

**SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY**

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**BOARD OF COMMISSIONERS  
MINUTES - REGULAR MEETING  
August 11, 2022**

**1. CALL TO ORDER & PLEDGE**

The Regular meeting of the CDA was called to order at 2:01 p.m. and the pledge was recited.

**2. ROLL CALL**

Commissioners present:

District I, DeAnn Croatt  
District II, Terri Gulstad  
District III, Dale Gade  
District IV, Michelle Choudek  
District V, Barry Stock

Staff present:

Julie Siegert, Executive Director  
Adam Johnson, Finance Director  
Stacy Crakes, Business Development Director  
Molly Link, Housing Director  
Linda Janovsky, Recording Secretary  
Andy Harrell, Administrative Services

Others present:

Michael Beard, Scott County Commissioner Liaison  
Julie Eddington, Kennedy & Graven  
Lorien Mueller, Great Lakes Management  
Camille Ritter, Great Lakes Management  
Michael Klemm, Hellmuth & Johnson  
David Murphy, Kutak Rock LLP

**3. PUBLIC PARTICIPATION**

No one from the public was in attendance.

**4. MINUTES SUBMITTED FOR APPROVAL**

**4.1) CDA Regular Meeting Minutes for July 12, 2022**

Commissioner Choudek made a motion to approve the Minutes of July 12.  
Commissioner Gulstad seconded the motion. Unanimous vote followed. Motion carried.

#### **4. AGENDA ACTION(S)**

##### **4.1) Agenda Modifications**

Agenda modification was made to item 6.5 River City Centre Retail Master Lease

##### **4.2) Consent Agenda (6.11, 6.12, 6.21, 6.5)**

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

#### **5. FINANCIAL REPORT**

##### **5.1) Payment of Bills**

Commissioner Gulstad made motion to approve the check registers in the amount of \$312,461.03. Commissioner Choudek seconded the motion. Unanimous roll call vote followed. Motion carried.

##### **5.2) Development Budget Reports – 2<sup>nd</sup> Quarter 2022**

Lorien Mueller and Camille Ritter, Great Lakes Management, provided an overview of the Resident Survey Results for nine Senior properties in Scott County. Great Lakes Management received the National Award for Customer Service in the Senior Division. Congratulations Great Lakes! Ms. Mueller advised the occupancy and waiting lists for all nine properties are strong. Staff are working to implement the new resident management software system allowing residents to pay online, see account statements, place work orders, and communicate with residents via online bulletin board and message system. All sites will be utilizing the software fully by September 1<sup>st</sup>.

Ms. Mueller and Ritter provided an overview of the 2<sup>nd</sup> Quarter Budget. Ms. Mueller explained with most properties, the YTD Budget for Net Operating Income and YTD Actual are meeting expectations, with the exception being Philipp Square Brentwood Terrace. Ms. Mueller elaborated that Philipps Square has had a few larger projects, and Brentwood Terrace has had some conflicts with timing of expenses. Additionally, the software implementation was originally budgeted under miscellaneous expense, but was later moved to the Operating & Administrative costs. Ms. Mueller answered Commissioner questions. Commissioner Gade asked about the budget summary stating a 3% vacancy rate, but the narrative of each individual property sheets state 5% vacancy rate. Ms. Mueller confirmed this is a typo and confirmed the vacancy loss of 3% to be accurate. The typo will be updated [The CDA has received corrected narratives].

Executive Director Siegert shared the clinic and the pharmacy located on the Brentwood Court campus renewed their leases for 5 years.

