

BLUFF COUNTRY MINNESOTA MULTI-COUNTY HRA

**Monday, May 18, 2009
10:00 a.m.**

**Fillmore County Courthouse
Commissioners Room
Preston, MN**

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, Cindy Vitse and Vonda Budde
Guest Present: Terry Erickson, Dan Christensen, Chuck Phillips and
Laurie Schmitt

III. APPROVAL OF MINUTES (April 2009)

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

IV. BUSINESS

Item A & B were switched for presentation purposes.

B. Vesterheim Project – Laurie Schmitt & Chuck Phillips, Rural Development (RD) Representatives –

Laurie went over the steps involved with the potential sale of Vesterheim Apartments to the Bluff County HRA. An outline of these steps was handed out to all present. Laurie said funds are a major component. RD will want to know where they come from for paying out the equity and rehab costs, etc. A Capital Needs Assessment (C & A) needs to be completed by a third party. This report will tell RD what immediate rehab needs are and what should be expected in the next 20 years. RD has a list of approved C & A providers. Laurie will get this list to Wayne. The Purchase Agreement is another item needed in order to start the process. In the Purchase Agreement RD wants to make sure everything is included, i.e., all real estate, buildings, personnel items, all accounts, etc. Time to process this transaction is fairly lengthy. When asked about funds for rehabbing the buildings, Chuck brought up the HOME Rental Rehab Loan Program and the Preservation Affordable Rental Investment Fund (PARIF). He also informed everybody that when a change of ownership

happens that the building will have to be fully accessible. Curb cutouts will have to be completed; doors may need to be widened, etc. This should be noted in the C & A. Wayne asked who pays for these things. Laurie said these items are eligible expenses for using Reserve funds. Laurie will email forms to Wayne. RD will complete the RD 3560.20 form. Chuck was asked if RD has funds to help purchase this project. Chuck said the NOFA should be ready shortly for FY 2009. The HRA would be competing for these funds on a national level. The HRA will have approximately 45 days to submit a request once the NOFA is out. Dan asked about Rental Assistance. Thirteen of the sixteen units currently have RA. RD didn't think this would change. However Chuck said that if other RD units aren't utilizing RA that assistance could be transferred to projects that need more RA. Wayne asked what the next step for BCHRA would be. Laurie said to start out by reviewing emails she has previously sent. Current owners will have to get approval from RD to withdraw funds from the Reserves to pay for the C & A. Tom F. thanked Laurie and Chuck for attending the meeting and providing information to the board. Tom then asked Dan to start the process with RD to get okay from them to use the Reserve funds for the C & A. Tom also asked Dan what the current owners have decided on for this project. Dan said he'd have to talk to them again and get back to us. The current debt is around \$169,000. Originally the HRA was told a price of \$400,000, which would be \$25,000 per unit. Tom suggested looking at the C & A first before doing the Purchase Agreement. Wayne will start building information from the 2nd page of Laurie's handout. Dan was thanked for also attending the meeting today.

- A. **Financial Report** – Vonda went over the financial report. Semcac invested \$4,995.00 for the Housing Studies that were completed in the counties. The Current HRA balance is \$95,816.03. Vonda also updated the board on the TIF District in Spring Grove that the HRA administers. There are eight homes in the development now. Tom F. said another spec home has gone up and these spec homes seem to sell quickly. Wayne reviewed the bills paid out this past month. Copies of these bills were attached to the board packet. A motion was made by Sandy for the HRA to sign a Power of Attorney and Declaration of Representative form to be used by Lindquist and Vennum to straighten out some tax filing items for the HRA. Seconded by Tom K. Motion carried.
- C. **Update on GMHF Funding** – Page 11 of the board packet is an email from Hal Clapp with GMHF. It was dated May 12, 2009 and states that the matching funds should be coming shortly to the HRA. As of today's meeting, no funds have been received.
- D. **BCHRA Taxes/ Legal Update** – This issue was discussed under Section A.

- E. Springstone LLC** – Page 18 of the board packet is an email regarding the Articles of Organization for the HRA. Page 29 of the board packet is the Operating Agreement. There were some titles changed. Page 23 is the Member Control Agreement. Attorneys are now reviewing all the documents. They will be sent to SWMHP as soon as they have been reviewed and updated to show the HRA in good standing.

- F. Open Discussion** – Tom F. asked Terry what role Semcac may want to play with the HRA with the Vesterheim project. Terry told the board that as of now Semcac would be interested in providing staff support for the HRA with this potential project.

Tom F. brought up the idea of Semcac constructing a spec home on one of the lots they own in Spring Grove. Terry said with the way the economy is that they wouldn't be interested in doing that at this time. Terry suggested working with interested parties to see about getting pre-qualified through Rural Development. Tom K. asked about working with a builder to possibly build a home. Terry said he wasn't sure about that option unless the builder is willing to finance the construction of the home and then get paid once the home sells.

V. ADJOURN

The next meeting will be Monday, June 22 at 10 a.m. at the Semcac Office in Rushford.

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