

City of East Bethel
Housing and Redevelopment Authority
Regular Meeting – 6:30 p.m.
Date: January 21, 2015



	Item
6:30 PM	1.0 Call to Order
6:31 PM	2.0 Adopt Agenda
6:32 PM	3.0 Elect Officers
6:34 PM	4.0 Approve Minutes – October 1, 2014 HRA Meeting
6:35 PM	5.0 Use of HRA Funds
7:10 PM	6.0 CDBG Project update
7:15 PM	7.0 Adjourn



City of East Bethel Housing & Redevelopment Authority Agenda Information

Date:

January 21, 2015

Agenda Item Number:

Item 3.0

Agenda Item:

Election of 2015 Officers

Requested Action:

Adopt Resolution 2015-01 Electing 2014 HRA Officers

Background Information:

According to the HRA By-Laws, the Board is required to elect HRA Officers at its annual meeting.

Section 2.2 Officers. The officers of the Authority shall consist of a Chairperson, Vice Chairperson, a Secretary and an Executive Director. The Chairperson, Vice Chairperson and Secretary shall be members of the Board and shall be elected annually, and no Commissioner may serve as Chair and Vice-Chair at the same time.

The 2014 HRA Officers were:

Ron Koller, Chairperson

Tom Ronning, Vice-Chairperson

Heidi Moegerle, Secretary

Fiscal Impact:

None at this time.

Recommendation:

Staff is recommending the Housing and Redevelopment Authority Board adopt Resolution 2015-01 electing the 2015 HRA officers.

Housing and Redevelopment Authority Action

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

No Action Required: _____

**HOUSING & REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION NO. 2015-01

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AND
REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF EAST BETHEL,
MINNESOTA, ELECTING OFFICERS FOR 2013**

WHEREAS, On May 20, 2009, the City Council adopted Enabling Resolution 2009-36 establishing a Housing and Redevelopment Authority; and

WHEREAS, according to the East Bethel Housing and Redevelopment Authority By-Laws, the Board is required to elect HRA Officers at its annual meeting; and

WHEREAS, the officers of the Authority shall consist of a Chairperson, Vice Chairperson and a Secretary.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF
COMMISSIONERS OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF EAST BETHEL, MINNESOTA as follows:**

1. Appointment of Officers. In accordance with the By-Laws of the Authority hereby adopted, the Board hereby appoints to the following offices of the Authority the following persons, respectively:

Chairperson:

Vice Chairperson:

Secretary:

Adopted this 21st day of January, 2015 by the Housing and Redevelopment Authority of the City of East Bethel.

HOUSING AND REDEVELOPMENT AUTHORITY

, Chair

ATTEST:

Jack Davis, City Administrator

City of East Bethel
Housing and Redevelopment Authority Annual Meeting
October 1, 2014

The Housing and Redevelopment Authority (HRA) met on October 1, 2014, for a regular meeting at City Hall at 6:30 p.m.

MEMBERS PRESENT: Bob DeRoche Tim Harrington
 Heidi Moegerle Tom Ronning

MEMBERS EXCUSED: Ron Koller

ALSO PRESENT: Jack Davis, City Administrator
 Mark Vierling, City Attorney

1.0 Ronning called the regular meeting to order at 6:30 p.m.

**Call to
Order**

2.0 **Moegerle, "I'll make a motion we adopt tonight's agenda." Harrington, "I'll second."**
Adopt Ronning, "Any discussion? Hearing none, all in favor?" **All in favor, motion carries.**
Agenda

3.0 Moegerle, "I need to pull B." Ronning, "Which one?" Moegerle, "B, August 20th. And,
Approve it's on, the change is on Page 5, Paragraph 5. It says, 'Moegerle...at a hat.' When that's
Minutes supposed to be 'at a drop of a hat.' That's the only change I have. So, on the 4th line,
3.0B. '...anything they say at a drop of a hat.'"

August 20,
2014

Moegerle, "So, I make a motion we approve August 20th."

DeRoche, "As long as you're there, it might be good to note they're not 'impotent' but they're 'important.' Which is about, it's on Moegerle, 'here's a question I have...'
Moegerle, "What page?" DeRoche, "It's on Page 5, probably fifth paragraph up, third line." Ronning, "Oh yeah." Moegerle, "Okay."

Ronning, "Two changes noted and a motion to accept. Is there a second?" **DeRoche, "Second."** Ronning, "Any discussion? All those in favor of the 3.0B?" **All in favor, motion carries.**

3.0A. Ronning, "Is there a motion on 3.0A?"

Jan. 22,
2014

Moegerle, "I make a motion we approve 3.0A." DeRoche, "Second." Ronning, "Any discussion? All those in favor?" **All in favor, motion carries.**

4.0
**Use of
HRA
Funds**

Davis presented the staff report, indicating that at the August 20, 2014, HRA meeting, there was a discussion regarding the disbandment of the HRA and using the HRA fund balance of approximately \$770,000 for bond debt reduction for refinancing purposes or for development projects.

There may have been some misunderstanding as to the use of this balance for projects and if this amount could support a development or utility extension project.

The \$770,000 that could be available from de-committed HRA funds would be sufficient, when combined with other existing City and Mn/DOT funding sources, to enable either the

4.0 project to extend utilities and improve the service road on the east side of Highway 65
Use of HRA between 187th Lane and Briarwood or construct either of the three options for secondary
Funds access with utilities from the Classic Commercial Park.

The question to be considered, should the HRA be disbanded, would be how to use the fund balance to achieve the maximum benefits for the re-allocation of these monies. The choice of interest savings or project development can be deliberated and decided once the future status of the HRA is determined.

Should the HRA be disbanded, there are sufficient amounts in that fund balance, when combined with existing funds and potential assessments, to pay for development projects or for use to pay down bond debt for the purpose of refinancing to achieve interest savings. None of these sources of funds would have to be borrowed or bonded.

Davis, "There are certain issues with abandonment that have been submitted to the City Attorney. I e-mailed you a memo from Mr. Pratt that went over some of the issues that dictated what we may have to do if the HRA was disbanded in relation to keeping the entity or totally dissolving it. Also, Mr. Vierling is here to answer any questions regarding that. It might be of interest too, that I also submitted a letter that we received yesterday from the Our Saviour's Lutheran Church that still expresses their interest in trying to do a senior housing project. The letter basically states that they've contacted several developers, developers are reluctant to commit without the commitment for water and sewer service, and also he indicated too that they're essentially waiting for what's going to happen at the corner of 22 and 65 in terms of having commercial infrastructure available to support the project. I did tell Mr. Dropps that the City would work with them in any way we could to make this happen but we would have to have the commitment too. So, we're both understanding that this would not be done on a speculative basis but we'll work with them to try to make it happen, if at all possible."

Ronning, "Just for the heck of it, I guess, that's really a tricky problem. While the community wants to do a senior center, which you have to have transportation, you have to have some shopping, there's housing being considered, there's development on the northwest corner of 22/65, and it's almost one of those things that all has to come together at the same time for it to, for people to be comfortable to even invest in it. Those things just don't happen, not overnight anyhow."

Davis, "No. And, I think the feeling they've received from the developers is that the opportunities for at least a grocery store, some type of pharmacy, or some type of medical clinic service at the corner of 22 and 65 will be one of the key criteria for them to consider this as a project."

