



**Housing and Redevelopment Authority Meeting Agenda
January 22, 2020 following the Woodbury EDA meeting estimated to be 7:10 p.m.
Council Chambers, Woodbury City Hall**

Please note that all agenda times are estimates.

7:10 p.m. 1. Call to Order

7:11 p.m. 2. Roll Call

7:12 p.m. 3. Consent Agenda

All items listed under the consent agenda are considered to be routine by the HRA Board and will be enacted by one motion and an affirmative vote by roll call of a majority of the members present. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event, the items will be removed from the consent agenda and considered a separate subject of discussion by the Board.

A. Approval of Minutes – December 11, 2019 HRA Meeting

B. Amending the HRA By-Laws 20-01

Staff recommends HRA adopt **HRA Resolution 20-01** amending the HRA by-laws to create the office of Deputy Executive Director.

C. 2020 HRA Annual Meeting 20-02

Staff recommends HRA adopt **HRA Resolution 20-02** appointing the 2020 HRA officers and establishing the 2020 HRA regular meeting schedule.

D. Designating Depository of Public Funds 20-03

Staff recommends HRA adopt a motion designating CorTrust Bank as the HRA's depository of public funds for the year 2020.

E. Approving Carryovers to the 2020 HRA Budget 20-04

Staff recommends HRA adopt **HRA Resolution 20-03** authorizing \$35,339 to be carried forward from the 2019 HRA budget.

7:13 p.m. 4. Public Hearings – No items

Housing and Redevelopment Authority Meeting Agenda
January 22, 2020 | 7:10 p.m.

- 7:14 p.m. 5. Discussion Agenda
- A. Revisions to HRA Loan Program Delinquency Policy 20-05
- Staff recommends HRA adopt **HRA Resolution 20-04** updating
HRA Directive HRAD-1.2: HRA Loan Program Delinquency Policy.
- 7:25 p.m. 6. Adjournment

The City of Woodbury HRA is subject to Title II of the Americans with Disabilities Act which prohibits discrimination on the basis of disability by public entities. The HRA is committed to full implementation of the Act to our services, programs, and activities. Information regarding the provision of the Americans with Disabilities Act is available from the Executive Director's office at 651-714-3523. Auxiliary aids for disabled persons are available upon request at least 72 hours in advance of an event. Please call the ADA Coordinator, Clinton P. Gridley at 651-714-3523 (TDD 651-714-3568) to make arrangements.

MINUTES

WOODBURY HOUSING AND REDEVELOPMENT AUTHORITY

December 11, 2019

3A

Pursuant to the due call and notice thereof, a regular meeting of the Woodbury Housing and Redevelopment Authority was duly held at the Woodbury City Hall, 8301 Valley Creek Road, on the 11th day of December 2019.

Call to Order

Chair Anne Burt called the meeting to order at 7:10 p.m.

Roll Call

Upon roll call the following were present: Chair Anne Burt, Andrea Date, Amy Scoggins, Steve Morris, Jennifer Santini. Absent: None

Others Present: Dwight Picha, HRA Clerk; Mary Tietjen, City Attorney; Mr. Clinton Gridley, Executive Director; and Karl Batalden, Community Development Coordinator

Consent Agenda

All items listed under the consent agenda are considered to be routine by the HRA Board and will be enacted by one motion and an affirmative vote by roll call of a majority of the members present. There will be no separate discussion of these items unless a Commissioner or citizen so requests, in which event, the items will be removed from the consent agenda and considered a separate subject of discussion by the Board.

Item A Approval of Minutes – November 6, 2019 HRA Meeting

Ms. Scoggins moved, seconded by Ms. Date, to approve the Consent Agenda items.

Voting via voice:

Andrea Date – aye
Amy Scoggins – aye
Steve Morris – aye
Jennifer Santini - aye
Chair Anne Burt – aye

Absent: None

PUBLIC HEARINGS

No items scheduled

DISCUSSION

A. Adoption of 2020 HRA Budget

Mr. Karl Batalden, Community Development Coordinator shared the proposed 2020 HRA Budget:

- \$766,600 of proposed appropriations
 - \$550,000 for loan disbursements for the HRA Loan Programs
 - Currently operates two loan programs; Woodbury First-Time Homeownership Program and the Neighborhood Reinvestment Fund
 - This amount is representative of what has been seen over the last 11 years on an annual basis
 - Since its inception, the HRA has issued 241 loans in the amount of \$5.7M
 - \$112,300 reimbursement to the City of Woodbury's General Fund
 - \$104,300 for operating expenses
- Sources of revenue
 - \$304,400 in HRA fund balance
 - \$250,000 property tax levy less \$2,500 in estimated delinquencies and refunds for tax court petitions

