

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY

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**BOARD OF COMMISSIONERS
MINUTES - REGULAR MEETING and PUBLIC HEARING
August 13, 2019**

(1) CALL TO ORDER AND PLEDGE

Chair Croatt called the meeting to order at 1:57 p.m. and led the Pledge of Allegiance.

(2) ROLL CALL

Commissioners present: District I, DeAnn Croatt
 District II, Terri Gulstad
 District III, Kent Robbins
 District IV, Patti Sotis (left at 2:38 p.m.)
 District V, Barry Stock

Staff present: Bill Jaffa, Executive Director
 Julie Siegert, Housing Director
 Adam Johnson, Finance Director
 Linda Janovsky, Recording Secretary

Others present: Jon Ulrich, Scott County Commissioner
 Julie Eddington, Kennedy & Graven
 Steve Dunbar, Ivy Properties
 Kathy Aho, Baker Tilly
 Camille Ritter, Great Lakes Management
 Lorien Mueller, Great Lakes Management
 Dan Wilson, Henning Professional Services

(3) MINUTES SUBMITTED FOR APPROVAL

3.1) Regular Meeting – July 9, 2019

The minutes were accepted with one change: In Item 6.4) Commissioner Robbins seconded the motion, not Commissioner Sotis. This change has been made to the document. Commissioner Robbins made a motion to approve the Minutes of July 9, 2019, with that change. Commissioner Stock seconded the motion. Unanimous voice vote followed. Motion carried.

(4) AGENDA ACTION(S)

4.1) Agenda Modifications

None were requested.

4.2) Consent Agenda (5.2, 5.7, 6.11, 6.12, 6.21, 6.4, 6.51)

Commissioner Robbins made a motion to approve the Consent Agenda. Commissioner Stock seconded the motion. Unanimous roll call vote followed. Motion carried.

(5) **FINANCIAL REPORT**

5.1) Payment of Bills

Commissioner Robbins made a motion to approve the Check Registers in the amount of \$963,606.83. Commissioner Gulstad seconded the motion. Unanimous roll call vote followed. Motion carried.

5.2)* Procurement Summary

[Consent item; no discussion]

5.3) Development Budget Reports – 2nd Quarter 2019

Lorien Mueller and Camille Ritter, Great Lakes Management, were in attendance to provide a report. Ms. Mueller mentioned that resident satisfaction at all properties is high, and Ms. Ritter received a national award for resident satisfaction for the senior housing portfolio. All buildings except two have 100% occupancy. All properties are achieving NOI; however, there have been various operational overages due to snow removal and some repair and maintenance items. Ms. Mueller indicated that for the elevator modernization at River City Centre, they continue to work with their elevator consultant to lessen the inconvenience to residents as much as possible. It is now down to a project that may take 4 weeks (instead of 6-8). This could be reduced by having work done in 12-hour days; although there would be a premium for this. Ms. Mueller stated that the planned modernization would occur some time in January when residents typically stay in their apartments more. Commissioner Robbins brought up the inconvenience of this project and stated that there should be some compensation to those who cannot leave the building. He stated he attended the resident meeting but had many questions remaining. Ms. Mueller stated that there will be several more resident meetings and the Fire Department/Emergency Services will attend so residents can meet them in case they would need an assist by these services to leave their apartment. Ms. Mueller also stated that planning this project reduces the time that the elevator would be down if an emergency situation occurred. Commissioner Robbins stated he understands work needs to be done and will look forward to further resident meetings.

Commissioner Robbins made a motion to approve the 2nd Quarter Budget Reports. Commissioner Gulstad seconded the motion. Unanimous voice vote followed. Motion carried.

