

TO: St. Cloud HRA Board of Commissioners  
FROM: Louise Reis, Executive Director  
DATE: June 18, 2024  
SUBJECT: Apartment Building Tour – Grace McDowall Apartments

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**Requested Action:** No action requested.

**Background:** On Wednesday, June 26, 2024 at 5:00 pm, we will meet at the Grace McDowall Apartments located at 1525 Northway Drive, St. Cloud for a tour of the apartment building. You can park on Stockinger Drive that is adjacent to the apartment building parking lot. Please see the attached map. We will meet in the front of the building. The property manager, Brenda Goldenstein will conduct the tour.

After the Grace McDowall tour, we will hold the regular St. Cloud HRA Board meeting in the Community Room at the Grace McDowall Apartments.

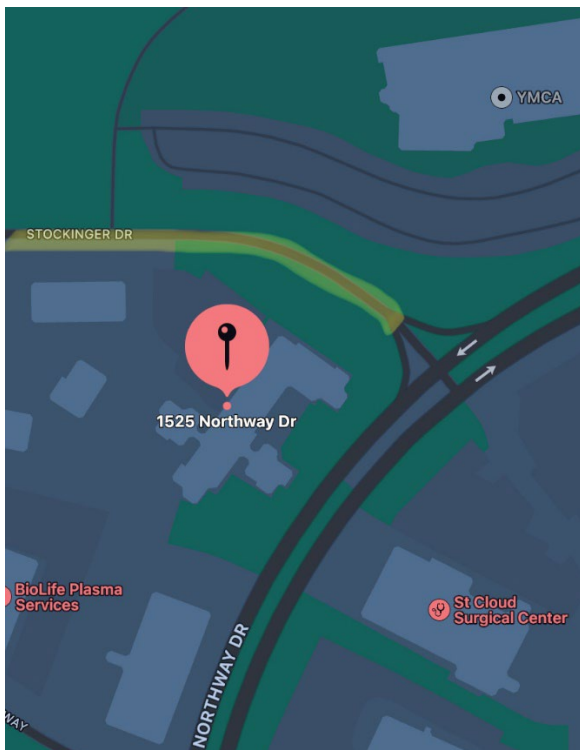
**Frequency of Request:** n/a

**Related Actions:** None.

**Future Action:** None.

**Relationship to Goals:** Goal #2 – The St. Cloud HRA will promote fair housing and assure high performance in HRA properties and housing subsidy programs.

**Budget Impact:** No budget impact.



\*Parking for the tour and the meeting is available on Stockinger Drive

**REGULAR MEETING OF THE  
ST. CLOUD HRA BOARD OF COMISSIONERS**

**Grace McDowall Apartment, Community Room,  
1525 Northway Dr, St. Cloud, MN 56303  
Wednesday, June 26, 2024  
*Immediately following 5:00 p.m. Study Session***

<b>STUDY SESSION -- 5:00 P.M., Grace McDowall Apartments, 1525 Northway Dr, St. Cloud, MN 56303 AGENDA: Grace McDowall Apartment Tour</b>
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**Mission Statement: To enhance the communities we serve by providing  
housing opportunities, fostering stability, and promoting neighborhood revitalization.**

**Regular Meeting Agenda:**

1. Roll Call and Pledge of Allegiance.

**Consent Agenda:**

2. Approval of Agenda. REQUESTED ACTION: Approve.
3. Approval of Study Session Minutes, May 29, 2024. REQUESTED ACTION: Approve.
4. Approval of Regular Minutes, May 29, 2024. REQUESTED ACTION: Approve.
5. Set Date for Public Hearing for PHA (Public Housing Agency) Plan. REQUESTED ACION: Approve.
6. Approval of Creating Deputy Director Position and Starting the Hiring Process. REQUESTED ACTION: Approve.

**Open Forum:** At this time members of the public may address the Board with questions, concerns, or comments (regarding an item NOT on the agenda). Citizens are asked to sign up to speak prior to the Open Forum portion of the meeting. Speakers will be limited to the first five citizens who sign up. The Board members will not ask questions of the speakers, but rather refer the matter to the Administration with a request for a follow-up report. A citizen may speak at the Open Forum only twice during the year. Open Forum is limited to a total of 10 minutes. TIME LIMIT IS 2 MINUTES PER PERSON.

**Old Business:**

7. A. Approval of Resolution 2024-10 on Brokers Opinion, Sale and Donation of Property Located at 1530 and 1618 Pine Cone Road.  
B. Approval of Letter of Support and Amended and Restated Exclusive Letter of Intent.

**New Business:**

8. Approval of Performance Management Consultant Contract.
9. Approval of Application to Minnesota Housing for Community Homeownership Impact Funds.
10. Report on Activities.

**Open Discussion:**

**Adjourn.**

**ST. CLOUD HOUSING & REDEVELOPMENT AUTHORITY  
STUDY SESSION**

**Wednesday, May 29, 2024**

A Study Session for the St. Cloud HRA Board of Commissioners was held on Wednesday, May 29, 2024. Chair Nancy Gohman called the meeting to order at 5:00 p.m. Commissioners present: Mike Conway, John Dvorak, Seal Dwyer, and Nancy Gohman. Commissioners absent: George Hontos, Hani Jacobson, and Carol Lewis.

Guest: Rebecca Petersen, CPA, Director at Redpath and Company.