MINUTES

WOODBURY HOUSING AND REDEVELOPMENT AUTHORITY

December 11, 2019

- o \$191,500 principal and interest payments
- o \$23,100 investment income
- o \$100 LMCIT dividends

Ms. Scoggins asked if the HRA was still doing pretty well in terms of the loans that have been given; payments are being made on time, no one is in default, etc. Mr. Batalden replied that it is going pretty well. Of the 241 loans that have been issued, there has been one default that had to be written off. There are always borrowers who are in some shape or form of delinquency. Normally what happens is by the time he finds out about the delinquency; it has already been cured. As they have grown the loan portfolio there is a little bit more in terms of collections work to be done; however, the HRA is currently not in any pre-foreclosure litigation, or anything like that. Of course, he cannot say that in the future there would never be a collections issue or an additional default.

Ms. Scoggins asked for confirmation that the HRA Board would know about any collection issues before this type of meeting would come up. Mr. Batalden confirmed that the HRA Board would be asked to approve any action before the HRA would initiate foreclosure or other related litigation. There is a difference between delinquencies and defaults. There will always be delinquencies. Defaults are a very formal process and the HRA has only experienced one default over the past eleven years.

Mr. Morris stated that in a couple of different workshops the board has talked about this budget. This is on a workshop agenda for 2020 for the Board to talk through the self-sufficiency of this fund. He thought he had read in the letter that the proposed \$250,000 levy amount represents only 13% of the HRA's allowable levy, which Mr. Batalden confirmed.

Mr. Morris moved, seconded by Ms. Scoggins

To adopt the following resolution

Resolution 19-07

Resolution of the Housing & Redevelopment Authority of the City of Woodbury, Washington County, Minnesota adopting the 2020 HRA Budget

Voting via voice:

Andrea Date – aye
Amy Scoggins – aye
Steve Morris – aye
Jennifer Santini - aye
President Anne Burt – aye

Absent: None

ADJOURNMENT

Chair Burt moved, seconded by Mr. Morris, to adjourn the December 11, 2019 Housing & Redevelopment Authority meeting.

Voting in Favor: Date, Scoggins, Morris, Santini, Burt
Absent: None

Chair Burt adjourned the meeting at 7:18 p.m.

Anne W. Burt

Approved by the Woodbury Housing and Redevelopment Authority on January 22, 2020.

**City of Woodbury, Minnesota
Office of the HRA Executive Director**

HRA Letter 20-01

January 22, 2020

To: The Honorable Chair and Commissioners of the Woodbury HRA

From: Clinton P. Gridley, Executive Director

Subject: Amending the HRA By-Laws

Summary

The Housing and Redevelopment Authority in and for the City of Woodbury (the “HRA”) is governed by an adopted set of by-laws. With the approval of the City Attorney, staff is proposing to update the by-laws to add the position of HRA Deputy Executive Director. The creation of this position will create additional staff depth and will improve operational synergy related to packet review process, various reporting processes and the loan closing processes. Staff proposes that the HRA Deputy Executive Director always be the same person as the City of Woodbury’s Assistant City Administrator similar to the manner in which the HRA Executive Director is always the City of Woodbury’s City Administrator.

Recommendation

Staff recommends HRA adopt HRA Resolution 20-01 amending the HRA by-laws to create the office of HRA Deputy Executive Director.

Fiscal Implications

Not Applicable

Policy

The proposed amendment to the HRA by-laws amends the policy document governing the HRA.

Public Process

This is the first public process for this item.

Background

Not Applicable

Written By: Karl Batalden, Community Development Coordinator
Approved Through: Janelle Schmitz, Asst. Community Development Director and HRA Clerk
Attachment: HRA Resolution 20-01
HRA By-laws Strikethrough Version
HRA By-laws Final Version

HRA Resolution 20-01

**Resolution of the Board of Commissioners
of the Housing and Redevelopment Authority
in and for the City of Woodbury, Washington County, Minnesota**

Amending the HRA By-Laws

WHEREAS, the Housing and Redevelopment Authority in and for the City of Woodbury (the “HRA”) is governed by an adopted set of by-laws; and

WHEREAS, said by-laws are consistent with the applicable provisions of Minnesota Statutes, Sections 469.001 to 469.047 which have been duly taken in order to create, constitute and activate the HRA; and

WHEREAS, the HRA is proposing to amend the by-laws to create the officer position of HRA Deputy Executive Director.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Woodbury, Washington County, Minnesota that the by-laws referenced herein are hereby adopted as the by-laws of the HRA.

This Resolution was declared duly passed and adopted and was signed by the Chair and attested to by the Executive Director this 22nd day of January 2020.