DeRoche, "Well, personally, this is something we've been talking with them for going on four years. I think four years ago when we first came into office, there was talk about extending the services over there. We went over and looked at the power line. There were some issues with their system at the time. Apparently, they had it fixed. I, yeah, I think before we do anything, and I hate, you know there were some decisions made before on 'build it and they will come.' I'm still stuck on that because for us to put that, the kind of money it would take to run the system over there, we have to have, the letter's great because it shows they are still interested and we're willing to work with them. But, unless there's a little bit more of a commitment, or something to say that if we do that, that we're going to get something back, I wouldn't want to be sitting on top of, we run it over there and nothing

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Use of HRA
Funds

happens for quite a while.”

Davis, “Yeah, I agree. I don’t think that was their...I think they just want to keep the lines of communication open and let us know that they’re still pursuing this and want to determine what our interest still is in it. Again, I told them that, you know, once they had firmed up some things that we’ll be more than happy to work with them or discuss the project as we ‘go down the road.’”

Ronning, “Did you mention Ed’s name?” Davis, “Yes.” Ronning, “I’ve had some conversation with Ed Dropps as well and he’s sent communications out and contacted several developers regarding this. But, we don’t have any, we don’t even have a ‘hook,’ let alone ‘bait.’ So, they’re still trying to do something, get some at least potential interest, but it’s going to be a ‘tough nut to crack.’”

Davis, “Well it is and I think a lot of other things have to come together before this is going to be an attractive proposition for a developer. And, until those things happen, we’re just, all of us are kind of on the sidelines and have to take a ‘wait and see’ approach.”

Harrington, “Have they talked how big of a complex they want to build? How many units it would be?” Davis, “They started talking about 40 but Ed had indicated today that it would probably, maybe, have to be larger to make it economically attractive to a developer. So, I think he’s talking now, maybe, in terms of 50 or 60 units.”

Ronning, “I think he surveyed, I don’t know exactly who, if it was within the church body or went outside of there, and at 40 I think they had close to the 40 that would sign up tomorrow.” Davis, “That’s what he said. Today he said they had 37 that had indicated they would be very interested in that within the congregation.”

DeRoche, “And, you know, another little factor we have to take a look at, is this Thrive MSP 2040. And, anything the Met Council says where they’re going to run transportation up here or help us with it, I really kind of have my own thoughts on that. I would encourage anybody, whether it’s on this Council or outside, to read up on that and read what some of the other cities that have ‘fish in the game.’ I think there was nine out of eleven showed up at a meeting on Monday. I know Matt Look was there from Anoka County and I think he represents us down there. We haven’t even seen our representative up here but one time in four years and that was at a Town Hall Meeting. How can somebody represent you when they’re not even showing up? If nothing else, he should have been, to me, the one to come up with a PowerPoint and say, ‘Hey, this is what we’re looking at doing. What’s the take on it?’ From what I can get out of some of the stuff I’ve read lately, a lot of these cities are going, ‘Look, we’re part of this and you didn’t even bother to ask us what we think of it.’ For a non-governing body, I just have issues with them kind of planning for the cities.”

Moegerle, “Well, I went to a couple of meetings when they were planning the 2040 and I know that they had open houses and I went to two of them. They weren’t well attended and so, you know, I understand why they wouldn’t be well attended, but when they’re not well attended, then they create their own decisions and supply their own conclusions. Then, after they’ve done that, then we all object. So, you know, it’s a circular situation and the solution is not going to be easy and it’s not going to be pretty, I don’t suspect. But, yeah, we do have to ‘stay on top’ of the 2040 issue. It’s not good.”

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DeRoche, "Well, I guess the literature that I've read lately, there has been a lot of participation and people going to such and such meetings but that's not...I look at the situation we're in and, you know, over the weekend went back, read through a lot of the old, old minutes, 2009, 2010, stuff that was said by Met Council, promises made. You know I hear, 'Yeah, that's history.' Yeah, it's history but it's also the present and it's also going to be the future for a long time. So anything that we do with Met Council or anyone else, we've got to be cautious. You know, it's just plain and simple. We're working to figure out how to pay for what we've got and, you know, senior housing that would be great because I think we were talking about that a long time ago. I think four years ago, the original thing was 110 units. Things just didn't quite work out then and 50-60 units, that's a good start. If they plan it out to where they could do an addition if they wanted, or add another building, or do whatever, I think it would be better if they made accommodations for the future along with what they're already doing."

Ronning, "While we're discussing that, you mentioned the 2040 Met Council came out, we have it in letter form. Would you mind explaining what this subject is and if somebody is interested, how they could find it?" DeRoche, "Do you have a copy with you Jack? I've got it on..." Davis, "No, I don't have anything with me." DeRoche, "I don't think I do here. One tidbit of it that I've found, I shouldn't say amusing, but was the population projections. I believe when this was, the sewer/water project was first plotted, planned out, it was 23,000 by 2030. As recently as in the spring, it was about 18,000 and now we're down to 14,000. Well, that's not going to really 'cut the mustard' here. I don't think I have that letter with me. Oh, wait a minute; I may have it on-line here."

Ronning, "I thought I had it handy but I don't have it either. Item 3.0, Recommendation, there is no recommendation and it's worth noting that there was a motion and approved last, the previous meeting we had about this subject, and we had some legal explanations and there's some additional explanations. Mark, would you mind explaining what the process is please?"

Vierling, "One of the questions on this particular topic that staff had looked at and asked us to review is the 'what ifs.' What happens if your EDA stands alone with its HRA powers, apparently, or whether or not you fold down the HRA. You have, kind of, a very unique history in how these entities were created. We spent some time, and I know the staff internally went back through some records, your EDA was originally formatted and formed to include the HRA powers. It's very unusual for a community to have an EDA with HRA powers and then go ahead and form and create a separate HRA.

From everything we've read, everything we've seen, we are led to the conclusion that the reason that the past Council did that was to forestall any and all opportunity for the Anoka County HRA to be a taxing authority within East Bethel. That would seem to be borne out by the questions and correspondences we've seen from past counsel as well as correspondence from the AED's office.

So, one of the concerns that we have is if the Council would disband the HRA, would that again 'open the door' to the Anoka County HRA to begin taxing in this community, for those purposes. We don't have a definitive answer although we suspect it is possible. But, remember, a few years back, the HRA for Anoka County that was created by special legislation went back in and got some amending legislation on their activities that dealt with a lawsuit that had been brought by the City of East Bethel to challenge their taxing authority within this jurisdiction. They don't tax in East Bethel currently for any County HRA

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Funds

purposes but we don't know for sure that if you would disband the HRA that they would necessarily be precluded from coming back in and asserting a taxing jurisdiction in the City again.

So, from that perspective, we are certainly not advocating today that the Council take any action to disband the HRA. We would continue to take a look at that but it seems to us you have all of the authority that you need to do, certainly, the development projects that you would like to pursue in either the EDA or the HRA. Relative to, certainly looking ahead to the future, if there was a desire to utilize the HRA funds for purposes of paying down the bonded indebtedness and keep the HRA in position, we would have to take a look at what opportunities you would have to do that and, perhaps, deal with the City's auditors in terms of defining an authority that would allow you to utilize those funds if the HRA stays in position. But, at least as far as today is concerned, because I know the City has always had a concern over the Anoka County HRA re-asserting jurisdiction from a taxing perspective in the community, we're not advocating that you disband the HRA today." Ronning, "Thank you."