Louise Reis, Executive Director, introduced Rebecca Petersen, CPA from Redpath and Company to review the 2023 Annual Financial Report and Management Letter with the Board and answer any questions or concerns they may have.

Ms. Petersen moved to page 7, *Independent Auditor's Report*. Ms. Petersen stated it is the responsibility of management to prepare the financial statements and maintain internal controls in doing so. She said it is Redpath's role to express an opinion on the statements. Ms. Petersen stated a clean, unmodified opinion was issued; it is the highest level of assurance auditors can provide.

Ms. Petersen continued with page 20 of *Basic Financial Statements*, pointing out the St. Cloud HRA has a healthy cash balance. Chair Gohman asked how the St. Cloud HRA compares to other housing authorities. Ms. Petersen responded the metrics can be different depending on how an HRA functions and which programs they offer, but the St. Cloud HRA's debt position is low and there is less outstanding debt than 20 years ago, and that is not always the case with other housing authorities.

Next, on page 23, Ms. Petersen said *Statement 2* shows a change of net position around \$600,000, due to depreciation but it is not an expense or cash loss. She also pointed to operating grants and subsidies that included additional Federal funding with increased housing assistance.

Commissioner Carol Lewis arrived at 5:08 p.m.

On page 30, Ms. Petersen stated she likes to point out resources available to the organization that are being held by the authority. Commissioner Conway asked if there is a threshold HUD expects about the amount of money in reserves. Ms. Petersen said they look at the reserves, but it depends on the property or function the reserves are associated with.

Next, the *Minnesota Legal Compliance Report* on page 43. Ms. Petersen explained this report is a requirement from the Office of the State Auditor. Ms. Petersen pointed that in previous years, the HRA failed to comply with the provision of the contracting and bidding section of the Minnesota Legal Compliance Audit Guide for Other Political Subdivisions relating to group insurance. In 2023, the HRA resolved the finding by receiving bids for group health insurance, but another item was found during routine testing. There are certain compliance items in projects that are looked at, including a certification that the contractors have followed MN income tax withholding rules before a final payment is issued on a project. Ms. Petersen said during one project it was found the certification was not obtained, which creates a finding, but it has not been identified previously and it is believed to be an oversight on a single project.

Ms. Petersen moved on to the reports on pages 47 to 59. She stated Redpath does not audit internal controls and financial reporting, but they are required to understand said controls to perform their audit. During the audit, they did not identify any findings. Ms. Petersen said additional file testing was performed for major programs, and, again, there were no findings. The *Summary of Audit Results* indicated no reports or weaknesses found and the auditee qualified as a low-risk auditee.

Ms. Petersen then provided information about the final attachment: *Communication With Those Charged With Governance*. It is information the firm is required to communicate with management and the governing board.

She noted most of the report is template language and similar to the prior year, adding there were no new accounting standards implemented during 2023, but there is a new standard local government had to consider about IT arrangements. It says if someone has a long-term IT arrangement, local governments have to acknowledge there is a future expense associated with the agreement. It did not impact the Authority in 2023, but it may be considered in 2024 with a new software implementation. Commissioner Conway asked what is considered long-term, and Ms. Petersen said any arrangement over 12 months is considered long-term. Commissioner Lewis asked if the new software will be considered. Ms. Petersen said it needs to be considered only if it is material.

Ms. Petersen reported there were no difficulties completing the audit, and there were no corrected misstatements during the audit. Ms. Petersen thanked Ms. Rizer and her staff for the great work they do and the attention they put into the audit.

The Commissioners seconded Ms. Petersen by thanking Ms. Rizer and the other HRA staff for the hard work they put into ensuring a successful audit. There being no further discussion, the study session ended at 5:28pm.

ATTEST:

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Chair, Nancy Gohman

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Secretary, Hani Jacobson

**ST. CLOUD HOUSING & REDEVELOPMENT AUTHORITY  
REGULAR MEETING**

**Wednesday, May 29, 2024**

A Regular Meeting for the St. Cloud HRA Board of Commissioners was held on Wednesday, April 24, 2024 at 1225 West St. Germain Street. Chair Nancy Gohman called the meeting to order at 5:29 p.m. Commissioners present: Mike Conway, John Dvorak, Seal Dwyer, Nancy Gohman, and Carol Lewis. Commissioners absent: George Hontos and Hani Jacobson.

Consent Agenda:

1. Roll call was taken and the pledge of allegiance spoken.
2. Approval of Agenda – Commissioner Dvorak moved for approval; Commissioner Dwyer seconded the motion. All Commissioners voted in favor; the agenda and consent agenda moved as presented.
3. Approval of Study Session Meeting Minutes, April 24, 2024 – approved as presented.
4. Approval of Regular Meeting Minutes, April 24, 2024 – approved as presented.
5. Approval of Auditor’s Reports for the Year Ended December 31, 2023 – approved as presented.
6. Approval of Contract for Deck Replacement at Cedar Ridge Townhomes – contract approved with Brand Built Homes in the amount of \$92,500.
7. Approval of Contract for Scattered Site Central Air Conditioning Installation – contract approved with Augusta Plumbing & Heating in the amount of \$60,050.

Open Forum: Chair Gohman asked Ms. Reis, if any member of the public had requested to speak; Ms. Reis responded there were none.

