

# BLUFF COUNTRY MINNESOTA MULTI-COUNTY HRA

Monday, February 23, 2009  
10:00 a.m.

Semcac Office  
204 South Elm Street, PO Box 549  
Rushford, MN 55971

## I. CALL TO ORDER

Tom Falbo called the meeting to order.

## II. ROLL CALL

Present: Sandy Wright, Tom Falbo, Bob Carlson, and Tom Kaase  
Staff Present: Wayne Stenberg and Cindy Vitse

## III. APPROVAL OF MINUTES (January 2009)

Sandy made a motion to approve the minutes, second by Tom K. Motion carried.

## IV. BUSINESS

- A. **Budget Update/Bills** – When went over the budget with the board. He explained the different funding codes and what they all covered. Currently the Spring Grove TIF project is at a negative \$1,826.10 balance. The general HRA category is at a negative \$35,488.58 but we are waiting on reimbursements to pay for the two studies that have been completed. Only bill paid this month was \$1,900 to Maxfield Research. Tom F. asked that this section be called the Financial Report.
- B. **Fillmore and Houston County Housing Updates** – Wayne informed the board that Jay Thompson, Vice President of Maxfield Research will be presenting the Housing Studies to each County Board. The Housing Study will be presented to the Houston County Commissioners on Tuesday, March 3 at 9:45 a.m. He will present the Study to the Fillmore County Commissioners on Tuesday, March 10 at 10 a.m. Tom F. asked if the loan program could also be announced at each meeting.
- C. **Review and Sign GMHF Contract** – The contracted was reviewed by board. On page A-1, Section A under Recitals, some wordage was added to make the loan more flexible. On page A-2, Article I, section called Qualified Owners, it was changed from families to owners. This way the loan is not limited to only families. On page A-2, Article I, section called Revolving Fund, the first \$50,000 from GMHF will be deposited and the

final \$50,000 will be deposited after the first \$50,000 is allocated. The HRA board will be the approving board for this loan program. No identification of loan applicants will be made to the board. Page A-3, Article III, Section 2.02 Use of Revolving Fund, All charges connected to the loan such as recording costs, credit checks, etc., would come out of the loan. \$7,500 maximum loan limit at 5% for up to 7 years. These loans do not have to be inspected. When work is completed, the contractor(s) will bring in lien waiver(s) and then payment will be issued to them. Page A-5, Article V, Section 5.01 Repayment of Funds, the loan with GMHF is a 15 year 0% loan from the date the Agreement is signed. The HRA can request one 15 year extension. There is no penalty for early payment. Page A-6, Article VI, Representatives and Warranties, loans have to be monitored and reports completed twice a year. Page A-7, Article VII, Section 7.01 Event of Default, there has to be a 30 day written notice by GMHF to BCHRA. Page A-9, Article VII, Section 7.02 Rights and Remedies, C., The BCHRA has 10 days to repay if BCHRA does something wrong, however, GMHF will work with the HRA if something happens. Page A-9, Article VIII, Section 8.01 Indemnification by Bluff Country HRA, standard Hold Harmless clause. Page A-13 through A-23, Exhibit A, Mortgage, Promissory Note, and Notice of Right to Rescind. Standard forms being used. Bob asked if there is a minimum loan amount. \$2,000 is the minimum loan limit through this program. This is not in the agreement but in the program manual. Marketing and programmatic issues will be looked into as an ongoing basis. Motion was made by Tom K. to sign the agreement, seconded by Sandy. Motion carried.

- D. **Review Group B Investment/Discuss Options** – Rick from SWMHP is purchasing 4 units located in Harmony, Spring Grove, Ivanhoe, and Pipestone. Rick is interested in working with the HRA for the Harmony and Spring Grove properties. The HRA would become part of an LLC in this proposal. Rick will give a formal presentation at a later time. If the HRA was to become part of this transaction, it would be able to work with Sunrise with housing issues, meet the mission of the HRA, and receive some residuals. On the other hand if it becomes a bad investment it would mean that the HRA could be liable but only as an LLC. The HRA in general should have some protection from liability. SWMHP is looking at receiving funds from Neighbor Works. Currently the appraisals for these buildings are holding up everything from moving forward. SWMHP would hire Lifestyles to manage all properties with the HRA doing some local monitoring. At this point the HRA would not be contributing any funds upfront. This proposal will become clearer once more information is received through Memorandums/Agreements. Tom F. would like to continue working with SWMHP to see where this goes. Wayne will let SWMHP know the HRA is interested in this proposal and he will keep the board updated on the status of the proposed project.

**E. Open Discussion**

Wayne told the board he hasn't heard anything more regarding Vesterheim Apartments in Preston. Wayne said the owners need to work with RD first and go through their process before we can do anything further on our end.

Cindy updated the board that MN Housing has put the MCPP program on hold. With the economy in its current condition, MN Housing can not sell bonds for this program. They have until the last Monday in July to proceed ahead with this program for 2009.

**V. ADJOURN**

The next meeting will be Monday, April 20 at 10 a.m. at the Semcac Office in Rushford.

Bob made a motion to adjourn the meeting, seconded by Sandy. Motion carried.