**RESOLUTION NO. 19-22: ADOPTING FY2023 OPERATING BUDGET FOR RIVER CITY CENTRE;**

**RESOLUTION NO. 20-22: ADOPTING FY2023 OPERATING BUDGET FOR THE HAMILTON;**

**RESOLUTION NO. 21-22: ADOPTING FY2023 OPERATING BUDGET FOR PHILIPP SQUARE;**

**RESOLUTION NO. 22-22: ADOPTING FY2023 OPERATING BUDGET FOR NORTHRIDGE COURT;**

**RESOLUTION NO. 23-22: ADOPTING FY2023 OPERATING BUDGET FOR GLENDALE PLACE;**

**RESOLUTION NO. 24-22: ADOPTING FY2023 OPERATING BUDGET FOR MARKET VILLAGE;**

**RESOLUTION NO. 25-22: ADOPTING FY2023 OPERATING BUDGET FOR BRENTWOOD COURT;**

**RESOLUTION NO. 26-22: ADOPTING FY2023 OPERATING BUDGET FOR JORDAN CLINIC AND PHARMACY;**

**RESOLUTION NO. 27-22: ADOPTING FY2023 OPERATING BUDGET FOR The Henderson;**

**RESOLUTION NO. 28-22: ADOPTING FY2023 OPERATING BUDGET FOR The BRENTWOOD TERRACE; and Operating and Capitalized Projects**

Commissioner Stock made a motion to approve Resolution No. 19, 20, 21, 22, 23, 24, 25, 26, 27, and 28-22. Commissioner Gulstad seconded the motion. Unanimous roll call vote followed. Motion carried.

#### **5.5) FY2022 - 2<sup>nd</sup> Quarter Agency Budget Summary**

Finance Director Johnson reported there haven't been a lot of changes from the 1<sup>st</sup> Quarter, but is tracking the Prior Manor property since the conversion. It is tracking below budget, but it is not losing money. He advised there would be some legal expenses coming up with the conversion as it relates to HUD and the 2022 audit. Finance Director Johnson advised most of the variants in the general fund are bond refunding proceeds from the Hamilton and Brentwood Court, and an error in the River City Centre's bonds. He summarized the financials for other programs and reported the cash flow

projections have been updated to show through year 2025. The cash flow schedule from July 2022 through end of 2023 shows the bonded property sources. Commissioner Gade asked about the reserve balance reduction. Commissioner discussion ensued. Finance Director Johnson explained several projects have been on hold due to COVID-19 and supply chain issues, and now all of those projects are coming together all at once. He also stated there is a minimum reserve balance that the CDA is required to carry, but the current amount is well over that amount. In addition, some of the projects listed will not take place. Finance Director Johnson added that funds will start coming back into this reserve when loans the CDA has issued start coming due. In addition, there are two reserve accounts; the second is for the Capital Improvements on the Senior properties, not including each property's reserve fund. The minimum reserve balance will cover a full year of debt service and six months of operating costs.

Commissioner Gulstad made a motion to approve the FY2022 – 2<sup>nd</sup> Quarter Agency Budget Summary. Commissioner Choudek seconded the motion. Unanimous voice vote followed. Motion carried.

**5.6) RESOLUTION NO. 29-22: AUTHORIZING 2023 GENERAL ADMINISTRATIVE OPERATING BUDGET AND 2023 (PAYABLE) SPECIAL BENEFITS TAX LEVY OF SCOTT COUNTY COMMUNITY DEVELOPMENT AGENCY AND CERTIFYING LEVY TO SCOTT COUNTY BOARD**

Finance Director Johnson reviewed the projected overhead costs for 2023. He reported the direct cost allocation is more accurate with the update of the payroll software. When staff spend more time in a department than initially budgeted for, it automatically charges the appropriate department for those overhead expenses. There is one replacement position and one new position being added for the year. The replacement position is the Assistant Housing Director position being transitioned to a Community Development Manager. The additional position would be an Admin & Marketing Coordinator. Additionally, an increase allocation of 3% per merit for salary adjustments and a 2% increase for COLA. The CLT program does not have much on the income statement activity as most activity happens in the purchase and sale of the property. The CLT does show a slight income due to the Ground Lease payments. The CLT program, along with a few others, is covered under the General Fund. Finance Director Johnson indicated the Voyager building acquisition is not included in this budget due to the large number of unknowns. The Homebuyer's Club is being set up with new staff and new initiatives. The General Fund picks up a large portion of their costs, but the program is one of the primary levy objectives.