5.31) River City Centre, Shakopee

Pro Forma vs. 2nd Quarter 2019

	YTD Proforma	YTD Actual
Rental Revenue	\$ 290,483	\$ 304,132
Operating Expenses	\$ 153,123	\$ 154,288
Net Operating Income *	\$ 138,407	\$ 152,612
(not including retail or TIF income)		

5.32) The Hamilton, Savage

Pro Forma vs. 2nd Quarter 2019

	YTD Proforma	YTD Actual
Rental Revenue	\$ 262,268	\$ 250,207
Operating Expenses	\$ 135,282	\$ 125,817
*Net Operating Income	\$ 127,960	\$ 126,485
*Does not incl. Retail Base Rent		

5.33) Philipp Square, New Prague

Pro Forma vs. 2nd Quarter 2019

	YTD Proforma	YTD Actual
Rental Revenue	\$ 364,844	\$ 391,363
Operating Expenses	\$ 143,582	\$ 163,240
Net Operating Income	\$ 221,352	\$ 226,802

5.34)

Northridge Court, Shakopee

Pro Forma vs. 2nd Quarter 2019

	YTD Proforma	YTD Actual
Rental Revenue	\$ 317,938	\$ 329,759
Operating Expenses	\$ 151,818	\$ 171,433
Net Operating Income	\$ 179,716	\$ 166,806

5.35)

Glendale Place, Savage

Pro Forma vs. 2nd Quarter 2019

	YTD Proforma	YTD Actual
Rental Revenue	\$ 412,956	\$ 404,746
Operating Expenses	\$ 201,052	\$ 160,428
Net Operating Income	\$ 206,038	\$ 265,176

5.36) Market Village, Elko New Market

Pro Forma vs. 2nd Quarter 2019

	YTD Proforma	YTD Actual
Rental Revenue	\$ 310,146	\$ 310,796
Operating Expenses	\$ 151,200	\$ 137,062
Net Operating Income	\$ 156,021	\$ 181,560

5.37) Brentwood Court, Jordan

Pro Forma vs. 2nd Quarter 2019

	YTD Proforma	YTD Actual
Rental Revenue	\$ 283,561	\$ 291,531
Operating Expenses	\$ 130,888	\$ 145,845
Net Operating Income	\$ 151,082	\$ 152,994

5.38) The Henderson, Shakopee

Pro Forma vs. 2nd Quarter 2019

	YTD Proforma	YTD Actual
Rental Revenue	\$ 316,864	\$ 329,799
Operating Expenses	\$ 111,321	\$ 133,458
Net Operating Income	\$ 184,564	\$ 199,011

5.4) Development Budget Reports – FY2020 Operating Budgets

Ms. Mueller, Great Lakes Management, provided information on the Operating Budgets for 2020. For revenue, there will be a 3% rent increase for all properties. Rents are still well below market per recent market study. For profit rents are increasing by 5-6% this year. Great Lakes tries to stay in the “affordable market rate” rent category but states some rents are below that. It would be the plan that as an apartment becomes vacant, the rent structure is looked at and the rent be brought up to the affordable market rate. There are 251 names on the waiting list for all properties combined. There is a 10-25% turnover on an annual basis and most of these are due to residents needing a higher level of care. Per Commissioners’ question, it was clarified that if a resident finds themselves needing additional care, they need to provide a 90-day notice to move, but are not held to remaining term of their lease. For expenses, the older buildings are requiring more upkeep and capital improvement projects will be ongoing. The newer buildings are exceeding performance. There are not a lot of fluctuations in expenses from one budget to the next, but Great Lakes does a historical 3 year look back. Ms. Mueller stated expenses/projects that will need to occur at each building and noted that some expense is also due to increasing staff salaries to stay competitive with the job market. Commissioner Robbins states he cannot support a 3% rent increase, but thanks Great Lakes Management for the work they do. Executive Director Jaffa thanked Great Lakes for all their hard work and keeping our buildings up to date and looking great.

Commissioner Robbins made a motion to approve Resolution No. 25-19. Commissioner Gulstad seconded the motion. Roll call vote followed with Commissioner Robbins abstaining. Motion carried.

Commissioner Stock made a motion to approve Resolutions 26-19, 27-19, 28-19, 29-19, 30-19, 31-19, 32-19, 33-19, and 34-19. Commissioner Gulstad seconded the motion. Roll call vote followed with three yes votes and Commissioner Robbins dissenting (Commissioner Sotis absent). Motion carried.