Moegerle, "I have a question. When we got the bond funds back three years ago, three-and-a-half years ago, one of the things that was done was the HRA was paid back those funds. I think at that point, it was \$650,000 maybe a little bit more than that, because the HRA funds had been used to get the planning done. So, my question is, since those funds that are currently in the HRA account came from the bond funds, can we 'undo' the repayment? Is that a way of doing that at this point?" Vierling, "No, not really. From an auditing perspective, you can't, I don't have those documents in front of me. I assume the HRA in effect at that time made a loan to the General Fund of the City to cover those costs and then that loan was paid back. So, from an auditing and compliance standpoint, that loan is done. It's paid back. You can't 'undo' what's been done with that. Now, could you ask the question, which would follow up, which is, 'Could the HRA make another loan for another purpose to the City?' Arguably, the City, the HRA could." Moegerle, "Sure." Vierling, "Depending on the project. But, no, you can't go back and 'undo' what was done in terms of paying back that loan."

Moegerle, "Then can the HRA waive repayment? Or, how's that work?" Vierling, "Again, we'd have to sit down with the auditor and go through compliance requirements."

Ronning, "Repayment of what?" Vierling, "If a loan is made from one entity within the City, such as the EDA or the HRA of the City, the question is, 'Does it have to have interest? Can it be a non-interest bearing loan?' Generally speaking, the answer to that is usually, 'No, it cannot.' But that doesn't mean it has to have a huge interest feature to it. But, we would have to deal with the City auditor on that. The critical issues there are your auditor certifies compliance with the fiscal requirements of the State every year with regard to your EDA, your HRA, and your City funds. So, in order for him to do his compliance reports and make sure that we don't 'trigger' any issues there, we would certainly want to check with them before we would do any type of loan documentation for any purpose that would be advocated from those entities to the City if that would ever come to pass."

DeRoche, "Tom, in answer to your question, I'm not going to read both the articles because they're kind of lengthy but they deal with Lakeville and Burnsville is one of them and that was in the September 24th Minneapolis *StarTribune*. And, there was also an article in the September 21st *StarTribune*, 2014, and it deals with the city councils and what their thoughts are. I'm not going to read out of the article because I didn't make those statements

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and I don't want to get myself in a 'legal pickle.'"

Ronning, "The *StarTribune* is the source. What title would, if somebody is doing a search, if you can please?"

DeRoche, "Probably find it under, 'Thrive MSP 2040.'" Ronning, "'Thrive,' T-h-r-i-v-e MSP 2014?" DeRoche, "Correct."

Davis, "One of the articles, you may want to go back and check, I sent that to everyone. I think that was the article on the 24th." DeRoche, "I think there's three of them." Ronning, "It's certainly worth looking at. It was an 'eye opener.'"

DeRoche, "No matter how we look at it, if there's promises of bringing transportation up here for, say low income housing, any kind of housing, I think we have to really scrutinize. Nothing's for free. There's always going to be something there." Ronning, "Yeah, that's for sure."

Ronning, "I misspoke earlier. I called this 3.0. This is actually 4.0, Use of HRA Funds. As mentioned, there was no recommendation from staff and there was a previous motion and vote approval to maintain the HRA as is. Anything further on 4.0?"

Informational; no action required.

5.0
CDBG
Project
Update

Davis presented the staff report, indicating we have received and processed 14 applications for the Community Development Block Grant Septic Repair Program for Coon Lake Beach. The comment period for the environmental review from the DNR and Minnesota Historical Society has been completed and funds will be available as of October 15, 2014.

Staff met with the applicants on August 28th at the Coon Lake Community Center to review their applications and gather any additional information required for eligibility verification. For those applicants that could not attend that meeting, staff arranged individual meetings with those residents. Staff conducted another meeting on Monday, September 29, 2014, with the residents, or the applicants, for the purpose of completing waiver and contract requirements as recommended by the City Attorney.

To date, three of the applicants are ready to proceed with their projects and Staff will be working with them to attempt to complete these by the end of the construction season. The completion of the 11 remaining system improvements will require varying amounts of time for design and in all likelihood, they will not be able to proceed until Spring 2015.

The deadline for project completion is December 2015.

Davis, "Our request for an additional \$100,000 to Anoka County was approved and the priority of funds was set up at this meeting on September the 29th. It was also determined that these additional funds could be used for the construction of deep wells. All of the applicants were notified that they were pre-qualified in terms of income and all the other processes and the applications and paperwork were reviewed with them. All but two were in attendance. We'll meet with those two and, hopefully, within the next two weeks maybe we can begin some of the construction on three of these that are ready to go."

DeRoche, "That's good news."

5.0
CDBG
Project
Update

Ronning, "With the ordinances in effect, you have to have so much distance, what 50 feet, 75, between the well and the septic? Ordinances are ordinances. Is there any way to mitigate that if there's a deep well that is not affected by the septic?" Davis, "What it is, these are DNR and MPCA requirements and if you have shallow wells and certain distances from septic systems, you have to get a variance from the DNR. The DNR is usually very strict on these. Sometimes the only way around it is to drill a deep well to meet their requirements. So, we did get approval that these funds could not only be used for the septic improvements, but for the construction of deep wells if they're related to the installation of the septic systems."

DeRoche, "I think it's 100 feet from a shallow well, 50 feet from a deep well." Davis, "Correct. It greatly reduces the distance that you, the separation distance between the system and the water source."

Ronning, "My 'wheels' are turning. I can kind of envision two, three neighbors sharing one well or something." Davis, "And, you know, that's a possibility too." Ronning, "One deep well." Davis, "But, sometimes with that there's agreements that have to be made and that can create, sometimes, more problems than it solves." Moegerle, "Absolutely." DeRoche, "It sounds great 'on paper' but in theory it doesn't work, necessarily, the best."

Informational; no action required.

6.0
Adjourn

Moegerle, "I make a motion we adjourn." DeRoche, "I'll second. Ronning, "All in favor?" All in favor. Ronning, "Opposed?" Motion carries. Meeting adjourned at 6:58 p.m.

Attest:

Submitted by:
Carla Wirth
TimeSaver Off Site Secretarial, Inc.



City of East Bethel Housing and Redevelopment Authority Agenda Information

Date:

January 21, 2015

Agenda Item Number:

Item 5.0

Agenda Item:

HRA

Requested Action:

Discuss the Future of the HRA and interest in disbandment

Background Information:

As we are continually searching for funds to pay down bond debt or finance needed water and sewer extensions, HRA funds were previously relegated to a secondary option and were considered to be only available if a housing component were to be incorporated into a project. At this time, we may want to consider disbanding the HRA, especially if we have no definite projects or use of funds from this account to assist in financing improvements or debt reduction. The current balance of this fund is \$770,000 less the encumbrances of the loan for the SAC and WAC connections and the \$200,000 required as working capital for the CBDG program. The \$200,000 will be reimbursed upon the completion of the project in December 2015.

Our City Attorney has rendered an opinion on the matter of disbandment and has confirmed Staff’s interpretation of Minn. Stat. 469.033 subd. 7 which “allows for the disbandment of the HRA and the transfer of its (HRA) assets to the City. However, those assets may only be used “for permanent improvements in the city or the retirement of debts or bonds incurred for permanent improvements in the city.” Utilizing these monies aside to pay our utility bond issues certainly would qualify. A utilities extension would also qualify for use of the funds.

In order to proceed, the Council would have to adopt an ordinance to disband the HRA after a public hearing. Upon adoption, the Council would have to submit the ordinance to DEED for their records.

As our current EDA has HRA powers and if the disbandment of the our “stand alone” HRA were to occur, all funds and assets of the HRA would be initially transferred to the EDA, and then those funds and assets could then be transferred to any fund of the City. The HRA, as a separate Authority, would then cease to exist.

Subd. 7. Inactive authorities; transfer of funds; dissolution.