Attest:

Anne W. Burt, Chair

Clinton P. Gridley, Executive Director

**BY-LAWS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE
CITY OF WOODBURY, MINNESOTA**

1. THE AUTHORITY

SECTION 1.1. Name of the Authority. The name of the Authority shall be the Housing and Redevelopment Authority in and for the City of Woodbury, Minnesota (hereinafter, the "Authority"), and its governing body shall be called the Board of Commissioners (hereinafter, the "Board").

SECTION 1.2. Office. The principal office of the Authority shall be the Woodbury City Hall, 8301 Valley Creek Road, Woodbury, MN 55125.

SECTION 1.3. Seal. The Authority shall have no official seal.

2. ORGANIZATION

SECTION 2.1. Officers. The officers of the Authority shall consist of a Chair, a Vice Chair, a Secretary, an Executive Director, a Deputy Executive Director, a Clerk and a Treasurer. The Chair, the Vice Chair, and the Secretary shall be members of the Board and shall be elected at the annual meeting of the Authority, and no Commissioner shall hold more than one such office at the same time. The offices of Executive Director, Deputy Executive Director, Clerk and Treasurer need not be held by a member.

SECTION 2.2. Chair. The Chair shall preside at all meetings of the Board.

SECTION 2.3. Vice Chair. The Vice Chair shall preside at any meeting of the Board in the absence of the Chair and may exercise all powers and perform all responsibilities of the Chair if the Chair cannot exercise or perform the same due to absence or other inability.

SECTION 2.4. Chair Pro Tem. In the absence or inability of the Chair and the Vice Chair at any meeting, the Board may appoint any remaining Commissioner as Chair Pro Tem to preside at such meeting.

SECTION 2.5. Secretary. In the absence of the Clerk, the Secretary shall keep minutes of all meetings of the Board and shall maintain all records of the Authority. The Secretary shall also have such additional duties and responsibilities as the Board may from time to time by resolution prescribe.

SECTION 2.6. Executive Director. The Executive Director shall be appointed by resolution and shall serve at the pleasure of the Board of Commissioners, shall be the chief appointed executive officer of the Authority, and shall have such additional responsibilities and authority as the Board may from time to time by resolution prescribe.

SECTION 2.7. Deputy Executive Director. The Deputy Executive Director shall be appointed by resolution and shall serve at the pleasure of the Board of Commissioners, and shall have all the powers, responsibility and authority of the Executive Director in the event of the absence, lack of availability or incapacitation of the Executive Director.

~~SECTION 2.7.~~SECTION 2.8. Clerk. The Clerk shall be appointed by resolution and shall serve at the pleasure of the Board of Commissioners. The Clerk shall be the official recording officer of the Authority and the Board. The Clerk shall be responsible for recording and maintaining accurate records of the meetings of the Board and of all official actions taken by or on behalf of the Authority. The Clerk shall also have such additional duties and responsibilities as the Board may from time to time and by resolution prescribe.

~~SECTION 2.8.~~SECTION 2.9. Treasurer. The Treasurer shall receive and is responsible for Authority money, shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements, shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority and shall also have such additional duties and responsibilities as the Board may from time to time and by resolution prescribe.

3. PROCEDURES OF BOARD OF COMMISSIONERS

SECTION 3.1. Annual Meeting. The annual meeting of the Board shall be held on the fourth Wednesday of the month of January in each year.

SECTION 3.2. Regular Meetings. The Board's regular meetings shall occur according to a meeting schedule, if any, adopted or revised from time to time by resolution of the Board.

SECTION 3.3. Special or Emergency Meetings. Special or emergency meetings of the Board may be called by the Chair or, in the event of the Chair's absence or inability, by the Vice Chair or by any two Commissioners, according to the requirements of the State of Minnesota Open Meeting Law as codified within Minnesota Statutes, Chapter 13D. The Clerk shall post notice of any special or emergency meeting in the principal office of the Authority.

SECTION 3.4 Cancellation of Meetings. Meetings of the Board may be cancelled by the Chair or, in the event of the Chair's absence or disability, by the Vice Chair at any time, upon three (3) days' prior notice to all Commissioners and the Clerk and Executive Director. The Clerk shall post notice of said cancellation of meeting in the principal office of the Authority not less than three (3) days prior to the originally scheduled meeting time.

SECTION 3.5. Quorum. A quorum of the Board shall consist of three Commissioners. In the absence of a quorum, no official action may be taken by, on behalf of, or in the name of the Board or the Authority.

SECTION 3.6. Adoption of Resolutions. Resolutions of the Board shall be deemed adopted if approved by not less than a simple majority of all Commissioners present. Resolutions may but need not be read aloud prior to vote taken thereon and may but need not be executed after passage.

SECTION 3.7. Rules of Order. The meetings of the Board shall be governed by the most recent edition of Robert's Rules of Order.