5.41) River City Centre, Shakopee

RESOLUTION NO. 26-19: ADOPTING FY2020 OPERATING BUDGET FOR RIVER CITY CENTRE

2020 Budget/Pro Forma Comparison

	Original Proforma	2020 Budget
Rental Revenue	\$ 592,584	\$ 631,024
Operating Expenses	\$ 318,225	\$ 347,415
Net Operating Income	\$ 276,496	\$ 278,018
not including retail or TIF income)		

5.42) The Hamilton, Savage
RESOLUTION NO. 27-19: ADOPTING FY2020 OPERATING BUDGET FOR THE HAMILTON

2020 Budget/Pro Forma Comparison

	Original Proforma	2020 Budget
Rental Revenue	\$ 539,768	\$ 519,579
Operating Expenses	\$ 281,056	\$ 296,616
Net Operating Income	\$ 260,695	\$ 369,434
(Retail not included)		

5.43) Philipp Square, New Prague
RESOLUTION NO. 28-19: ADOPTING FY2020 OPERATING BUDGET FOR PHILIPP SQUARE

2020 Budget/Pro Forma Comparison

	Original Proforma	2020 Budget
Rental Revenue	\$635,875	\$684,951
Operating Expenses	\$303,635	\$383,045
Net Operating Income	\$359,431	\$294,090

5.44) Northridge Court, Shakopee
RESOLUTION NO. 29-19: ADOPTING FY2020 OPERATING BUDGET FOR NORTHRIDGE COURT

2020 Budget/Pro Forma Comparison

	Original Proforma	2020 Budget
Rental Revenue	\$ 740,815	\$ 814,162
Operating Expenses	\$ 295,779	\$ 343,203
Net Operating Income	\$ 445,036	\$ 459,207

5.45) Glendale Place, Savage
RESOLUTION NO. 30-19: ADOPTING FY2020 OPERATING BUDGET FOR GLENDALE PLACE

2020 Budget/Pro Forma Comparison

	Original Proforma	2020 Budget
Rental Revenue	\$ 842,430	\$ 821,117
Operating Expenses	\$ 417,269	\$ 340,839
Net Operating Income	\$ 413,195	\$ 488,641

**5.46) Market Village, Elko New Market
RESOLUTION NO. 31-19: ADOPTING FY2020 OPERATING BUDGET FOR
MARKET VILLAGE**

2020 Budget/Pro Forma Comparison

	Original Proforma	2020 Budget
Rental Revenue	\$632,698	\$ 645,231
Operating Expenses	\$312,413	\$ 327,701
Net Operating Income	\$314,316	\$ 311,229

**5.47) Brentwood Court, Jordan Residential
RESOLUTION NO. 32-19: ADOPTING FY2020 OPERATING BUDGET FOR
BRENTWOOD COURT**

2020 Budget/Pro Forma Comparison

	Original Proforma	2020 Budget
Rental Revenue	\$ 578,465	\$ 604,627
Operating Expenses	\$ 269,228	\$ 295,399
Net Operating Income	\$ 305,990	\$ 306,309

**5.48) Brentwood
Court, Jordan Clinic and Pharmacy
RESOLUTION NO. 33-19: ADOPTING FY2020 OPERATING BUDGET FOR
JORDAN CLINIC AND PHARMACY**

**5.49) The Henderson, Shakopee
RESOLUTION NO. 34-19: ADOPTING FY2020 OPERATING BUDGET FOR The
Henderson**

2020 Budget/Pro Forma Comparison

	Original Proforma	2020 Budget
Rental Revenue	\$646,403	\$ 681,197
Operating Expenses	\$262,121	\$ 289,842
Net Operating Income	\$374,406	\$ 384,707

5.50) Potential Capital Reserve and Expenses

Ms. Mueller went over these items not in the regular operating budget. Commissioner Robbins made a motion to approve these expenses with Commissioner Stock seconding the motion. Unanimous voice vote followed. Motion carried.