The authority may transfer to the city in and for which it was created all property, assets, cash or other funds held or used by the authority. Upon any such transfer, an authority shall not thereafter levy the tax or exercise the redevelopment powers of sections [469.001](#) to [469.047](#). All cash or other funds transferred to the city shall be used exclusively for permanent improvements in the city or the retirement of

debts or bonds incurred for permanent improvements in the city. An authority which transfers its property, assets, cash, or other funds shall be dissolved as provided in this subdivision. After a public hearing after ten days' published notice thereof in a newspaper of general circulation in the city, the governing body of a city in and for which an authority has been created may dissolve the authority if the authority has not entered into any contract with the federal government or any agency or instrumentality thereof for a loan or a grant with respect to any urban redevelopment or low-rent public housing project that remains in effect. The resolution or ordinance dissolving the authority shall be published in the same manner in which ordinances are published in the city and the authority shall be dissolved when the resolution or ordinance becomes finally effective. The clerk of the governing body of the municipality shall furnish to the commissioner of employment and economic development a certified copy of the resolution or ordinance of the governing body dissolving the authority. All property, records, assets, cash, or other funds held or used by an authority shall be transferred to and become the property of the municipality and cash or other funds shall be used as herein provided. Upon dissolution of an authority, all rights of an authority against any person, firm, or corporation shall accrue to and be enforced by the municipality.

Options for consideration include:

- Continuing the separate HRA as it currently exists and focus on housing and housing related programs
- Disband the HRA and utilize the account balance to pay down the 2010A Bond to make it more attractive for re-financing with possible savings ranging from 1.1 to 1.6 million dollars over the life of the bond.
- Disband the HRA and utilize the account balance to fund utility extensions within the sewer utility area
- Disband the HRA and utilize a mix of bond paydowns and projects to optimize bond payment savings and implement project(s) to stimulate growth.

At the August 20, 2014 HRA meeting, there was a discussion regarding the disbandment of the HRA and using the HRA fund balance of approximately \$770,000 for bond debt reduction for refinancing purposes or for development projects.

There may have been some misunderstanding as to the use of this balance for projects and if this amount could support a development or utility extension project (See attachment 1).

The \$770,000 that could be available from de-committed HRA funds would be sufficient, when combined with other existing City and MnDOT funding sources, to enable either the project to extend utilities and improve the service road on the east side of Hwy. 65 between 187th Lane and Briarwood or construct either of the three options for a secondary access with partial utilities for the Classic Commercial Park

The question to be considered, should the HRA be disbanded, would be how to use the fund balance to achieve the maximum benefits for the re-allocation of these monies. The choice of interest savings or project development can be deliberated and decided once the future status of the HRA is determined.

Attachments:

Attachment 1, HRA Disbandment Memo

Fiscal Impact:

Should the HRA be disbanded, there are sufficient amounts in that fund balance, when combined with existing funds and potential assessments, to pay for development projects or for use to pay down bond debt for the purpose of refinancing to achieve interest savings and future levy reductions for the bond debt. None of these sources of funds would have to be borrowed or bonded.

The conclusion of the City Attorney as to the matter of disbandment is indicated in Attachment 1 and paraphrased as follows:

“The major question of the disbandment of the City’s separate HRA is would the Anoka County HRA be notified, and once notified, would it again begin to levy an HRA tax within the City? It is the City Attorney’s opinion that, **they do not believe the ACHRA could maintain an action whereby it levies its special benefit taxes within the City limits. This is because the City already operates a valid HRA under its EDA powers.** We will have to ensure that the EDA enabling resolution accurately reflects this fact, but my preliminary review of that resolution indicates that it does. It would be beneficial to have an EDA meeting “concurring” in the dissolution of the HRA; at that time the EDA could amend its enabling resolution accordingly to keep it up-to-date. Should disbandment occur, it may be a good idea for the EDA to levy a small tax under its HRA powers. That decision is up to the City Council, but such a tax would show that another ACHRA tax levied on top of that would be excessive.

There is certainly an amount of risk for the City HRA to be disbanded and the funds utilized for other matters. There is also a risk of maintaining the current separate City HRA, even while one is already provided for under the City’s EDA powers; the State Auditor could question this arrangement. If ACHRA immediately reinstitutes its special benefit tax, the City would probably have to litigate the issue again. There is no real statutory authority or case law answering the question of whether a county HRA may levy taxes in a jurisdiction that has a current EDA operating with HRA powers. The City was successful in its previous litigation, which is a positive, but there is no guarantee in future litigation. **Regardless, it is the City Attorney’s legal opinion that the ACHRA may not levy taxes in the City of East Bethel, as long as there is a separate HRA, or an HRA combined into the EDA’s authority”.**

Recommendation(s)

Staff is seeking direction as to City Council’s preference for continuance of the City’s separate HRA and the subsequent use of the funds in this account.

City Council Action

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

No Action Required: _____

ECKBERG LAMMERS
MEMORANDUM

TO: Jack Davis, East Bethel City Administrator

FROM: Andy Pratt, Assistant City Attorney

DATE: November 13, 2014

RE: East Bethel Housing and Redevelopment Authority

You have asked the following questions: If the City of East Bethel disbands its Housing and Redevelopment Authority (City HRA), would the City again be required to be part of the Anoka County Housing and Redevelopment Authority (ACHRA)? Further, if the City HRA is disbanded, how are its funds to be distributed?

Analysis – Effect of City HRA disbandment on ACHRA Powers

Anoka County received special legislation in 1978, authorizing it to create ACHRA, which was considered to be a “city” housing and redevelopment authority under the requirements and regulations of Minnesota Statutes, Sections 469.001 through 469.047 (Act). The ACHRA levied special taxes on real estate throughout Anoka County beginning in 1994 to support its operations and projects. East Bethel created its City HRA in 2009 under the Act. Litigation soon commenced between the two entities, as the City HRA sought to prevent ACHRA from levying its special taxes on real property located within the City of East Bethel. The City HRA prevailed at district court, and the judgment was upheld by the Minnesota Court of Appeals.

The special law that created ACHRA, codified at Minnesota Statutes, Section 383E.17, was drastically amended in 2012 by the Minnesota Legislature. The amendments appear to be a reaction to the decision by the Minnesota Court of Appeals. Section 383E.17, Subdivision 1 now expressly gives the ACHRA the powers and duties of a county housing and redevelopment authority under the Act, whereas the court case made it clear that the City HRA and ACHRA were co-equals. Subdivision 2 of the new legislation provides that no city HRA existing on or before May 3, 2011 (the date of the Court of Appeals decision) is limited by the ACHRA, and the ACHRA may not exercise jurisdiction in any municipality that has an HRA established on or before May 3, 2011.

Under Section 469.033, Subdivision 6 of the Act, “[a]ll of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes.” The City HRA successfully litigated the question of whether ACHRA may levy its taxes within City limits (it may not), but if the City HRA dissolves, under revised Section 383E.17, the City is again theoretically under ACHRA’s jurisdiction and area of operation. Therefore, since a county housing and redevelopment authority may levy special benefit taxes on

territory included within its area of operation, ACHRA could again levy its taxes on property within the City. If ACHRA ever wants to locate a housing or redevelopment project within City limits, the project itself and the location of the project must be first approved by the East Bethel City Council. However, if the City HRA is disbanded, City residents could again be subject to ACHRA taxes, which theoretically would go towards operations located far from the City's borders. If the City wants to create a new HRA in the future, Anoka County must first concur under Section 469.004, Subdivision 5 of the Act.

