

**SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY**

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**BOARD OF COMMISSIONERS**

**MINUTES - REGULAR MEETING**

**June 12, 2018**

**(1) CALL TO ORDER AND PLEDGE**

Chair Croatt called the meeting to order at 1:58 p.m. and led the Pledge of Allegiance.

**(2) ROLL CALL**

**2.1) Introduction of new employee—Adam Johnson, Finance Director**

Finance Director Gulstad introduced Mr. Johnson, with Mr. Johnson sharing his past work experience and pleasure to be working at the CDA. The Board welcomed Mr. Johnson aboard!

Commissioners present:

District I, DeAnn Croatt  
District II, Ben Zweber  
District III, Kent Robbins  
District IV, Patti Sotis  
District V, Barry Stock

Staff present:

Bill Jaffa, Executive Director  
Terri Gulstad, outgoing Finance Director  
Julie Siegert, Housing Director  
Stacy Crakes, Business Development Director-FSS  
Adam Johnson, incoming Finance Director  
Pam Hinze, Administrative Services  
Linda Janovsky, Recording Secretary

Others present:

Andrew Berg, ABDO EICK & MEYERS LLP  
Bethany Tjornhom, FISH  
Kevin J. Wetherille, Jaspers, Moriarty & Wetherille, P.A.

**(3) MINUTES SUBMITTED FOR APPROVAL**

**3.1) CDA Regular Meeting – May 8, 2018**

Commissioner Robbins made a motion to approve the Minutes of May 8, 2018.  
Commissioner Sotis seconded the motion. Unanimous voice vote followed. Motion carried.

**(4) AGENDA ACTION(S)**

**4.1) Agenda Modifications**

No agenda modifications were requested.

**4.2) Consent Agenda (5.2, 6.11, 6.12, 6.21, 6.4)**

Commissioner Robbins made a motion to accept the Consent Agenda. Commissioner Zweber seconded the motion. Unanimous voice vote followed. Motion carried.

**(5) FINANCIAL REPORT**

**5.1) Payment of Bills**

Commissioner Zweber made a motion to approve the check registers in the amount of \$264,375.58. Commissioner Sotis seconded the motion. Unanimous roll call vote followed. Motion carried.

**5.2)\* Procurement Summary**

[Consent item; no discussion]

**5.3) Agency Financial Audit**

Andrew Berg, Abdo Eick & Meyers, was in attendance to go over the Agency Financial Audit, indicating it was a clean audit. He went over the Management Letter detailing each program area and answering Commissioners' questions as they arose. Finance Director Gulstad also answered Commissioners' questions, in particular the policies regarding "undesignated" vs. "designated" funds. Commissioner Robbins made a motion to accept the Audit Report. Commissioner Stock seconded the motion. Unanimous voice vote followed. Motion carried.

**5.4) Loans for Affordable Housing Development Assistance or Other Financing**

Executive Director Jaffa briefed the Board on the meeting of the Finance Committee and Staff. Finance Committee members Robbins and Stock provided examples of criteria that could be used to determine an applicant's eligibility/need for a CDA deferred loan. It was agreed that Staff and the Finance Committee would continue working on this policy with a goal to have a policy in place by year's end.

Executive Director Jaffa summarized the two projects that came before the Board in May, CommonBond's, The Willows, located in Shakopee and Project in Pride's development in Savage, MN. The Board concurred with the Finance Committee's recommendation that CommonBond would receive approval of a CDA deferred loan upon award of tax credits in 2018. Project in Pride for Living's project will not be considered at this time. Information on the Board action for each is listed in Item 6.52) CommonBond and Item 6.53) Project for Pride in Living.

**(6) OLD BUSINESS**

**6.1) Affordable Housing Programs**

**6.11)\* Affordable Housing Occupancy Report**

[Consent item; no discussion]

**6.12)\* Housing Choice Voucher Utilization Report**

[Consent item; no discussion]

**6.2) Home Ownership Programs**

**6.21)\* Homeownership Programs Report**

[Consent item; no discussion]

**6.3) Liaison Report – Scott County Commissioner**

Commissioner Ulrich was not present.

- 6.4)\* First Stop Shop (FSS)**  
Reports occur quarterly.

**6.5) SC-CDA Development Activities**

**6.51) Louisiana Lofts, Savage–MWF Properties**

Executive Director Jaffa indicated that MWF is ramping up to begin construction soon.

**6.52) CommonBond Tax Credit Development, Shakopee, MN**

**RESOLUTION NO. 13-18: AUTHORIZATION TO PROVIDE DEFERRED LOAN TO COMMONBOND COMMUNITIES, FOR SECTION 42 TAX CREDIT DEVELOPMENT, THE WILLOWS, LOCATED IN SHAKOPEE, MINNESOTA**

Commissioner Sotis made a motion to approve Resolution No. 13-18. Commissioner Robbins seconded the motion. Unanimous roll call vote followed. Motion carried.