5.5) FY2019 – 2nd Quarter Agency Budget Summary

Finance Director Johnson provided an overview of his narrative report and indicated that he will note when items have larger variances. Finance Director Johnson answered Commissioners' questions as they arose. Commissioner Robbins made a motion to accept the 2nd Quarter budget report. Commissioner Stock seconded the motion. Unanimous voice vote followed. Motion carried.

5.6) RESOLUTION NO. 35-19: AUTHORIZING 2020 GENERAL ADMINISTRATIVE OPERATING BUDGET AND 2020 (PAYABLE) SPECIAL BENEFITS TAX LEVY OF SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY AND CERTIFYING LEVY TO SCOTT COUNTY BOARD

Executive Director Jaffa stated that the Finance Committee met to discuss the budget, and explained how the special benefits tax levy is calculated. Finance Director Johnson went over his narrative report with additional detail, answering Commissioners' questions as they arose. Finance Director Johnson provided a handout on the accounts that will now be earning interest for an estimated investment income increase of \$20,000-30,000 yearly. He also handed out an updated pie chart (Addendum 3). Commissioner Stock made a motion to approve Resolution No. 35-19. Commissioner Gulstad seconded the motion. Unanimous roll call vote followed (Commissioner Sotis absent). Motion carried.

5.7)* Cash Flow Worksheet

[Consent item; no discussion]

5.8) Market Village, Elko New Market, Refunding Bonds

RESOLUTION NO. 36-19: PROVIDING FOR THE SALE OF THE GOVERNMENTAL DEVELOPMENT REFUNDING BONDS (SCOTT COUNTY, MINNESOTA UNLIMITED TAX GENERAL OBLIGATION), SERIES 2019B; APPROVING THE EXECUTION OF DOCUMENTS IN CONNECTION THEREWITH; AND PROVIDING FOR THE REDEMPTION OF BONDS REFUNDED THEREBY

Kathy Aho, Baker Tilly, presented this item stating that the bonds for Market Village were sold in 2010 and can now be refunded. The interest rates are down and the market is ripe for re-financing. The savings is estimated to be about \$25,000 a year. The present value savings will be \$414,000. It is scheduled that on August 22 the Elko New Market City Council approve the refunding, and on September 3 the County Board will approve the refunding. Ms. Aho answered Commissioner questions as they arose. Commissioner Robbins made a motion to approve Resolution No. 36-19. Commissioner Gulstad seconded the motion. Unanimous roll call vote followed (Commissioner Sotis absent). Motion carried.

(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

Scott County Commissioner Ulrich provided an update on the proposed shelter use of the dorm rooms at the Regional Training Facility, and the suitability of this site for homeless and that there may be some homes along Marschall Road and other sites that would be more conducive to serving a transitional population which would be within walking distance of jobs, transit, and other community services.

6.4)* First Stop Shop (FSS)

[Consent item; no discussion]

6.5) SC-CDA Development Activities

6.51)* Sarazin Flats, Shakopee—MWF Properties

[Consent item; no discussion]

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

6.52.1) OPEN PUBLIC HEARING - HOUSING FINANCE PROGRAM FOR THE BRENTWOOD COURT II HOUSING DEVELOPMENT PROJECT

Commissioner Robbins made a motion to open the Public Hearing at 3:19 p.m. Commissioner Gulstad seconded the motion. Unanimous voice vote followed. Motion carried.

6.52.2) PUBLIC HEARING

No one from the public was in attendance.

6.52.3) CLOSE PUBLIC HEARING

Commissioner Robbins made a motion to close the public hearing at 3:19 p.m. Commissioner Stock seconded the motion. Unanimous voice vote followed. Motion carried.