Finance Director Johnson advised how the projected cash flow, incoming funding, and projects all tie together. The re-designated funds from previously in the year are combined with the projected expenditures. The remaining is then compared to the costs of projects that are being proposed.

This is being shown differently than in past years as the General Fund, Levy Funds, and the Reserve Fund are all being broken out separately with proposed projects. Finance Director Johnson and Executive Director Siegert answered Commissioners questions.

Commissioner Gulstad noted that Commissioner Gade and herself, as the Finance Committee, did meet with Finance Director Johnson to review the 2023 Budget.

Commissioner Gulstad made a motion to approve Resolution No. 29-22. Commissioner Stock seconded the motion. Unanimous roll call vote followed. Motion carried.

## **6. OLD BUSINESS**

### **6.1) Affordable Housing Programs**

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

[Consent; no discussion]

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

[Consent; no discussion]

#### **6.13) RESOLUTION NO: 30-22: AUTHORIZING REVISION TO ADMINISTRATIVE PLAN TO ESTABLISH A WAITING LIST FOR UNITS AT PRIOR MANOR APARTMENTS**

Housing Director Link stated that with the conversion of Prior Manor to project based the units are now administered under the Housing Choice Voucher (HCV) program. Because the waiting list for these units need to be opened before the regularly scheduled Agency Plan update in 2023, a Resolution is needed to specify the changes to the Admin Plan that the Prior Manor waiting list is separate from other project based units and there is preference for 62+ and disabled applicants. Commissioner Gade made a motion to approve Resolution No. 30-22. Commissioner Choudek seconded the motion. Unanimous roll call vote followed. Motion carried.

### **6.2) Home Ownership Programs**

#### **6.21)\* Homeownership Programs Report**

[Consent; no discussion]

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

Commissioner Beard indicated that the County Board and Staff have been meeting weekly to review department budgets to assess an initial levy set point. The County is challenged with the amount of budget items connected

to state-mandated programs, totaling about 65-70% of the budget. Although funds are received from the State and Federal government via tax levies to operate the programs, the County is responsible for hiring staff and administering the programs.

**6.4) First Stop Shop (FSS)**

Business Development Director Crakes indicated the standard update was included in the packet, but advised the FSS program has been short staffed for the last month due to a staff on medical leave. Additionally, she stated a survey was sent out as of July 20<sup>th</sup> and closed on August 5<sup>th</sup> to gather information for the economic development strategy. These surveys were sent to the SCALE Executive Team, City Administrators, and City staff who are involved in economic development, asking for input on what specifically they would like to see in economic development, what they know about the FSS programs, and how important they feel those programs are. They received 26 responses to the survey and are in the process of reviewing the data. A summary will be provided to the Board. Business Development Director Crakes answered Commissioner questions.

Commissioner Choudek stated she is the Board liaison for the Center for Entrepreneurship and that tasks are moving forward with Fast Track Challenge, even with the staff member out. She added the staff member did a wonderful job prepping before her leave of absence.

**6.5) River City Centre Retail Master Lease**

Commissioner Croatt advised the agenda modification was provided which adds an exhibit, the Request for Approval and Assignment of Leases from Master Lease Tenant. Executive Director Siegert introduced David Murphy from Kutak Rock LLP. Mr. Murphy has been working with Michael Klemm from Hellmuth & Johnson, who is representing the City of Shakopee.

Mr. Murphy indicated under the existing documents, specifically the Retail Master Lease between the CDA and the River City Centre & Associates, it states any time that River City Centre, as tenant, wants to assign their leases and their interest in the Master Leases, they are required to seek approval from the CDA, as the landlord. Within the re-negotiation of the older Master Lease documents, one of the steps is for the River City Centre Associates to assign retail leases to Shakopee EDA. Since the Shakopee EDA will be listed as the landlord under the ground lease and the EDA as tenant, that will allow the retail lease structure to essentially collapse as the EDA will be on the top and the bottom, removing the City of Shakopee and the CDA. Commissioner Stock inquired if the Shakopee EDA understands until things are simplified with new agreements, they are assuming all duties and obligations that were previously in place by the Master Lease. Mr. Murphy confirmed the Shakopee EDA is responsible. Mr. Murphy clarified that with the eventual acceptance of this assignment, the next step would be to draft termination documents to

fully collapse the retail lease structure. The termination documents have not yet been drafted, but Kutak Rock LLP will be drafting those. The assumption and assignment agreement has been drafted and submitted by River City Centre Associates to the Shakopee EDA, which can now be executed with the CDA's approval.