4. MISCELLANEOUS

SECTION 4.1. Fiscal Year. The fiscal year of the Authority shall be the calendar year.

SECTION 4.2. Financial Statement. The Authority's detailed financial statement must show all receipts, disbursements, their nature, the amount on hand, the purposes to which the money on hand is to be applied, the Authority's credits and assets, and its outstanding liabilities in a form required for the City's financial statements. The Authority shall periodically examine the statement, together with the check register. If the Authority finds that the statement and register are correct, it shall approve them.

SECTION 4.3. Annual Audit. An Annual Audit shall be required.

SECTION 4.4. Execution of Contracts. All contracts, notes, and other written agreements or instruments to which the Authority is a party or signatory or by which the Authority may be bound shall be executed by the Chair and/or the Executive Director or by such other Commissioners or officers of the Authority as the Board may by resolution prescribe.

SECTION 4.5. Duration of By-Laws. Once these By-Laws have been adopted by the Board they shall remain effective until such time as the Board votes to change said By-Laws

SECTION 4.6. Amendment of By-Laws. These By-Laws may be amended by the Board only by not less than a majority vote of all the Commissioners, provided that any such proposed amendment shall first have been delivered to each Commissioner at least five days prior to the meeting at which such amendment is considered.

Amended and Adopted by HRA Resolution ~~1720-02-01~~ on January 25~~2~~, 201~~7~~~~20~~.

**BY-LAWS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE
CITY OF WOODBURY, MINNESOTA**

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SECTION 4.3. Annual Audit. An Annual Audit shall be required.

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SECTION 4.5. Duration of By-Laws. Once these By-Laws have been adopted by the Board they shall remain effective until such time as the Board votes to change said By-Laws

SECTION 4.6. Amendment of By-Laws. These By-Laws may be amended by the Board only by not less than a majority vote of all the Commissioners, provided that any such proposed amendment shall first have been delivered to each Commissioner at least five days prior to the meeting at which such amendment is considered.

Amended and Adopted by HRA Resolution 20-01 on January 22, 2020.

**City of Woodbury, Minnesota
Office of the HRA Executive Director**

HRA Letter 20-02

January 22, 2020

To: The Honorable Chair and Commissioners of the Woodbury HRA

From: Clinton P. Gridley, HRA Executive Director

Subject: 2020 HRA Annual Meeting

Summary

Per the by-laws of the HRA, it is necessary to hold an annual meeting of the HRA on the fourth Wednesday of January. At this annual meeting, the HRA commissioners shall appoint the officers and adopt a meeting calendar for the year and may amend the by-laws as seen fit.

Recommendation

Staff recommends HRA adopt HRA Resolution 20-02 appointing the 2020 HRA officers and establishing the 2020 HRA regular meeting schedule.

Fiscal Implications

Not Applicable

Policy

The by-laws of the HRA require the HRA to hold its annual meeting on the fourth Wednesday of each January.

Public Process

This is the first public process for this item.

Background

The Woodbury HRA has officer positions of Chair, Vice Chair and Secretary which are filled by members of the Board as required by Section 2.1 of the HRA by-laws. In addition, the HRA has staff-level officer positions of Executive Director, Deputy Executive Director, Clerk and Treasurer.

In the past, Woodbury's mayor has served as the HRA Chair, the mayor pro tem has served as the HRA Vice Chair and the remaining commissioner with the longest tenure on the Board has served as the Secretary. Additionally, Woodbury's City Administrator has served as the HRA

HRA Letter 20-02
January 22, 2020
Page 2

Executive Director, the Community Development Director has served as the Clerk and the Finance Director has served as the Treasurer. The position of Deputy Executive Director is new in 2020 and staff proposes that Woodbury's Assistant City Administrator hold this position. Additionally, the City of Woodbury's long-time Community Development Director, Dwight Picha, has announced his retirement effective January 31, 2020. As such, this HRA letter recommends that Janelle Schmitz, the City's Assistant Community Development Director be appointed HRA Clerk.

If the 2020 HRA Board chooses to follow these past practices and staff recommendations, the officers of the HRA for 2020 would be:

Chair:	Anne Burt
Vice Chair:	Amy Scoggins
Secretary:	Andrea Date
Executive Director:	Clinton Gridley
Deputy Executive Director:	Angela Gorall
Clerk:	Janelle Schmitz
Treasurer:	Tim Johnson

The specific appointment of officers is at the discretion of the board although, as noted above, the positions of Chair, Vice Chair and Secretary must be filled by members of the Board.