6.52.4) RESOLUTION NO. 37-19: ADOPTING A HOUSING FINANCE PROGRAM FOR THE BRENTWOOD II HOUSING DEVELOPMENT PROJECT PROVIDING FOR THE SALE OF GOVERNMENTAL DEVELOPMENT BONDS (SCOTT COUNTY, MINNESOTA UNLIMITED TAX GENERAL OBLIGATION), SERIES 2019A; AND ADOPTING A HOUSING PROGRAM

Kathy Aho, Baker Tilly, explained the process. Commissioner Stock made a motion to approve Resolution No. 37-19. Commissioner Robbins seconded the motion. Unanimous roll call vote followed (Commissioner Sotis absent). Motion carried.

6.63) Intensive Residential Treatment Services (IRTS) Facility, Savage

Executive Director Jaffa recapped that the lowest bidder, Fendler Patterson (FP), cannot stand behind their bid because their HVAC/mechanical contractor reneged their bid number, and FP could not find a replacement. He and staff met with the County Board on August 6, with the County Board stating their preference that the project move forward with the second lowest bidder, Shaw-Lundquist, and that while FP's bid bond will not be captured, FP should reimburse the County for costs incurred because of this mistake in the amount of \$2,118.00. Executive Director Jaffa stated that the

estimated expenses from the CDA were \$4800, but it would be the Board's decision to waive these fees or add it to the settlement agreement.

Discussion ensued about FP's bid and subcontractor and course of action, re-bid process, and collecting County/CDA expenses, which as explained by Attorney Julie Eddington, would not be part of the bid bond, but a separate payment. There was consensus among the Board that the CDA would waive collection of CDA expenses. Commissioner Stock made a motion to direct attorney to provide a settlement agreement to FP indicating expenses payable to the County for \$2,118.00, holding the CDA/County harmless, and authorizing the Executive Director to sign the agreement. Commissioner Robbins seconded the motion. Roll call vote followed with three yes votes and Commissioner Stock dissenting (Commissioner Sotis absent). Motion carried.

6.64) RESOLUTION NO. 38-19: RESOLUTION ACCEPTING BID WITHDRAWAL FROM LOWEST BIDDER AND AWARDING CONTRACT FOR THE SAVAGE INTENSIVE RESIDENTIAL TREATMENT FACILITY TO THE SECOND LOWEST BIDDER

There was discussion that Section 3 of the Resolution was confusing as it seemed to contradict Section 2. Ms. Eddington removed Section 3 and with this change (revised Resolution is attached) Commissioner Stock made a motion to approve Resolution 38-19. Commissioner Robbins seconded the motion. Unanimous roll call vote followed (Commissioner Sotis absent). Motion carried.

6.65) RESOLUTION NO. 39-19: APPROVING AN INTERFUND LOAN TO ASSIST IN FINANCING THE RESIDENTIAL MENTAL HEALTH TREATMENT FACILITY IN THE CITY OF SAVAGE

Commissioner Stock made a motion to approve Resolution No. 39-19. Commissioner Robbins seconded the motion. Unanimous roll call vote followed. (Commissioner Sotis absent). Motion carried.

(7) NEW BUSINESS

7.1) Agency Annual Plan – Public Notice Period and Hearing

Commissioner Robbins made a motion to hold the public hearing on October 8, 2019. Commissioner Croatt seconded the motion. Unanimous voice vote followed. Motion carried.

Executive Director Jaffa asked Ms. Aho to explain how a pledge of the special benefits tax levy could work in financing a new office facility. A pledge of the levy could be used to secure credit for borrowing.

(8) SET NEXT MEETING DATE, TIME AND PLACE

Commissioner Robbins requested a tour of CDA projects/properties.

Commissioner Stock indicated that he has agreed to serve on the Unified Transit Plan Committee.

8.1) Regular Meeting

September 10, 2019, 2:00 p.m.

8.2) SPECIAL Meeting

as needed

(9) ADJOURN

Commissioner Gulstad made a motion to adjourn the meeting at 3:52 p.m. Commissioner Croatt seconded the motion. Unanimous voice vote followed. Motion carried.