Old Business:

8. Discussion on the 2023 Calls for Service – Officer Clark shared the 2023 calls for service report document that was discussed at the April meeting, and said the Amazon Lockers have been helpful at the properties to decrease thefts and is excited about additional units being installed at properties in the future. Ms. Reis added she hopes to hold a Study Session at Grace McDowall Apartments for the Board to see one of the lockers in person. Chair Gohman asked if Al Loehr will need a locker, and Officer Clark responded with how the property is set up, it is not necessary because the mailroom is tucked away and a locked door with fob access would be enough to deter package thefts. He then opened up the discussion Board for comments or questions.

Commissioner Conway asked Officer Clark what he needs from the Board or the HRA to continue being successful. Officer Clark said another officer would be an asset because there are significantly fewer calls when he is around or on call, plus when an officer is more familiar with the properties and the residents, the situation is less likely to escalate. Commissioner Dvorak asked how the partnership with the St. Cloud Police Department came about to being with. Ms. Reis responded the HRA and the police chief worked out a written agreement and there is a monthly reimbursement for the officer’s time. Ms. Reis said the HRA can look to see if financially the HRA can support another officer, and if the City of St. Cloud has another officer that can assist, as Officer Clark is often pulled for other situations. The Board thanked Officer Clark for his dedication and hard work.

New Business:

9. Public Hearing on Land Acquired from the City of St. Cloud – Ms. Reis recapped the City of St. Cloud shared they would be donating their parcel to the HRA. Ms. Reis advertised the Public Hearing for May and then during the June meeting the Restated and Amended Letter of Intent will be brought to the Board for approval.

10. Approval of Resolution 2024-08 – Authorization of Revised Housing Tax Credit Suballocator Joint Powers Agreement – Ms. Reis shared the agreement was previously approved during the March meeting, but Minnesota Housing has since updated dates and allocation amounts; all other information remains the same. Commissioner Conway moved for approval; Commissioner Dwyer seconded the motion. All commissioners voted in favor; the motion carried.

11. Approval of Resolution 2024-09 – Authorize Banking Services with Bremer Bank – Ms. Reis shared previously Finance Director, Karen Rizer, had put together a request for proposals that was posted on the HRA’s website and notice provided to eight local institutions, and five proposals were received back. Bremer Bank checked all the boxes the HRA was looking for in the RFP. Commission Dwyer asked if Liberty Bank submitted a proposal and Ms. Reis responded they had a partial submission, but were unable to fulfill all requested services. Commissioner Conway moved for approval; Commissioner Dvorak seconded the motion. All commissioners voted in favor; the motion carried.

12. Report on Activities – Ms. Reis shared NSPIRE training is being coordinated for local landlords under the Housing Choice Voucher Program on the inspection standards. Commissioner Conway asked if it is mandatory and Voucher Programs Manager, Lori Lygre, answered no, the HRA did not want to create an additional barrier because it can be difficult to attract landlords for the program. Chair Gohman asked Project Manager, Paul Soenneker, about the 20 people on the CDBG waiting list. Mr. Soenneker responded there is a lot of work on emergency projects right now with sewer issues. Chair Gohman asked how emergency projects are handled and Mr. Soenneker said they get bumped up accordingly on the waiting list and addressed timely.

There being no further business, the meeting adjourned at 6:08 p.m.

ATTEST:

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Chair, Nancy Gohman

\_\_\_\_\_  
Secretary, Hani Jacobson

TO: St. Cloud HRA Board of Commissioners  
FROM: Louise Reis, Executive Director  
DATE: June 17, 2024  
SUBJECT: Set Date for Public Hearing for PHA (Public Housing Agency) Plan

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**Requested Action:** Set date for the public hearing for the PHA Plan for the FY 2025 for Wednesday, August 28, 2024.

**Background:** The Department of Housing and Urban Development requires that all public housing authorities update their agency plan annually. The agency plan contains policies with regard to admissions, occupancy, maintenance, rent determinations, and capital improvements for public housing and policies for the Housing Choice Voucher program.

**Frequency of Request:** The PHA Plan must be updated annually.

**Related Actions:** The HRA Board of Commissioners approved the first PHA Plan in 2000.

**Future Action:** The public hearing will be held on Wednesday, August 28, 2024. I will provide a brief overview of the plan which will include the capital improvements. If no issues arise at the public hearing, I will be asking for approval of the plan.

**Relationship to Goals:** Goal #2 –St. Cloud HRA will promote fair housing and strive for high performance in HRA properties and housing subsidy programs.

**Budget Impact:** The PHA Plan needs approval in order for the St. Cloud HRA to receive funding from the Department of HUD.



TO: St. Cloud HRA Board of Commissioners  
FROM: Louise Reis, Executive Director  
DATE: June 18, 2024  
SUBJECT: Approval of Creating Deputy Director Position and Starting the Hiring Process

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**Requested Action:** Approval of creating Deputy Director position and starting the hiring process.

**Background:** The Deputy Director position is being created to prepare for a successful transition when the current Executive Director retires. The Personnel Committee reviewed the attached job description and recommended bringing forward to the Board for approval. The plan is to begin advertising the position within the next few weeks.

**Frequency of Request:** One time.

**Related Actions:** None

**Future Action:** The Personnel Committee and Board will be involved with the hiring process.

**Relationship to Goals:** Goal #4 – The St. Cloud HRA will make efficient use of funding, technology and personnel resources.