Finally, staff recommends adopting a 2020 meeting calendar. The meetings of the HRA will be held prior to City Council meetings in the Council Chambers. Staff has identified the need for the following meetings:

January 22, 2020, upon the conclusion of the EDA meeting, estimated to be 7:10 p.m.
September 23, 2020, 7:10 p.m.
December 9, 2020, upon the conclusion of the EDA meeting, estimated to be 7:10 p.m.

Should the need arise for additional meetings of the HRA, the HRA Clerk will coordinate the scheduling of such meetings in accordance with the HRA by-laws.

Written By: Karl Batalden, Community Development Coordinator
Approved Through: Janelle Schmitz, Asst. Community Development Director and HRA Clerk
Attachments: HRA Resolution 20-02

HRA Resolution 20-02

**Resolution of the Board of Commissioners
of the Housing and Redevelopment Authority
in and for the City of Woodbury, Washington County, Minnesota**

**Appointing 2020 HRA Officers and
Adopting 2020 HRA Regular Meeting Schedule**

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Housing and Redevelopment Authority in and for the City of Woodbury, Minnesota (the "HRA"), as follows:

1. Recitals. All things required by the applicable provisions of Minnesota Statutes, Sections 469.001 to 469.047, have been duly taken in order to create, constitute, and activate the HRA.

2. Appointment of Officers. In accordance with the by-laws of the HRA hereby adopted, the Board hereby appoints to the following offices of the HRA the following persons, respectively:

Chair:	Anne Burt
Vice Chair:	Amy Scoggins
Secretary:	Andrea Date
Executive Director:	Clinton Gridley
Deputy Executive Director:	Angela Gorall
Clerk:	Janelle Schmitz
Treasurer:	Tim Johnson

3. Adoption of 2020 Regular Meeting Schedule. In accordance with the by-laws of the HRA, the Board hereby adopts the following regular meeting schedule for 2020:

January 22, 2020, upon the conclusion of the EDA meeting, estimated to be 7:10 p.m.
September 23, 2020, 7:10 p.m.
December 9, 2020, upon the conclusion of the EDA meeting, estimated to be 7:10 p.m.

All meetings will be held in the Council Chambers of the Woodbury City Hall, 8301 Valley Creek Road, Woodbury, MN, unless otherwise noted or subsequently posted to the contrary.

This Resolution was declared duly passed and adopted and was signed by the Chair and attested to by the Executive Director this 22nd day of January, 2020.

Attest:

Anne W. Burt, Chair

Clinton P. Gridley, Executive Director

**City of Woodbury, Minnesota
Office of the HRA Executive Director**

HRA Letter 20-03

January 22, 2020

To: The Honorable Chair and Commissioners of the Woodbury HRA
From: Clinton P. Gridley, Executive Director
Subject: Designating Depository of Public Funds

Summary

Minnesota State Statutes 118A.02 et seq. requires the Woodbury HRA's Board to designate the HRA's depository of public funds. Currently, the City of Woodbury has a five year banking service agreement with CorTrust Bank ending September 30, 2021.

Recommendation

Staff recommends HRA adopt a motion designating CorTrust Bank as the HRA's depository of public funds for the year 2020.

Fiscal Implications

The interest income and fees per the agreement are accounted for in the 2020 budget.

Policy

In accordance with investment policy, this action affirms staff's recommendation to designate CorTrust as the HRA's depository of public funds.

Public Process

This is the first public process for this item.

Background

Not Applicable

Written By: Karl Batalden, Community Development Coordinator
Approved Through: Tim Johnson, Finance Director and HRA Treasurer
Attachments: None

**City of Woodbury, Minnesota
Office of the HRA Executive Director**

HRA Letter 20-04

January 22, 2020

To: The Honorable Chair and Commissioners of the Woodbury HRA
From: Clinton P. Gridley, Executive Director
Subject: Approving Carryovers to the 2020 HRA Budget

Summary

The HRA's Neighborhood Reinvestment Fund assists Woodbury homeowners with access to capital to prevent or cure blight, encourage home renovation and increase home values in the City. Low-interest loans of up to \$40,000 are available to income-qualified households who earn no more than \$129,000 on an annual basis. Eligible improvements include home renovation that remedies a code violation as well as exterior improvements such as new roofs, siding, windows or interior improvements that would increase the value of the home. Also eligible are any improvements that address health and safety, habitability, energy conservation or accessibility.

The adopted 2019 HRA budget included funds for the HRA's loan programs. There were Neighborhood Reinvestment Fund loans that closed in 2019 that did not see final closeouts because the construction activity was still ongoing at the end of the year. Staff is now recommending that these funds be carried forward to the 2020 HRA budget.

Recommendation

Staff recommends HRA adopt HRA Resolution 20-03 authorizing \$35,339 to be carried forward from the 2019 HRA budget.