Commissioner Stock made a motion to approve the Assignment and Assumption of the Leases as discussed. Commissioner Choudek seconded the motion. Unanimous voice vote followed. Motion carried.

**6.6) Office Building Acquisition**

Executive Director Siegert advised there was no update to provide, but will continue working toward completing a letter of intent to purchase.

**6.7)\* Strategic Planning Updates**

[Consent; no discussion]

**6.8)\* Housing Demand Study**

[Consent; no discussion]

**6.9) SC-CDA Development Activities**

**6.91) Scott County Community Land Trust**

**6.91.1) Shakopee 16&18 Development, Moraine Addition**

Assistant to the Executive Director Janovsky indicated that additional studies are to be completed to discuss concerns raised at the neighborhood and planning commission meetings.

**6.91.2) RESOLUTION NO. 18-22: SELLING COMMUNITY LAND TRUST PROPERTY AT 1136 POLK STREET SOUTH, SHAKOPEE, MN**

Assistant to the Executive Director Janovsky indicated that the property at 1136 Polk St S, Shakopee closed on August 2<sup>nd</sup>, 2022. 514 5<sup>th</sup> Ave E, the third CLT property, has a prospective purchaser and should close in early September. With the sale of this last property, the CLT will not have additional inventory until MN Housing funds are used to purchase/rehab/resell; the Prior Lake Habitat for Humanity first four units are available, or a construction contract is secured for new construction in New Prague for 4 single family homes.

Commissioner Gade made a motion to approve Resolution No. 18-22. Commissioner Stock seconded the motion. Unanimous roll call vote followed. Motion carried.

## **7. EXECUTIVE DIRECTOR REPORT**

### **7.1) Informational Report**

Executive Director Siegert congratulated Assistant to the Executive Director Janovsky and the the Homeownership team on their hard work with the CLT program. She indicated that two new staff started in July and will be introduced at a future Board meeting. She also stated that an application was submitted to MN Housing for the next phase of the Community Land Trust-Habitat For Humanity partnership for the next four townhomes in Prior Lake to get to the planned development of 12 units on that site. Executive Director Siegert indicated that she has been attending meetings with the County and various non-profit and faith leaders to discuss homelessness, and Housing Director Link has been working with County human services staff to map the homeless system to identify gaps in service. For the next 55+ building site, all cities will have been visited by the end of summer, and it is hoped that Staff can bring back options to the Board for consideration. Lastly, Maxfield is working on the Industrial/Commercial Demand Study which should be complete for presentation at the September SCALE meeting.

## **8. NEW BUSINESS**

### **8.1) Agency Annual Plan – Public Notice Period and Hearing**

Commissioner Croat made a motion to approve Agency Annual Plan – Public Notice Period and Hearing to take place on October 11, 2022. Commissioner Gulstad seconded the motion. Unanimous vote followed. Motion carried.

## **9. SET NEXT MEETING DATE, TIME AND PLACE**

- |      |   |                               |
|------|---|-------------------------------|
| 9.1) | Regular Meeting                         | September 13, 2022, 2:00 p.m. |
| 9.2) | Scott County Board<br>Levy presentation | September 6, 2022 (tentative) |
| 9.3) | Workshop                                | August 11, 2022, 1:00 p.m.    |
| 9.4) | SPECIAL Meeting                         | as needed                     |

## **10. ADJOURN**

Commissioner Gade made a motion to adjourn at 3:48 p.m. Commissioner Gulstad seconded the motion. Unanimous vote followed. Motion carried.



Vice-Chair

*[Signature]*



Secretary

*[Signature]*

Recording Secretary

*[Signature]*

Date

9/13/22