**Budget Impact:** The 2024 estimated cost of approximately \$45,000 was included in the 2024 Central Office Cost Center (COCC) operating budget.

TO: St. Cloud HRA Board of Commissioners

FROM: Louise Reis, Executive Director

DATE: June 18, 2024

SUBJECT: Approval of Resolution 2024-10 on Brokers Opinion, Sale and Donation of Property Located at 1530 and 1618 Pine Cone Road

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**Requested Action:** Approve Resolution 2024-10 on Brokers Opinion, approve sale and donation of property located at 1530 and 1618 Pinecone Road along with authorization for Executive Director to sign closing documents.

**Background:** At the April 2024 HRA Board meeting, the board approved the Letter of Intent for the sale and donation of the parcel of land located at 1618 Pine Cone Road to Central Minnesota Housing Partnership. On May 6, 2024, the City of St. Cloud requested authorization from the City Council to sell the adjoining parcel to the St. Cloud HRA as part of the local contribution to the developer's housing application. The HRA Board of Commissioners held a public meeting on May 29, 2024 regarding the parcel of land located at 1530 Pine Cone Road with the intent to request approval of the broker's opinion of value and an amended and restated letter of intent after the city council approves the easement vacation at their June meetings.

We are requesting the St. Cloud HRA Board of Commissioners to: 1) approve Resolution 2024-10 - Brokers Opinion on the value of the land, 2) approve Letter of Support, 3) approve the sale and donation of the land as outlined in the Amended and Restated Exclusive Letter of Intent, and 4) authorize the Executive Director to sign closing documents.

**Frequency of Request:** Once.

**Related Actions:** None.

**Future Action:** None.

**Relationship to Goals:** Goal #1 – The St. Cloud HRA will be an active partner in neighborhood/community concerns regarding housing and neighborhoods.

**Budget Impact:** The HRA is foregoing the option to sell at market value and recover costs in order to further the construction of affordable housing in St. Cloud. The HRA will likely issue housing bonds for this project which would result in future revenue for housing needs.

**RESOLUTION 2024-10**

**A RESOLUTION AUTHORIZING TO ACCEPT A BROKER OPINION OF VALUE TO  
CALCULATE A CONTRIBUTION AMOUNT TO SUPPORT THE ST. CLOUD APARTMENTS  
SENIOR HOUSING PROJECT**

**WHEREAS**, Central Minnesota Housing Partnership (CMHP) is working on a proposal to be submitted to Minnesota Housing for senior housing in the city of St. Cloud, and

**WHEREAS**, CMHP plans to construct a 58-unit apartment building, and


**WHEREAS**, there is a need for senior housing in St. Cloud;

**AND WHEREAS**, the project will be successful in filling the needs of senior housing, which is supported by the Preliminary Analysis for senior apartments which was prepared by Market Analyst Professionals.

**NOW THEREFORE BE IT FURTHER RESOLVES**, the HRA Board of Commissioners accepts the Broker Opinion of Value provided by SVN GC Real Estate on March 28, 2024, which states the current market value of the city owned parcel 82.50095.0837 as \$92,575. The HRA is approving a sale price of \$1.00. The reduced sales price reflects a donation to the project of \$92,574.

Adopted this 26th day of June, 2024.

ATTEST:

  
\_\_\_\_\_  
Chair, Nancy Gohman

\_\_\_\_\_  
Secretary, Hani Jacobson



March 28, 2024

City of St. Cloud, Minnesota  
1201 7<sup>th</sup> Street South  
St. Cloud, MN 56301

*and*

St Cloud Housing and Redevelopment Authority  
1225 West St Germain Street  
St. Cloud, MN 56301

RE: Broker's Opinion of Value of **.8 acres of Parcel 82.50095.0837** as depicted on the attached **Exhibit A**. The following research supports my opinion that the current market value of this property is approximately \$2.80 per square foot, or **\$97,575** as a high-density multi-family project site (18-21 units per acre).

Dear Sir/Madam,

There are generally three approaches to value utilized in the real estate appraisal industry, defined as follows:

**THE REPLACEMENT COST APPROACH TO VALUE.** This is most aptly used when the property is improved with structures. This method would value the land and the cost to replace the structure, and depending on the age of the structure it would be depreciated by some measure.

**THE INCOME APPROACH TO VALUE.** This is most useful in the case of investment property. In short, an income stream is capitalized based on market conditions.

**THE COMPARABLE SALES APPROACH TO VALUE.** This method compares similar type properties that have sold recently.

For the purpose of valuing this land, the **COMPARABLE SALES APPROACH TO VALUE** is the most appropriate and because there are no structures on the property and there's no income stream, the other two approaches are not appropriate.

Central Minnesota multifamily land sales were robust in the years prior to 2023, but have slowed significantly due to the interest rates nearly doubling in the last 18 months. However, I was able to find three multifamily land sales in the St. Cloud market that are currently under construction or are slated for construction in the future. The sales summaries are attached as Exhibits B, C and D. Descriptions of the sales are as follows:

**Exhibit B:** This sale closed December 20, 2023. The seller was KwikTrip, Inc. and the buyer was Torborg Builders. Torborg owns other real estate in the neighborhood and this was surplus property that KwikTrip purchased when they developed their store located at County Road 120 and County Road 4 in Northwest St. Cloud. The site is just over 3 acres and Torborg paid \$400,000, or three dollars (\$3) per square foot. Torborg's plan is to build high-density apartments in the future. I would note that the site was improved with a concrete drive and the required on-site ponding is finished. I would make an adjustment of \$0.50 per square foot for these improvements, for a net sale price of \$2.50 per square foot.