Fiscal Implications

Three loans were issued via the HRA's Neighborhood Reinvestment Fund in the second half of 2019 in connection to properties in Woodbury where the construction is still active. The Neighborhood Reinvestment Fund is structured in a manner that pays the contractors upon the completion of construction. As such, \$35,339 of HRA funds that were obligated in 2019 will not be expended until calendar year 2020. Therefore, staff is recommending that these dollars be carried forward from the 2019 HRA budget into 2020.

Carryovers are generally funded from fund balance. Since the authorized appropriations were not expended fully in 2019, the dollars were automatically transferred to the HRA Fund's fund balance on December 31, 2019 in accordance with Generally Accepted Accounting Principles. Funding for the proposed 2019 HRA carryovers will come from a transfer from HRA fund balance.

Policy

The carryover technique is a common financial practice and is typically utilized by the City of Woodbury on an annual basis at the beginning of the year. This represents the first time that technique has been used by the HRA.

Public Process

This is the first public process for this item.

Background

This is the first time that the HRA is utilizing the carryover option; however, this is consistent with the City of Woodbury's practices and procedures.

Written By: Karl Batalden, Community Development Coordinator
Approved Through: Janelle Schmitz, Asst. Community Development Director and HRA Clerk
Attachments: HRA Resolution 20-03

HRA Resolution 20-03

**Resolution of the Board of Commissioners
of the Housing and Redevelopment Authority
in and for the City of Woodbury, Washington County, Minnesota**

Approving Carryovers to the 2020 HRA Budget

WHEREAS, the 2019 HRA budget included funds to issue loans via the Woodbury First-Time Homeownership Program and the Neighborhood Reinvestment Fund; and

WHEREAS, there were two Neighborhood Reinvestment Fund loans that were issued in 2019 but were not closed out because the construction activity had not concluded as of December 31, 2019, and

WHEREAS, the unexpended amount of said loans sums to \$35,339.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Woodbury, Washington County, Minnesota to approve the following 2019 HRA Fund budget carryovers:

<u>Department</u>	<u>Item</u>	<u>Amount</u>
HRA	Loan Program Disbursements	\$ 35,339

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Woodbury, Washington County, Minnesota that the following revenue adjustments be made:

<u>Revenue Category</u>	<u>Amount</u>
Use of Fund Balance—HRA Fund	\$35,339

This Resolution was declared duly passed and adopted and was signed by the Chair and attested to by the Executive Director this 22nd day of January 2020.

Attest:

Anne W. Burt, Chair

Clinton P. Gridley, Executive Director

**City of Woodbury, Minnesota
Office of the HRA Executive Director**

HRA Letter 20-05

January 22, 2020

To: The Honorable Chair and Commissioners of the Woodbury HRA
From: Clinton P. Gridley, HRA Executive Director
Subject: Revisions to HRA Loan Program Delinquency Policy

Summary

The Housing and Redevelopment Authority in and for the City of Woodbury (the “HRA”) has operated loan programs since 2009. They are the Woodbury First-Time Homeownership Program and the Neighborhood Reinvestment Fund.

The HRA has adopted a “HRA Loan Program Delinquency Policy”, which is tracked as HRA Directive 1.2, to provide guidance and procedures related to loans issued by the HRA that enter a state of delinquency due to non or incomplete payment.

With consultation from the City Attorney, staff is providing an update to this policy to provide greater clarity regarding collections processes. This update is a best practice and is not connected to or stemming from any particular borrower or loan.

Recommendation

Staff recommends the HRA adopt HRA Resolution 20-04 updating HRA Directive HRAD-1.2: HRA Loan Program Delinquency Policy.

Fiscal Implications

Not Applicable

Policy

The HRA Directive discussed herein provides policy guidance regarding delinquent borrowers.

Public Process

This is the first public process for this item.

Background

The HRA has issued 241 loans in an aggregate amount greater than \$5.7 million since 2009. Of this total amount the HRA currently has more than \$3.3 million in notes receivable. The vast majority of borrowers make their required monthly payments on time and on schedule with some borrowers opting to make optional pre-payments of principle.

As the pool of active borrowers has grown over time, the frequency of delinquencies has grown with it. Most of the time, delinquencies are cured rapidly as they are caused by occurrences such as the change in a customer's checking account and a subsequent lapse in the automated clearing house (ACH) instructions. These types of occurrences are normally discovered and cured within days of the scheduled payment date that was missed. Specifically, at the end of 2019, there were seven current borrowers who were, in aggregate, \$993.22 delinquent. This amount represents approximately 0.037 percent of the amount of Notes Receivable which is a rate far below typical commercial lending standards.

On occasion, however, borrowers become more significantly delinquent. In the history of the HRA's loan programs, there has only been one instance in which a loan suffered a complete default. In that instance in 2014, the first mortgage lienholder foreclosed on the property and the HRA Board at the time made a business decision to declare the loan balance uncollectable rather than pursuing the HRA's redemption rights.