Chair DeAnn Croatt





Commissioner Stock


Recording Secretary


Date

SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY

RESOLUTION NO. 38-19

**RESOLUTION ACCEPTING BID WITHDRAWAL FROM LOWEST BIDDER AND
AWARDING CONTRACT FOR THE SAVAGE INTENSIVE RESIDENTIAL TREATMENT
FACILITY TO THE SECOND LOWEST BIDDER**

WHEREAS, Scott County, Minnesota (the "County") and the Scott County Community Development Agency (the "CDA") have determined that there is a need within the County for residential mental health treatment facilities; and

WHEREAS, pursuant to Laws of Minnesota 1974, Chapter 473, as amended by Laws of Minnesota 2001, Chapter 214, Section 45 and Laws of Minnesota 2007, Chapter 78, Minn. Stat. Sections 469.001 through 469.047, Minn. Stat. Sections 469.090 through 469.1082, and Minnesota Statutes, Sections 469.152 through 469.1655, as amended, the CDA is authorized to design, construct, own, lease, and finance projects such as residential mental health treatment facilities; and

WHEREAS, the County and the CDA have proposed to work together under Minnesota Statutes, Section 471.59, as amended, to design, acquire, construct, and equip a 16-bed residential mental health treatment facility (the "Project") to be constructed on property located in Savage, Minnesota (the "Property") that will provide acute stabilization and treatment services and residential crisis stabilization for persons with a primary or secondary mental health diagnosis in lieu of inpatient psychiatric hospitalization; and

WHEREAS, the CDA has worked with Ivy Properties, Inc. and UrbanWorks Architecture (the "Project Architect") on design plans and specifications for the construction of the Project; and

WHEREAS, pursuant to advertisement for bids for the Project, bids were received, opened, and tabulated on June 28, 2019 pursuant to public bidding law, and the bids set forth in the Bid Tabulation attached as Exhibit A were received in compliance with the advertisement and applicable requirements; and

WHEREAS, the bid submitted by Fendler Patterson Construction, Inc. for the Project was the lowest and the CDA adopted a resolution to award the contract for the Project to Fendler Patterson Construction, Inc. on July 9, 2019, but Fendler Patterson Construction, Inc. has withdrawn its bid; and

WHEREAS, the CDA desires to award the contract for the Project to the next lowest bidder, Shaw-Lundquist Associates, Inc.; and

WHEREAS, the Project architect has determined that the bid is responsive and Shaw-Lundquist Associates, Inc. is a responsible bidder for this Project: and

WHEREAS, the Scott County Development Agency Board desires to award the Project contract at the bid price of \$6,098,000 to Shaw-Lundquist Associates, Inc.;

NOW THEREFORE BE IT RESOLVED BY the Scott County Community Development Agency Board of Commissioners (the "Board") that:

1. The recitals set forth above are incorporated into this Resolution as if fully set forth herein.
2. The Board rescinds the bid awarded to Fendler Patterson Construction, Inc.
3. The Board awards the contract for the Project to Shaw-Lundquist Associates, Inc. for a total contract price of \$6,098,000.
4. The Board hereby authorizes and directs Board Chair and the Executive Director of the CDA to enter into a construction contract with Shaw-Lundquist Associates, Inc. in the name of the CDA for the Project according to the contract documents approved by the CDA, upon and only upon Shaw-Lundquist Associates, Inc.'s prompt submittal of proof of required insurance and the required payment and performance bonds from a surety as provided in the contract documents.
5. The Board further authorizes staff and CDA consultants to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

BE IT FURTHER RESOLVED, that the Scott County Community Development Agency Board of Commissioners hereby authorizes this Resolution.

Adopted this 13th day of August, 2019.

M / Stock

S / Robbins



DeAnn Croatt, Chair



Terri Gulstad, Secretary



Croatt	<u>yes</u>
Gulstad	<u>yes</u>
Robbins	<u>yes</u>
Sotis	<u>absent</u>
Stock	<u>yes</u>

EXHIBIT A
BID TABULATION

Two bids were received:

Fendler Patterson Construction, Inc.	\$4,800,000
Shaw-Lundquist Associates, Inc.	\$6,098,000