SVN GC Real Estate | 3900 Roosevelt Rd STE 125, St. Cloud, MN 56301

Office: 320.253.0003 | Fax: 320.253.0006 | WWW.SVNGCRE.COM

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**Exhibit C.** This sale closed December 9, 2022 and consisted of a second phase of construction by Kuepers Inc. The purchase was 20 acres but only 12 were buildable, the remainder being wetland. In addition to the \$1.2 million price paid, Kuepers Inc. installed approximately 600 feet of city street at a cost of approximately \$300,000. So, the true cost was \$1.5 million which calculates to \$2.86 per buildable square foot.

**Exhibit D.** The third comparable sale closed September 15, 2021 and consisted of 19.7 acres along Highway 15 in South St. Cloud. This is a high profile site and I believe the buyer paid somewhat of a premium because it was the replacement property in a 1031 exchange. Buyers are typically willing to pay premium to defer capital gains tax. The \$2,866,000 price equates to \$3.34 per square foot. For the superior location to the subject and the premium paid I would adjust this comparable to three dollars (\$3.00) per square foot.

Thus, in summary I did make a location adjustment for the third comparable sale, but I feel the other two are relatively similar in terms of location. In addition, the sales are all located within the City of St. Cloud, (as is the subject property), so they all would have the same development soft costs for multifamily construction. Finally, I did not adjust sales C and D for the age of the sales because I believe any increase would be offset by the recent escalation of sewer access (SAC) and water access (WAC) charges in the city of St. Cloud. These costs are significantly increasing in 2024 and 2025.

The sales average \$2.78 per square foot which I've rounded to \$2.80, or \$97,575 for the subject parcel.

Please feel free to call to discuss.

Best regards, — DocuSigned by:

*Michael Bobick*

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Mike Bobick, Broker, CCIM  
direct 320-257-3722  
cell 320-333-2692

June 26, 2024

Central Minnesota Housing Partnership, Inc.  
Deanna Hemmesch, Executive Director  
24707 County Rd 75  
St. Augusta, MN 56301

RE: St. Cloud Senior Apartments  
Commitment of Financial Support

Dear Ms. Hemmesch:

On behalf of the St. Cloud Housing and Redevelopment Authority (HRA) and the HRA Board of Directors, I am writing this letter of support for the Central Minnesota Housing Partnership's proposal to create affordable rental housing for seniors in our community.

At its meeting on April 24, 2024 and June 26, 2024, the HRA Board of Directors reviewed and endorsed the St. Cloud Apartments housing development proposal that proposes 58 units of affordable housing for senior households, with the 58 units being a mix of one and two bedroom units. This endorsement is based upon the findings that the project will meet a locally identified housing need and is confirmed by the Preliminary Analysis for senior apartments which was prepared by Market Analyst Professionals.

As part of its endorsement of the project, the HRA Board of Directors confirms the receipt and acceptance of the Broker Opinion of Value provided by SVN GC Real Estate on March 28, 2024 for a second parcel of land. The Broker Opinion of Value states the current market value of the second parcel of land (parcel number 82.500095.0837) as \$97,575. The HRA is approving a sale price of \$1.00. The reduced sales price reflects a donation to the project of \$97,574.

The HRA endorsement is evidenced by the HRA Board of Directors approval of Resolution 2024-10, a copy of which is included with this letter.

Sincerely,

Louise Reis  
Executive Director

**AMENDED AND RESTATED  
EXCLUSIVE LETTER OF INTENT**

**The Housing and Redevelopment Authority of St. Cloud, Minnesota**, a public body corporate and politic of the State of Minnesota, and **St. Cloud HRA Holdings, LLC**, a Minnesota limited liability company (collectively, the “**HRA**”) and **Central Minnesota Housing Partnership, Inc.**, a Minnesota nonprofit corporation, or its assigns (“**CMHP**”), enter into this Amended and Restated Exclusive Letter of Intent (this “**LOI**”) effective as of \_\_\_\_\_, 2024 (the “**Effective Date**”).

**RECITALS**

- A. The HRA and CMHP previously entered into an Exclusive Letter of Intent dated effective as of April 24, 2024 (the “**Original LOI**”).
- B. The HRA and CMHP have agreed to amend and restate the Original LOI in its entirety.
- C. The HRA owns vacant real property located at 1618 Pine Cone Road in the City of St. Cloud, Minnesota (the “**City**”), Parcel ID# 82.50095.0836 consisting of approximately 2.68 acres legally described as Lot 1, Block 1, Quail Meadows 6, Stearns County, Minnesota, and an adjacent approximately .80 acres which was subdivided by the City from PID#82.500095.0837 (Lot 2, Block 1, Quail Meadows 6, Stearns County, Minnesota) and conveyed to the HRA (collectively, the “**Property**”) both as generally shown on the site drawing attached as **Exhibit A** (the “**Site Drawing**”).
- D. CMHP intends on submitting an application to the Minnesota Housing Finance Agency (“**MHFA**”) for low-income housing tax credits (“**LIHTC**”) and/or housing infrastructure bonds (“**HIB**”) to develop an approximately 58-unit affordable multi-family housing project (the “**Project**”) on the Property.
- E. The actual development of the Project is dependent upon a variety of factors, variables and circumstances which are not now resolved nor known with sufficient clarity as to permit the parties to enter into a purchase agreement regarding the Property.
- F. The parties desire to summarize some of the key transaction terms the parties are proposing regarding the sale and acquisition of the Property to be included in a definitive agreement between the parties (the “**Purchase Agreement**”).