The attached updates to the HRA Directive are not caused by or based on any current borrower but are rather representing the best practices recommendations by the new City Attorney.

Written By: Karl Batalden, Community Development Coordinator
Approved Through: Janelle Schmitz, Asst. Community Development Director and HRA Clerk
Attachments:

1. HRA Resolution 20-04
2. HRA Directive HRAD-1.2 Strikethrough Version
3. HRA Directive HRAD-1.2 Final Version

HRA Resolution 20-04

**Resolution of the Board of Commissioners
of the Housing and Redevelopment Authority
in and for the City of Woodbury, Washington County, Minnesota**

Revising the HRA Loan Program Delinquency Policy

WHEREAS, the Housing and Redevelopment Authority in and for the City of Woodbury (HRA) exists as a legal entity and unit of government as defined by Minnesota State Statutes Section 469.001 to 469.047; and

and WHEREAS, the HRA offers loan programs to its residents and future residents;

WHEREAS, the HRA adopted an “HRA Loan Program Delinquency Policy” in 2011; and

WHEREAS, said policy was most recently updated in 2018; and

WHEREAS, in consultation with the City Attorney, staff is proposing amendments to said policy for the purposes of clarifying collections processes.

NOW, THEREFORE, BE IT RESOLVED by the HRA that the proposed amendments to HRA Directive 1.2: HRA Loan Program Delinquency Policy are hereby approved.

This Resolution was declared duly passed and adopted and was signed by the Chair and attested to by the Executive Director this 22nd day of January, 2020.

Attest:

Anne W. Burt, Chair

Clinton P. Gridley, Executive Director

 HOUSING & REDEVELOPMENT AUTHORITY DIRECTIVE	Adopted: 3-9-11 Revised: 5-23-18, <u>1-22-20</u>	Number: HRAD-1.2
	Chair:	Executive Director:
	For: Housing & Redevelopment Authority Board	
	Subject: HRA Loan Program Delinquency Policy	

PURPOSE:

The purpose of this policy is to provide guidance and procedures related to loans issued by the City of Woodbury Housing and Redevelopment Authority (HRA) that enter a state of delinquency due to non or incomplete payment. The HRA desires to work with delinquent borrowers to assure the viability of its loan portfolio and views the foreclosure of a mortgage as a worst case scenario to be reserved for extreme occasions.

Loans extended by the HRA are evidenced by a Promissory Note with payment secured by a Mortgage complying with generally accepted mortgage finance practices. If the full amount of a monthly payment is not received on the date it is due, the loan is considered to be in default. Additionally, if the full amount of any monthly payment has not been received by the end of five-ten calendar days after the date it is due, the borrower is charged a penalty of five percent (5.0%) of the overdue amount.

PROCEDURES:

The following procedures are to be followed in the event that a loan enters default status. Currently, the Community Reinvestment Fund acts as the Servicer of the loans on behalf of the HRA. The Servicer reports a full file to Equifax-one or more credit monitoring bureaus thereby reporting both current and delinquent loan information.

1. 10 to 15-Day Delinquency Actions. If a payment is not received on the due date, the Servicer shall send the borrower a collection letter requesting the payment on or approximately 10 to 15 days after the due date.
2. 30-Day Delinquency Actions. If the payment is not received after 30 days of delinquency, the Servicer will attempt to contact the borrower by telephone and request payment. Collection letters will continue to be sent to the borrower every two weeks until the loan is 60 days past due.
3. Promise to Pay. If at any point in time during the first 60 days of delinquency the borrower who is in default makes a promise to pay and informs the Servicer of when and how the default will be cured, collections letters and phone calls shall cease.
4. 60-Day Delinquency Actions. If the default has not been cured and a promise to pay has not been made within the first 60 days of delinquency, a representative of the HRA shall instruct the Servicer to contact any superior lienholders on the property to investigate the status of those senior loans.