However, it has been determined that the City's EDA already is functioning with HRA powers. On July 16, 2008, the City Council adopted Resolution No. 2008-53, which provided for the creation of an Economic Development Authority in the City. Section 2.01 of the Enabling Resolution clearly indicates the EDA possesses all powers of an EDA under applicable state law, including all powers of an HRA. Minnesota Statutes, Section 469.091, Subdivision 1, allows an EDA to also possess all housing and redevelopment powers of an HRA, if chosen to do so under the EDA's enabling resolution. The City Council made such a choice under Resolution No. 2008-53. The City HRA was then created the following year, although it was unclear why it was ever created, since the EDA already contained HRA powers. The EDA is therefore able to levy two sets of taxes: one for EDA purposes, and one for HRA purposes. Each tax levy is subject to different levy limits and requirements, but the authority to levy each tax is not questioned.

Now that we have concluded the City EDA also possesses HRA powers, including the authority to levy a special benefit tax for City HRA purposes, can ACHRA still levy its special benefit taxes on territory located within the City? In other words, even though the City would no longer have a dedicated and separate HRA, since the City EDA is authorized to act as an HRA would that bar the exercise of ACHRA jurisdiction within the City? If the answer is yes, ACHRA would be prohibited from levying its special benefit taxes within the City. If the answer is no, conceivably there could be three special tax levies imposed upon City residents: (i) the ACHRA special benefit levy; (ii) the City EDA levy for housing and redevelopment purposes, using its HRA powers; and (iii) the regular City EDA levy. An Attorney General opinion dated February 10, 2009, that related to the litigated ACHRA/City HRA question, stated as an aside that "we would be reluctant to assume that establishing an economic development authority would preempt ACHRA jurisdiction under Minn. Stat. §383E.17, subd. 2, *even if the EDA has been granted HRA powers.*"

Analysis – Use of Disbanded City HRA Funds

It is my understanding the City HRA has approximately \$770,000 in its general fund, less various encumbrances. It is also my understanding the City HRA is not levying a tax or funding any projects at this time. Minnesota Statutes, Section 469.033, Subdivision 7 allows for the disbandment of the City HRA and the transfer of its assets to the City, as long as those assets are used for "permanent improvements in the city or the retirement of debts or bonds incurred for permanent improvements in the city." Setting aside the City HRA funds to pay the City's outstanding utility bond issues certainly qualifies under the statute; the funds could be put in a separate escrow account and used for upcoming debt service payments. A project ready to go would also qualify for use of the funds. The City Auditor has also looked at this question and validated that these uses are acceptable. It is a policy decision for the City Council about how to use these funds.

In order to proceed, the Council would have to adopt an ordinance to disband the HRA after a public hearing. Upon adoption, the Council would have to submit the ordinance to the Minnesota Department of Employment and Economic Development (DEED). The City HRA has no contracts with the federal government for redevelopment or low-rent housing, so that is not a barrier to dissolution.

Conclusion

The major question therefore follows: If the City HRA is officially disbanded, would the ACHRA be notified, and once notified, would it again begin to tax within the City limits? I presume the ACHRA would quickly become aware of the City HRA dissolution. **However, I do not believe the ACHRA could maintain an action whereby it levies its special benefit taxes within the City limits. This is because the City already operates a valid HRA under its EDA powers.** We will have to ensure that the EDA enabling resolution accurately reflects this fact, but my preliminary review of that resolution indicates that it does. It would be beneficial to have an EDA meeting “concurring” in the dissolution of the HRA; at that time the EDA could amend its enabling resolution accordingly to keep it up-to-date. In 2015, it may be a good idea for the EDA to levy a small tax under its HRA powers. I leave that question up to the City Council and the EDA, but such a tax would show that another ACHRA tax levied on top of that would be excessive.

There is certainly an amount of risk for the City HRA to be disbanded and its funds utilized for other matters. There is also a risk of maintaining the current separate City HRA, even while one is already provided for under the City’s EDA powers; the State Auditor could question this arrangement. If ACHRA immediately reinstates its special benefit tax, the City would probably have to litigate the issue again. There is no real statutory authority or caselaw answering the question of whether a county HRA may levy taxes in a jurisdiction that has a current EDA operating with HRA powers. The City was successful in its previous litigation, which is a good thing, but there is no guarantee in future litigation. Regardless, it is my legal opinion that the ACHRA may not levy taxes in the City of East Bethel, as long as there is a separate HRA, or an HRA combined into the EDA’s authority.

Please let me know if you have any questions regarding this memorandum.



City of East Bethel Housing & Redevelopment Authority Agenda Information

Date:

January 21, 2015

Agenda Item Number:

Item 6.0

Agenda Item:

City SAC and WAC Loan Program

Requested Action:

HRA Loan Status Report

Background Information:

There are 13 businesses within the area of the Municipal Utility Project that were required to connect to the system. There is a substantial cost to these businesses owners for accessing the new utilities and City Council and the Economic Development Authority discussed ways to minimize the financial impact. As a result, "The Utility Infrastructure Loan Program" was approved by City Council on April 17, 2013 to address this situation.

The program provides for loan amounts to cover up to 4 City SAC and WAC and MCES SAC charges and an additional \$5,000 toward costs for the physical connection to the system. The initial maximum loan amount was \$37,800. December 31, 2013 was the original deadline to apply for these funds. The expiration of the Utility Infrastructure Loan Program was discussed at the January 22, 2014 HRA meeting and it was recommended that City Council extend this program for an additional 90 days. This extension would enable any remaining property owners to address any eligibility issues for loan applications that are outstanding. One loan has been approved from this fund and a second loan was tabled due to issues with eligibility.

Approved loans are for a five year period at an interest rate of 4%. Eligibility for the loan requires that all eligible applicants must be in good standing with the City and all property taxes, applicable city licenses, and utilities must be current and paid. Currently only one of the affected properties in the service area have not paid their SAC and WAC fees and/or have not applied for these loan funds.

Council approved an extension of this program on February 5, 2014 for an additional 90 days and on April 2, 2014 left the program open for those 13 properties.

In order to implement the program it was necessary to approve a transfer of up to \$281,400 from the HRA to the EDA to make funds available for this purpose. Resolution 2013-05 enabled the transfer to be complete and funds made available for the loan program.

We had three applicants for the Loan Program, Northbound Woodworks (\$16,400), Truck Body Specialists (\$21,656) and Rickey Properties LLC.

Rickey's Properties did not meet the initial loan requirements. Staff received notification from the Anoka County Property Records and Taxation Department that Rickey Properties, located at 18689 Buchanan St NE, East Bethel (32-33-23-21-0003), has a Confession of Judgment (#5084) set up for their delinquent taxes. They are currently up to date on their Confession of Judgment. Their next payment due is their first half 2014 taxes on May 15, 2014.

They do not have a Confession of Judgment (COJ) payment due until December 31, 2014. A requirement of the plan with the County is to keep their current taxes paid. Anoka County received their 2013 tax payment on February 28, 2014. Council approved this loan on April 2, 2014. Approval of the loan for Rickey's Properties LLC was in the amount of \$21,656 (\$11,200 for City SAC and WAC Fees, \$5,456 for MCES SAC fees and \$5,000 for connection costs) for a term of 5 years at an interest rate of 4%.

Currently, Rickey's Properties is delinquent in their SAC and WAC portion of the loan to the City. They owe \$3,337.80 and this payment was due on December 31, 2014. The owners have stated to Staff that they cannot make the payment at this time and are unsure when the payment can be made. As part of loan agreement, up to but not to exceed \$5,000 was made available to for the costs of the connections. Rickey's Properties contracted with RAM Excavating to perform the work and submitted an invoice for reimbursement as required by the loan regulations. As the Rickey's are in arrears on their loan, Staff is withholding the \$5,000 payment for the connection request until this matter is discussed with the HRA.