The purpose of this LOI is to summarize some of the significant terms and conditions of the Project and the Purchase Agreement between the HRA and CMHP for the proposed development of the Project. This LOI is not intended to limit the scope or provisions of the Purchase Agreement and, thus, terms and conditions other than those set forth herein may be agreed upon in the final Purchase Agreement.

- 1. **Inspections.** CMHP, its agents, representatives and contractors, shall have full and continuing physical access to the Property through the Closing Date without charge but at

CMHP's cost for CMHP's review, inspection, investigation and testing of the Property (the "**Inspections**").

2. **Property Information.** Within 10 business days following CMHP's request, the HRA will deliver to CMHP complete and correct copies of surveys, plats, real estate tax statements, covenants, restrictions, easements, environmental, engineering, geotechnical and soils reports and studies, wetland delineations or reports, zoning information, title insurance policies, governmental approvals, pending and levied assessments, notices or information pertaining to the condition or status of the Property, and all other documents which CMHP may reasonably request which are in the HRA's possession or control (the "**Property Information**").

3. **Title Commitment.** Within 10 business days following CMHP's request, the HRA will provide a commitment for an ALTA Owner's Title Insurance Policy issued by First American Title Insurance Company d/b/a Tri-County Abstract and Title Guaranty (the "**Title Company**") in a form and amount reasonably required by CMHP ("**Title Commitment**"). CMHP shall be responsible to obtain and pay for any owner's and lender's title insurance policies on the Property which CMHP desires to obtain.

4. **Sale of Property.** The HRA will sell and transfer the Property to CMHP, or its assigns, at the Closing for a purchase price of \$1.00 (the "**Purchase Price**") in return for assurances that the Project will be developed and used in the public interest described in the agreed documents. The HRA acknowledges that the Property's fair market value ("**Market Value**") exceeds \$1.00 and that the HRA will donate to CMHP and the Project that portion of the Market Value that exceeds the Purchase Price (the "**Donation**").

5. **Project Financing.** CMHP anticipates that the Project will be financed with a combination of LIHTC, HIB, capital contributions, loans and other funding applied for by CMHP to develop the Project.

6. **Contingencies.** CMHP's obligation to proceed with the Purchase Agreement and the acquisition of the Property will be contingent upon, among other things, all of the following:

- a. CMHP shall be satisfied with title to the Property;
- b. CMHP shall be satisfied in its sole discretion with its Inspections of the Property (including a survey, Phase 1 environmental report, geotechnical, engineering and building reports) and review of the Property Information;
- c. The HRA and/or the City shall have replatted the Property as Lot 1, Block 1, Quail Meadows 7, Stearns County, Minnesota and such replat shall be acceptable to CMHP;
- d. CMHP shall have obtained all final City, governmental and third-party approvals, permits and agreements required for the Project which CMHP believes are necessary in its sole discretion;



- e. CMHP shall have received a preliminary funding award of LIHTC, HIB and/or other required approvals from MHFA on terms satisfactory to CMHP in its sole discretion for the Project (the “**MHFA Approvals**”);
- f. CMHP shall have received a loan or loans for the Project in amounts and on terms acceptable to CMHP in its sole discretion;
- g. CMHP shall have entered into a limited partnership agreement with a LIHTC investor for the Project with terms acceptable to CMHP in its sole discretion, if applicable; and
- h. The HRA and/or the City shall have vacated the existing drainage and utility easements on the Property shown on the plat of Quail Meadows 6, Stearns County, Minnesota.

7. **Closing Date.** Closing will occur within 10 days following CMHP’s written notice to the HRA but no later than December 31, 2025, or such other date the parties agree upon (the “**Closing Date**”). The Closing shall take place at the Title Company’s office, or another mutually agreed upon location, or in accordance with escrow instructions provided by the parties, at a time the parties agree upon (the “**Closing**”).

8. **Closing Expenses.** CMHP shall pay all state deed tax, the cost of the Title Commitment, the cost to record the deed, any title insurance policy premiums, any mortgage registration taxes, and the Title Company’s closing fees and costs. The parties will each pay their own legal and accounting costs.

9. **Ownership Structure.** CMHP will form a wholly-owned limited liability company, a limited partnership or other entity (the “**Entity**”) to enter into the Purchase Agreement, purchase the Property and develop the Project. CMHP shall have primary responsibility for the management of the Entity and the Project. Upon formation of the Entity, CMHP will assign this LOI and any Purchase Agreement to the Entity.

10. **Transaction Costs.** The parties will each be responsible for all of their own costs and expenses incurred at any time in connection with pursuing or consummating this LOI, the Purchase Agreement and any other documents or any other transaction this LOI contemplates. The parties agree that neither party can be liable for expenses incurred or opportunities lost by the other in reliance on this LOI.