**6.53) Project for Pride in Living (PPL) Tax Credit Development, Savage, MN**

Housing Director Siegert provided background information on this project. Executive Director Jaffa stated that the Finance Committee did not recommend the CDA providing a deferred loan to PPL this year as they have not completed the city's approval process and are still determining unit mix, design, and site plan. PPL indicated that application for Low Income Housing Tax Credits (LIHTC) will still be submitted to the MHFA for funding this year.

**6.54) Concept Planning – 55+ Independent Living Building next to Brentwood Court Campus, Jordan, MN**

Executive Director Jaffa reported that the Jordan planning committee is meeting tonight to consider the re-zoning and that purchase price negotiations continue on the four parcels owned by LeRoy Chard.

**6.55) Intensive Residential Treatment Services (IRTS) Facility, Savage, MN**

Executive Director Jaffa indicated that the State bonding bill for \$1.9M for this facility was signed by the Governor. The next steps will be to determine the mechanics of how the County will convey the funds to the CDA and the timing. In addition, the City of Savage is considering a request for donation of the land and that will be determined at their July 2<sup>nd</sup> EDA meeting. Meetings with bond counsel, Kleinbank, Guild Incorporated, County Administrator/Human Services, and the development team will be held as needed.

**6.6) Families and Individuals Sharing Hope (FISH)**

Bethany Tjornhom was in attendance to update on FISH activities. Ms. Tjornhom indicated that the new website is complete and it is much easier for partners to post and fill needs. From January through May of this year, 149 needs were posted and \$36,332 was provided by partners to fill needs. Ms. Tjornhom gave the example of a CDA Housing Specialist who posted a need for a new resident that moved into a CDA unit with few possessions. Within two days of posting the need, this resident had a full apartment with furnishings and household items.

**6.7) River City Centre Master Lease Tenant (MLT)**

Executive Director Jaffa indicated that this was for Commissioners information and he will be contacting Michael Pagh, Great Lakes Management, to extend the agreement with the MLT for an additional year.

**6.8) Residential Chemical Dependency-Mental Health Treatment Center – Shakopee**

Kevin Wetherille, Jaspers, Moriarty & Wetherille, PA, was in attendance to present an analysis on the new loan structure being proposed by Jason Palmby, Topaz Investments, dba Shak RTC LLC. Mr. Wetherille provided an Attorney-Client Memorandum on June 7, 2018, with it being emailed to Commissioners that same date.

As indicated in Resolution No. 09-18, Mr. Palmby is requesting \$600,000, at an interest rate of 5.25%, with no origination fee.

Mr. Wetherille provided a summary of the new request as follows:

- An additional mortgage (through Small Business Administration) would be taken on the project, moving the CDA from a second loan position to a third; and
- there would be three additional personal guarantors (owners of Northstar Regional) in addition to Mr. Palmby; and
- the bank and the SBA appear to consider the CDA loan as cash, thereby allowing Mr. Palmby to contribute a relatively small amount (\$130,840) of his own funds upfront, with a loan to value ratio of 97%; and
- the amount of income Mr. Palmby expects to clear from this project was reduced from \$9,600 to \$6,600, with the assumption he is charging less rent to the personal guarantors.

In addition, there were questions about the costs indicated in the general construction contractor's (Redstone Builders) Sworn Construction Statement, including seemingly high fees for developer, contractor, contingency, and financing.

Executive Director Jaffa indicated that this is the first of this loan type that the CDA has considered and the due diligence required to be good stewards of tax payer dollars. There is no question about the need and merit for this type of facility in the County. Discussion ensued with Commissioners asking questions of the Executive Director and Mr. Wetherille. Commissioners acknowledged that while additional personal guarantors most likely helped with the bank loan(s), the consensus was that the request for this new loan structure will be denied with two motions being offered:

Commissioner Robbins made a motion to rescind Resolution No. 09-18:  
AUTHORIZATION TO ENTER A LOAN AGREEMENT AND SUPPORTING DOCUMENTS WITH TOPAZ INVESTMENTS TO ASSIST A RESIDENTIAL TREATMENT FACILITY IN SHAKOPEE, MINNESOTA, dated March 13, 2018, with Commissioner Sotis seconding the motion. Unanimous roll call vote followed. Motion carried.

Commissioner Stock made a motion to deny the revised request for a loan for the Residential Chemical Treatment facility made by Jason Palmby, Topaz Investments, dba Shak RTC LLC. Commissioner Robbins seconded the motion. Unanimous roll call vote followed. Motion carried.

**(7) NEW BUSINESS**

7.1) There was no new business.

**(8) SET NEXT MEETING DATE, TIME AND PLACE**

8.1) Regular Meeting July 10, 2018, 2:00 p.m.

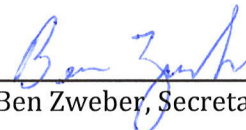
8.2) SPECIAL Meeting: as needed

**(9) ADJOURN**

Commissioner Sotis made a motion to adjourn the meeting at 3:35 p.m. Commissioner Stock seconded the motion. Unanimous voice vote followed. Motion carried. Chair Croatt indicated that she will not be at the July meeting.

  
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Patti Sotis, Vice-Chair



  
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Ben Zweber, Secretary

  
\_\_\_\_\_  
Recording Secretary

7/10/18  
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Date