5. Pre-Collection Status. After 90 days delinquent borrowers will be sent a letter notifying them that they are being placed in a pre-collection status and will have 10 days to pay.
6. Referral for Collection. If no payment has been received after the 10 day pre-collection status has expired, and the delinquent borrower has not made a promise to pay and informed the Servicer of when and how the default will be cured, the delinquent account shall be referred to the HRA Executive Director. For loans with delinquency amounts not exceeding \$5,000, the Executive Director shall (a) refer the loan to the City of Woodbury's collection agency, (b) refer the loan to the City Attorney, or (c) instruct that the HRA's officers or representatives make direct contact with the borrower, seeking to rehabilitate the loan. The Executive Director, in consultation with the City Attorney, shall have the authority to modify the payment terms of the loan to assist the borrower in curing the default. All loan modifications or rehabilitation arrangements shall be documented and executed by both the Executive Director and the borrower. -For loans with a delinquency amount exceeding \$5,000, the Executive Director shall consult with the HRA Board of Commissioners prior to referring the loan to the City Attorney.
7. Revenue Recapture. Loans with (a) a delinquency greater than 90 days, (b) that are not the subject of a pending rehabilitation arrangement, and (c) involve a borrower that is a Minnesota resident should also be submitted to the Minnesota Department of Revenue's revenue recapture program.
8. Foreclosure. Foreclosure will be considered only after exhausting all other collection efforts and remedies. The HRA will only initiate foreclosure proceedings upon a formal vote of the HRA's Board of Commissioners. The vast majority of the HRA loans are in junior position and as such foreclosure proceedings are not always the most effective tool in such a scenario.
- ~~8.9.~~ Discretion to Deviate. The procedures contained in paragraphs 1 through 8 above are intended to provide an element of uniformity and consistency to the handling of delinquent loans. However, the HRA recognizes that not all delinquencies are similar in nature and certain situations might warrant deviating from said procedures for reasons that cannot necessarily be predicted or contemplated within a rigid procedure. To that end, the HRA Executive Director may direct staff or the HRA's Servicer to deviate from the procedural requirements contained in paragraphs 1 through 8 if the HRA Executive Director determines that such deviation is reasonable under the circumstances and makes sense from the standpoint of fiscal responsibility.
- ~~9.10.~~ Cease Communications Upon Request. If at any point during the collection process the borrower provides a written notice to Servicer or the HRA requesting no further communications from Servicer, Servicer shall immediately cease all communications to borrower.
- ~~10.11.~~ Debt Validation. If the borrower disputes or requests validation of the debt, Servicer shall provide borrower with a written validation of the debt pursuant to the requirements of the Fair Debt Collection Practices Act prior to initiating further contact with the borrower or continuing with any collection or enforcement activity.

11.12. Compliance with Relevant Laws. At all points following a default by a borrower, Servicer shall comply with all federal and state laws and regulations in the collection of the debt.

Adopted by the Woodbury Housing and Redevelopment Authority on ~~May 23, 2018~~January 22, 2020 – HRA Resolution No. ~~18-0320-04.~~

 HOUSING & REDEVELOPMENT AUTHORITY DIRECTIVE	Adopted: 3-9-11 Revised: 5-23-18, 1-22-20	Number: HRAD-1.2
	Chair:	Executive Director:
	For: Housing & Redevelopment Authority Board	
	Subject: HRA Loan Program Delinquency Policy	

PURPOSE:

The purpose of this policy is to provide guidance and procedures related to loans issued by the City of Woodbury Housing and Redevelopment Authority (HRA) that enter a state of delinquency due to non or incomplete payment. The HRA desires to work with delinquent borrowers to assure the viability of its loan portfolio and views the foreclosure of a mortgage as a worst case scenario to be reserved for extreme occasions.

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PROCEDURES:

The following procedures are to be followed in the event that a loan enters default status. Currently, the Community Reinvestment Fund acts as the Servicer of the loans on behalf of the HRA. The Servicer reports a full file to one or more credit monitoring bureaus thereby reporting both current and delinquent loan information.

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5. Pre-Collection Status. After 90 days delinquent borrowers will be sent a letter notifying them that they are being placed in a pre-collection status and will have 10 days to pay.
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7. Revenue Recapture. Loans with (a) a delinquency greater than 90 days, (b) that are not the subject of a pending rehabilitation arrangement, and (c) involve a borrower that is a Minnesota resident should also be submitted to the Minnesota Department of Revenue's revenue recapture program.
8. Foreclosure. Foreclosure will be considered only after exhausting all other collection efforts and remedies. The HRA will only initiate foreclosure proceedings upon a formal vote of the HRA's Board of Commissioners. The vast majority of the HRA loans are in junior position and as such foreclosure proceedings are not always the most effective tool in such a scenario.
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10. Cease Communications Upon Request. If at any point during the collection process the borrower provides a written notice to Servicer or the HRA requesting no further communications from Servicer, Servicer shall immediately cease all communications to borrower.
11. Debt Validation. If the borrower disputes or requests validation of the debt, Servicer shall provide borrower with a written validation of the debt pursuant to the requirements of the Fair Debt Collection Practices Act prior to initiating further contact with the borrower or continuing with any collection or enforcement activity.

12. Compliance with Relevant Laws. At all points following a default by a borrower, Servicer shall comply with all federal and state laws and regulations in the collection of the debt.

Adopted by the Woodbury Housing and Redevelopment Authority on January 22, 2020 – HRA Resolution No. 20-04.