Rickey's Properties is also delinquent on their COJ payments to the County for 2014 and have until February 28, 2015 to meet their payment schedule.

Attachments:

April 2, 2014 HRA Minutes

Fiscal Impact:

In the event of default the outstanding loan balance can be assessed to the property.

Recommendations:

Staff is seeking direction from the HRA as to the request for payment of the \$5,000 connection portion of the loan for Rickey's Properties.

East Bethel Housing and Redevelopment Authority Action

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

No Action Required: _____

City of East Bethel
Housing and Redevelopment Authority Annual Meeting

April 2, 2014

The Housing and Redevelopment Authority (HRA) met on April 2, 2014, for a regular meeting at City Hall at 6:30 PM.

MEMBERS PRESENT: Bob DeRoche Ron Koller Tim Harrington
 Heidi Moegerle Tom Ronning

MEMBERS EXCUSED: None.

ALSO PRESENT: Jack Davis, City Administrator
 Mark Vierling, City Attorney

1.0 DeRoche called the regular meeting to order at 6:30 PM.

**Call to
Order**

2.0 **Koller made a motion to adopt the April 2, 2014 Housing and Redevelopment Authority (HRA) regular meeting agenda. Ronning seconded. All in favor, motion carries.**

**Adopt
Agenda**

3.0 **DeRoche made a motion to approve the January 22, 2014, HRA Meeting Minutes. Koller seconded.**

**Approve
Minutes**

DeRoche, "There are some statements in here that I don't recall making and it had to do with a discussion in which I apparently said that \$600 of the HRA money could go back to the taxpayers. I don't think I've ever said that because I've always said that money can't go back to the taxpayers, it has to be used on projects."

Vierling, "Page 4, last full paragraph, 'for clarification, \$600 some odd dollars can go back to the taxpayers.'"

DeRoche, "Right, I don't think I've ever made that statement. This is, again, you know the minutes, from what I see there is some content missing, there are statements that are cut off, and if these are the official record, I think we need to look at going through and redoing them."

Moegerle, "During the GRE mediations, there were some different concerns about what the transcription of Mr. Schedeen said versus what the video tape showed. And, the video tape is 100% accurate. And, since that time, I've been an advocate that the DVD should be our official minutes. We keep the minutes for the purposes of the votes, which is what they need to be but I think for the purposes of recording the discussion and the back and forth, I think we should really consider looking at having the DVD being our official record of the meeting. And, it gets around these issues." Ronning, "We've already moved on that. That's year old news." Moegerle, "Still an issue that can be resolved."

DeRoche, "Jack, what would it take, we don't even have a minute taker tonight, so..." Davis, "Just for a point of information, we could go back and check that statement. Wendy prepared these minutes. If you want us to go back and check that for clarification of your statement." DeRoche, "Or, I'll listen to it, I don't care. I mean if I said it, I said it. But I've always advocated that the money can't go back to the taxpayers."

Ronning, "What \$600 dollars would it be?" DeRoche, "\$600,000." Ronning, "Oh, that's not chump change."

DeRoche, “No. So, I guess, I’ll continue on and approve it and we’ll just go back and change it?” Davis, “We can table them, check the statement, see what it was, get it corrected if necessary, and bring it back at the next HRA meeting.”

Ronning, “There is a motion on the table.” Vierling, “A motion to table is permissible, even if there is a motion on the table.”

DeRoche made a motion to table the January 22, 2014, HRA Meeting Minutes. Koller seconded.

Vote: DeRoche, Harrington, Koller, Ronning-Aye; Moegerle-Nay. Motion carries 4-1.

4.0
**CDBG
 Grant
 Application
 Septic
 System
 Repair,
 Coon
 Rapids
 Beach**

Davis explained that Resolution 2013-72 Approving CDBG Grant Application, as approved by City Council at the December 18, 2013 Council Meeting authorized Staff to submit an application for Community Development Block Grant Funds for the purpose of assisting individual qualified home owners to repair or replace non-compliant septic systems in the Coon Lake Beach Neighborhood.

The City of East Bethel applied for Community Development Block Grant (CDBG) funds from the Department of Housing and Community Development (HUD) through a program administered by Anoka County on January 15, 2014. The amount requested in the application was \$300,000. The Project funds will be used to assist Coon Lake Beach low- and moderate-income (LMI) households to upgrade or replace non-compliant or non-functioning septic systems. The City has been notified that the Anoka County Community Development Department’s recommendation is for the award of \$200,000 for this program. The final decision will be made at the regular Anoka County Board meeting on April 22, 2014.

Should the funding be approved, the basic criteria for distributing the funding of individual grant awards will be to assist those households who meet the HUD Area Median Income (AMI) guidelines. The priority for approval will be based on the income levels as shown in the attachment in your packet. Those with the lowest incomes are required to be served first if they can substantiate the following:

- Provide documentation of home ownership
- Certify permanent residency (in cases where incomes are equal, preference will be given to non-seasonal residents)
- Demonstrate the capability to physically and legally accommodate septic system improvements on the property owned by the applicant.
- Provide evidence that the system in question is non-compliant or a failed system

As soon as the City receives final approval of the grant award, the implementation process will be as follows:

- Staff will meet with interested applicants to explain the program, the guidelines and the procedure for application for the funds and the procurement of services
- Staff will provide applications to those who have interest in applying and explain the income survey portion of the applications
- A deadline for submission of ISTS (Individual Septic Treatment Systems) designs and costs from three certified septic designers and installers will be explained
- Submittal income surveys to Anoka County for income verification will be explained
- Evaluate the eligible applicants in terms of their LMI status and the cost of their

- proposed improvements will be rated
- Establish the reimbursement procedure between the City and Anoka County for the disbursement and reimbursement of grant funds will be gone over

In addition to providing funds for septic system compliance repairs, there may be circumstances where homeowners who qualify for the CDBG funds, may need to replace their wells to insure a non-contaminated source of water. HRA funds could be used to assist those homeowners through a Loan only program. This loan could be structured as a special assessment where the City would hire the contractor based on competitive bidding to perform the well installation or repair and then assess the homeowner through property taxes. The qualification criteria would be the same as the septic program eligibility guidelines.

The City of East Bethel would allow the benefited property owner to reimburse the City through a special assessment at rates and length of assessment as yet to be determined. Special assessments would be provided to Anoka County by November 20th of each year in order for them to be added to the property tax bill the following year.

Should we encounter a situation where a new well or substantial well repairs were required to meet basic water quality standards, the process and guidelines for approving this type of loan would have to meet the qualification under the income requirements for the septic system program along with the following:

- Provide documentation of home ownership
- Certify permanent residency (same as the septic funding requirements described above)
- Demonstrate the capability to physically and legally install a well with the required setbacks and other regulatory conditions that pertain to drilled wells
- Provide evidence that the well in question has failed or is a public health issue
- Be part of the approval of CDBG funds for septic system repair
- Provide evidence that all City taxes are current through pay 2013

Should this proposal, the loan well repair, be of interest to Council, HRA funds in the amount of \$50,000 or other sums could be designated as loans with terms and interest to be determined.

Staff is seeking direction from the HRA as to comments on the CDBG Project and interest in establishing a loan program for well repair or replacement.

