and the City loan (in that order).

**RESOLUTION #603  
RESOLUTION AUTHORIZING MODIFICATION OF NOTE,  
SUBORDINATION OF MORTGAGE AND  
HRA’S DEVELOPMENT AGREEMENT  
WITH MURPHY CREEK TOWNHOMES OF AUSTIN, LP**

All present voted in favor thereof, none in opposition thereto. The Chair declared the motion passed and carried.

**6.) Adjourn:**

There being no further business it was moved by Commissioner Hagen and seconded by Commissioner McCarthy to adjourn the meeting. All present voted in favor of the motion, none in opposition thereto. The motion was passed and carried. The meeting was adjourned at 6:00 PM.

SEAL

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Judy Enright, Chair

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Jerome McCarthy, Secretary