11. **Exclusive Negotiations.** The HRA understands that CMHP will be spending considerable time, effort and expense in preparing and submitting an application to MHFA for the MHFA Approvals and that receiving MHFA Approvals is necessary for CMHP to proceed with the Project and the Purchase Agreement. If CMHP receives MHFA Approvals before December 31, 2024, the HRA and CMHP will proceed diligently and in good faith to negotiate a mutually acceptable Purchase Agreement for the Project on or before August 31, 2025. If CMHP has not received MHFA Approvals by December 31, 2024, this LOI will automatically terminate, unless the parties agree to extend it. Prior to termination of this LOI and the execution

of a mutually acceptable Purchase Agreement, the HRA shall not negotiate with or enter into any agreement with any third party regarding the lease, purchase or development of the Project or any portion of the Property.

12. **Disclaimer.** This LOI is only an outline of the basic business terms for the Project and the Purchase Agreement, and except for Sections 10 and 11, is not a legally binding or enforceable agreement. Neither party will have any legal obligations with respect to the Project unless and until the parties execute a definitive, mutually acceptable Purchase Agreement.

13. **Counterparts; Signatures.** This LOI may be signed in counterparts, each of which shall be deemed an original, and electronic and emailed pdf signatures shall be sufficient for all purposes.

The HRA and CMHP have executed this Amended and Restated Exclusive Letter of Intent as of the Effective Date.

**HRA:**

**CMHP:**

**THE HOUSING AND REDEVELOPMENT  
AUTHORITY OF ST. CLOUD, MINNESOTA**

**Central Minnesota Housing Partnership,  
Inc.**

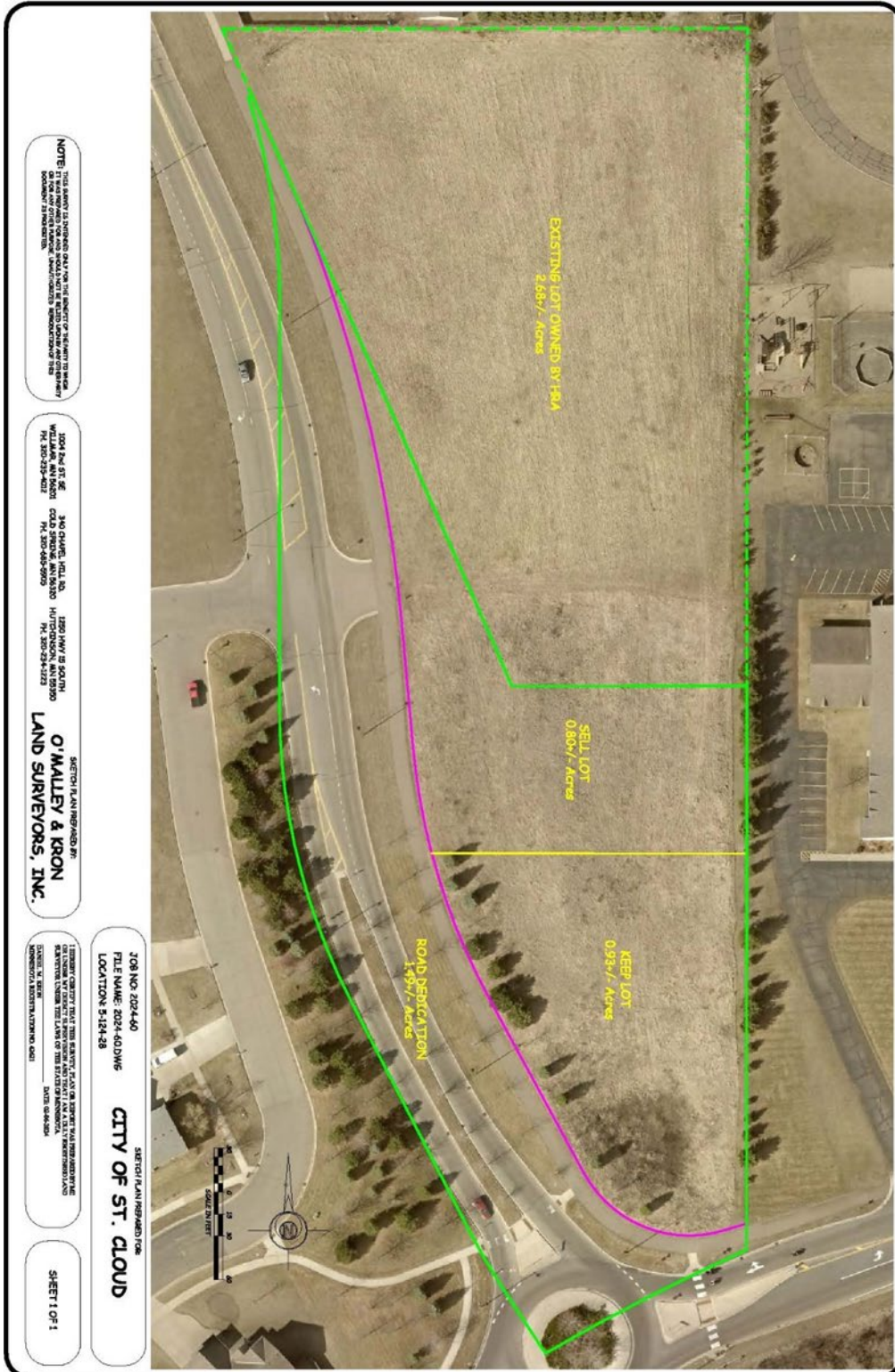
By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Deanna Hemmesch, Executive Director

**St. Cloud HRA Holdings, LLC**

By \_\_\_\_\_  
Its \_\_\_\_\_

# EXHIBIT A SITE DRAWING



TO: HRA Board of Commissioners

FROM: Louise Reis, Executive Director  
Karen Rizer, Finance Director  
Becca Gill, Administrative Service Manager

DATE: June 20, 2024

SUBJECT: Performance Management Consultant Contract

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**Requested Action:** Approval to enter into a contract with Gallagher for performance management services.