DeRoche, "Well, this is for information, correct? And, staff direction?" Davis, "The only thing is if you are interested in providing some money if people need some well repair or replacement in addition to their septic system repair or replacement. We could provide some additional loan monies, which instead of actually us being the one that issued the loan and collected it, we would just do it through an assessment procedure. And, this would allow some people, I think that we may run into some issues where there are well issues along with septic issues. This would be an opportunity to solve that problem through the HRA program.

DeRoche, "Would we be better to wait to work on the well program until we make sure we get the \$200,000 for the CDBG grants?" Davis, "We could do it either way. We could designate it now. We won't know until April 22nd. Our next regular scheduled HRA meeting won't be until the first Wednesday in July. So, we can wait on that if you want to.

Moegerle, "Could we schedule a special HRA meeting in May?" Davis, "We can meet any time we call a meeting." Moegerle, "I think if we get it, we should do that. But, I certainly think that, knowing a thumbnail sketch of what is involved in advance of the May meeting would be wise."

Ronning, "Is there an inventory of shallow wells versus deep wells?" Davis, "We don't have that information. The DNR keeps that information at the Minnesota Health Department so those are the ones we'd have to contact to see. We would have to supply them with addresses. Then you can get the well drillers report as to what the wells are and the depths."

DeRoche, "What do you think Ron?"

Koller, "With all the small lots over there, are we going to run into a lot of problems with not enough room?" Davis, "That is why I say one of the considerations to be eligible, you have to be able to physically demonstrate that you can get the septic system on your lot and meet all the setback requirements. It could be a problem with some people."

Koller, "And if they can't?" Davis, "If they can't, their only other option is to look at a holding tank. We've also told them that if they do apply for this, we won't identify them as targets to go after to make immediate repairs. Unless they have a failed system. The other thing, they could work out and see what they could do to combine lots, if there is a vacant property by somebody. But, that is not always going to be the case. It's going to be a very tricky situation for some people to get them in over there."

Koller, "Well a \$200,000 grant and I'm guessing \$10,000 a septic system so that is only enough for 20. And, we have 115 nonconforming?" Davis, "We identified 115 that were noncompliant. Noncompliant means that they may be working okay but they don't meet current standards. There are some that are probably either failing or failed. But, again, that doesn't identify the income levels so the attached sheet will eliminate several of those on the list. The initial meeting we had over there indicated that there was maybe 12 or 15 people indicated they would be interested. We have been contacted by 5 or 6 others. Some of those that were at the meeting, though, were seasonal residents so I think one of the things we agreed on is far as distributing the funds, is that you have to be a permanent resident of the Beach. That gives you first priority for qualification."

Koller, "I know there are several elderly people living out there in pretty rough houses that could use all the help they can get." Davis, "Here again, let's say we exhausted the funds and there were two or three others, we could still go back with the HRA funds and say we can designate this through loan or grant, however we want to do it and take care of some of those that may need it but fell a little short on the other qualifications. As long as they meet the income guidelines, we are in good shape. But, we do have some other means to address that if we so choose."

Ronning, "Is there another means, for this thing, for instance, there is a shallow well that is getting contaminated by septic, whatever, and they go to a deep well, 150-200 feet deep, does that do anything?" Davis, "That may solve the problem, you probably have to rely on what the Department of Health and some of the well driller's knowledge is or check with other people's adjoining wells to see what their depth was and if they had any contamination. And, you know, some of it could be, there could be two wells on adjoining properties and they may be able to do a shared well to work out some kind of agreement

where they can do that.”

Ronning, “I remember Voss saying at one of these meetings his well was 300 feet.” DeRoche, “Mine’s at 295.” Ronning, “Really. How many pumps you have to lift that stuff?” DeRoche, “Just one and you don’t have to worry about any iron pills. Well, what do you think Tim?”

Harrington, “That answered my question. On the septic, is there any way they can share a septic? I know up north and certain areas that share one septic system.” Davis, “No, you can do shared wells but you can’t do shared septic unless it is designed to accommodate the bedroom sizes of both properties. Then I’m sure you’ll have to have some type of an agreement about the maintenance of it. I think it is something you’d definitely want to avoid.”

Vierling, “Maintenance of those is very difficult.”

Davis, “Generally they size the septic drain fields based on the number of bedrooms for a residence. If you get above six or seven bedrooms, then you’re treated in a different category. So, that becomes very, very expensive and probably requires more acreage or square footage to put drain fields in.”

Moegerle, “You are talking about cluster systems.” Davis, “That could be a cluster system but would be one to serve two households. If you had seven bedrooms then you will really be up there as far as requirements jump up to the next level.”

DeRoche, “All right, you got enough direction Jack?” Davis, “So, we want to bring this back then after we find out what the award is and then we’ll make our decision.”

Moegerle, “Can that be the first meeting in May?” DeRoche, “Let’s get the information back and then we’ll decide.” Davis, “It can be. One of the things I was going to bring up a little later, we made some revisions and changes in our Personnel Policy. I’d like to get that at a Work Meeting to review that either the first or second meeting in May, whichever one. We could do them both, it shouldn’t take long to do this. We could do this at the first meeting in May. I think the sooner we do it, the better we are.”

Ronning, “First we have to see if we can get it.” DeRoche, “Well, again, I suggest we get it first and then we look at, see what everyone’s schedule is then.

Moegerle made a motion to schedule an HRA special meeting at 7:00 p.m. on May 7, 2014, to discuss the proposed well loan program if and only if the CDBG septic grant is approved. Koller seconded.

Ronning, “We moved during a Work Meeting?” Moegerle, “This is an HRA meeting.”

DeRoche, “Discussion? I guess I have a problem with it because maybe it suits certain people’s schedule but, again, I think we ought to see if we’re going to get the grant and then we look and see what everyone else’s schedule looks like.”

Moegerle, “My motion is we have the meeting ‘if and only if’ we receive the award and it’s immediately before a regularly scheduled Council meeting, one-half hour before. It would be a brief meeting because there are only a few things to discuss.”

Ronning, “What is required to start, schedule an HRA meeting?” Vierling, “Fundamentally, you are in the same type of requirements you are for any type of City Council meeting which means you have to have either a call from the Chairman and one more member, you have to have it posted at least three days beforehand, things of that nature. So, not that difficult to do.”

Moegerle, “And we’ll get the notification on April 22nd so we’ll have plenty of time to comply with all of that before our May 7th meeting.”

Ronning, “I’m not real much in favor of ‘chickens before the eggs.’” Moegerle, “That is why I added ‘if and only if’ so this motion doesn’t come into effect unless we get the \$250,000. That’s the beauty of that motion and those words.”

Ronning, “I understand that but I can, if somebody’s really hard up, this looks like some hope because it would be reported like that and to just get it yanked out from under them, I don’t like that.” Moegerle, “We wouldn’t be posting the meeting until.” Ronning, “But the word would go out that this is what we plan on doing. We’re going to work with so many people’s wells and we’re going to put money from HRA.” Moegerle, “It is already written down and we’ve had enough discussion. The condition precedent is that we have to get the money. So, I don’t see that that is a genuine issue.”

DeRoche, “I’ll call for the vote and would like a roll call vote so that no one can duck.”

Roll call vote: Harrington, Koller, Moegerle-Aye; DeRoche, Ronning-Nay. Motion carries 3-2.

**5.0
City SAC
and WAC
Loan
Request**

Davis explained the City’s portion of the Municipal Utility Project is complete and there are 13 businesses that are required to connect to the system. There is a substantial cost to these businesses owners for accessing the new utilities and City Council and the Economic Development Authority discussed ways to minimize the financial impact. As a result, “The Utility Infrastructure Loan Program” was approved by City Council on April 17, 2013, to address this situation.