**Background:** Management requested RFPs from three providers of performance management consulting services. Two submitted formal proposals and only one proposer, Gallagher, is able to provide the complete package that the HRA is looking for.

Services to be provided under the contract would include:

- Development of performance management process and tool;
- Development of pay for performance merit guidelines; and
- Technology platform assessment and recommendations.

The total contract is \$50,500. There are two additional optional pieces for staff training and technology sourcing services totaling \$9,000, but at this time, management does not feel those services will be necessary.

It has been over 20 years since the current performance management process and tool was developed and implemented. The two main goals of this process are to develop performance management tools and merit guidelines that are meaningful to both the evaluator and the evaluatee, and that can be reasonably and consistently applied by management through an efficient process and platform. The current performance evaluation process is very time consuming for management.

The full Gallagher proposal was shared with the Personnel Committee, who recommended it be brought forward to the Board for consideration.

**Options:** Approve, deny, or table.

**Frequency of Request:** One-time

**Related Actions:** None.

**Future Action:** Review/approve Personnel Manual changes once a new plan is developed.

**Budget Impact:** This contract would be paid for by the HRA's Central Office Cost Center (COCC).

TO: St. Cloud HRA Board of Commissioners

FROM: Louise Reis, Executive Director

DATE: June 18, 2024

SUBJECT: Approval of Application to Minnesota Housing for Community Homeownership Impact Funds

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**Requested Action:** Approval of application to Minnesota Housing for Community Homeownership Impact Funds for the remaining lot on 19<sup>th</sup> Avenue North.

**Background:** The HRA plans to make an application to Minnesota Housing for value gap grant funds under the Community Homeownership Impact Funds. The Community Homeownership Impact Funds provides competitive funding to increase the supply of affordable, owner-occupied, single family housing. The request for \$150,000 in value gap grant funds will be for construction materials for a home on the remaining lot on 19<sup>th</sup> Avenue North. If grant funding is secured, staff will work with the St. Cloud Technical College construction classes to design and construct the home. Once the home is completed, it would be sold to a household with annual income at or under 115% of AMI. Due to the lot size, the home will be similar to the previous two constructed on 19<sup>th</sup> Avenue North.

**Frequency of Request:** N/A

**Related Actions:** None.

**Future Action:** Future actions would include grant agreement, and agreement with Technical College.

**Relationship to Goals:** Goal #1 – The St Cloud HRA will be an active partner in neighborhood/community concerns regarding housing and neighborhoods.

**Budget Impacts:** The house is expected to be sold at a break-even for the HRA. Should there be a net cost to the HRA, it would be funded from either the Housing Development Fund or Community Housing Fund.

TO: HRA Board of Commissioners  
FROM: Louise Reis, Executive Director  
DATE: June 20, 2024  
SUBJECT: Report on Activities

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**SEMAP:** We received notification that the Department of HUD gave the St. Cloud HRA a score of 97 out of 100 on the Section 8 Management Assessment Program (SEMAP) for the year ending 12/31/2023. The score lists our agency as a “High Performer”. The SEMAP information enables HUD to better manage and assess the Section 8 tenant-based program by identifying the HRA capabilities and deficiencies related to the administration of the program.

**Housing Choice Voucher Program:** During the month of May 2024, there were seven housing choice vouchers released. Two were voluntary release, one was at Zero HAP, three were for program violations and one voucher expired. None were over the age of 62.

As of May 31, 2024 – 81 Port In vouchers and 54 Port Out vouchers.

**CDBG Update:**

For the homeowner rehab program:

- 10 in construction
- 3 in bidding
- 1 in application stage
- 18 on waiting list

**Housing Department Vacancy Report – For the Month Ending May 31, 2024**

<b>Fund: Public Housing – 291 Units</b>			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>5/31/24</u>
Empire	89	1.35%	1
Wilson	126	2.21%	0
Scattered Sites	76	0.93%	1

<b>Fund: Section 8 New Construction – 162 Units</b>			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>5/31/24</u>
Germain	60	3.98%	3*
Grace/NWB	102	1.35%	0

<b>Fund: Tax Credit – 249 Units</b>			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>5/31/24</u>
Creeks	24	0.00%	0
Brownstones	12	0.00%	0
Swisshelm One	32	1.46%	0
Westwood One	32	4.02%	0
Swisshelm Two	32	6.35%	1
Westwood Two	32	4.20%	1
Riverside	85	1.09%	1

<b>Fund: Affordable Housing – 79 Units</b>			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>5/31/24</u>
Eastwood	18	6.82%	0
Loehr	61	1.29%	0
418 House	1	0.00%	0

- Two units rented 6/1/24 and the remaining one on 6/12/24