The program provides for loan amounts to cover up to four City SAC and WAC and MCES SAC charges and an additional \$5,000 toward costs for the physical connection to the system. The initial maximum loan amount was \$37,800. December 31, 2013, was the original deadline to apply for these funds. The expiration of the Utility Infrastructure Loan Program was discussed at the January 22, 2014, HRA meeting and it was recommended that City Council extend this program for an additional 90 days. This extension would enable any remaining property owners to address any eligibility issues for loan applications that are outstanding. One loan has been approved from this fund and a second loan was tabled due to issues with eligibility.

Approved loans are for a five-year period at an interest rate of 4%. Eligibility for the loan requires that all eligible applicants must be in good standing with the City and all property taxes, applicable city licenses, and utilities must be current and paid. Two of the affected properties in the service area have not paid their SAC and WAC fees and/or have not applied for these loan funds.

Council approved an extension of this loan program on February 5, 2014, for an additional

90 days.

In order to implement the program it was necessary to transfer certain amounts of money, \$281,400, from the HRA to the EDA.

As was previously reported, we had two applicants for the Loan Program, Northbound Woodworks (\$16,400) and Rickey's Properties, LLC.

Rickey's Properties did not meet the initial loan requirements. Staff has since received notification from the Anoka County Property Records and Taxation Department that Rickey's Properties, has a Confession of Judgment (#5084) set up for their delinquent taxes. They are currently up to date on this Confession of Judgment. Their next payment is due is for the first half 2014 taxes on May 15, 2014.

They do not have a Confession of Judgment (COJ) payment due until December 31, 2014. A requirement of the plan with the County is to keep their current taxes paid. Anoka County received their 2013 tax payment on February 28, 2014.

Staff is seeking comments from the HRA on this matter as to the approval of the loan for Rickey's Properties LLC.

Ronning, "See if anybody bites for this."

Ronning made a motion to indefinitely extend the Utility Infrastructure Loan Program and provide a 90-day notice upon any decision to conclude the Program.

Moegerle, "The HRA's here into perpetuity. I don't understand why we'd want to continue the HRA." Ronning, "I'm talking about the loan." Vierling, "Loan program?" DeRoche, "Right." Ronning, "Yes."

Moegerle, "But it only applies to the folks down in the sewer district so those two people, or two businesses, sorry." Ronning, "My thought is that it may be made clearer that the current loan, the present loan system that we have in place, would continue without an end date to be concluded with a 90-day notice from the City Council."

DeRoche, "How many do we have hooked up Jack? Or, have taken advantage?" Davis, "There are only, there are currently three property owners who have not paid their SAC and WAC fees. And, one of them has applied for this loan so they can pay them. That leaves two that haven't paid their SAC and WAC fees. Those two were submitted to the Anoka County Property Records and Taxation Division so they will be assessed those on their taxes. Rickey's Properties has also sent in but if they get the loan then they can pay this off and then it will be removed from their taxes."

Moegerle, "I had a question about the write up. The next payment is due is the first half of 2014 taxes on May 15, 2014. That's the first half of taxes payable in 2014. That's 2013 taxes payable in 2014?" Davis, "that's their first half of pay 2014 taxes."

Moegerle, "Okay, so my question is the last sentence: 'Anoka County received their 2013 tax payment on February 28, 2014.' So, is that the first half, is that what's due and payable May 15?" Davis, "No, the 2013 received on February 28, 2014, was their last half of 2013." Moegerle, "Payable?" Davis, "Paid 2013." Moegerle, "Okay."

DeRoche seconded.

Moegerle, "At this point there are only two entities that have not hooked up. Is that correct?" Davis, "Well, we have four and a half actual physical connections. The theater is in the process of, hopefully they will be hooking up to the water as soon as the weather breaks. Classic Construction is connected. Shaw Trucking is connected. Aggressive Hydraulics is connected. And, there's one other, I'll have to look it up to see what it is. The Theater is connected to the sewer."

Moegerle, "But, how many left are eligible for this? The remaining nine?" Davis, "There were 13 that were eligible initially. Ten have paid their SAC and WAC charges."

DeRoche, "So, there are only three left." Davis, "There are only three left and one is actually applying for the loan now. If this one is approved, then there will only be two that haven't paid their SAC and WAC fees."

Moegerle, "So it would be, and do you know if those two are aware of this Program?" Davis, "Oh yes, they are aware of it." Moegerle, "And, have they indicated that they have any interest to apply for this?" Davis, "They've provided no notification whatsoever of their interest." Moegerle, "Okay."

Ronning, "One of them have seemed to show a pretty good effort with the Confession of Judgment. Whether they are still hoping for this or not, I don't know but I'd like to have the opportunity to help somebody if we can and still have the authority, which we would, to conclude within 90 days."

DeRoche, "Isn't this write up so that we do okay Roger Rickey through this?" Davis, "That's correct. We are seeking your permission to approve the loan to Rickey's Properties, LLC."

DeRoche made an amendment motion to approve Rickey's Properties LLC Utility Infrastructure loan application in the amount of \$21,656. Moegerle seconded.

Moegerle, "I think that should be a second motion." DeRoche, "Well, that is what we are talking about." Moegerle, "No, what we are talking about, the motion is extending this ad infinitum to end with 90-days notice. There's two businesses that are aware of this Program, they have notice, they have expressed no interest in it. I don't see that there's a reason to continue this Program for the benefit of those people on there when, to contact us after they know the terms of the Program. Mr. Rickey is here, staff has asked for us to approve that. We haven't made the motion for that. My guess is that it would be something we're most likely to approve but I don't know that. So, I don't see any reason to extend this any longer. You know, there are rules and you play by the rules, we extended it 90 days. You know, I'm glad to help people but..."

DeRoche withdrew his amendment and called the question on the motion to extend the Program indefinitely.

Roll call vote: DeRoche, Harrington, Koller, Ronning-Aye; Moegerle-Nay. Motion carries 4-1.

DeRoche made a motion to approve Rickey's Properties, LLC Utility Infrastructure

Loan application in the amount of \$21,656. Moegerle seconded.

Ronning, “The reason I was going the way I was, is we have a task to make this work and part of that task, in my opinion, is to work with people that are helping us try to make it work. And, they are not really anxious to work with us on this sort of thing but they will because they have to. But, that’s part of the process to me.”

Moegerle, “Are we talking about the other two entities that are knowledgeable about this but expressed no interest in taking advantage of it? Is that what your comment is addressed to?” Ronning, “Whoever is eligible. I don’t care about names. Names don’t mean anything to me.” Moegerle, “I don’t care about names either. But, we know these two entities, whomever they are, they’ve had notice about it, we generously gave an additional 90 days, they still have expressed no interest in it. You know, clearly this is not an approach they want to take.”

Ronning, “What’s your motion?” Vierling, “The motion’s on the table to accept the Rickey application for the Program.”

DeRoche, “We’ve already accepted the extension. Now we are talking about Roger Rickey and whether we are going to allow him to participate in the Program based on the information he’s submitted.”

Moegerle, “I think he’s done back flips to qualify for this and I think that shows good interest. I think it highly recommends and commends him for doing it. So, absolutely.”

DeRoche, “And, just as a matter of record, Mr. Koller is the Chairman of the HRA.”

Koller, “Okay, so I will call the vote.”

All in favor, motion carries.

6.0
Adjourn

Moegerle made a motion to adjourn the HRA meeting at 7:00 PM. DeRoche seconded. All in favor, motion carries.

Attest:

Submitted by:
Carla Wirth
TimeSaver Off Site Secretarial, Inc.