



GOODHUE COUNTY MINNESOTA

TO EFFECTIVELY PROMOTE THE SAFETY, HEALTH, AND WELL-BEING OF OUR RESIDENTS

Economic Development Authority

County Board Room- Government Center
509 West 5th St.
Red Wing, MN 55066

Tuesday, March 6, 2018
4:00 p.m.

1. Call To Order
2. Motion To Elect Chair
3. Motion To Elect Vice Chair
4. Motion To Appoint Members Of The County Board To The Board Of EDA
5. Motion To Appoint The County Attorney As The Attorney Of The EDA
6. Motion To Appoint Finance Director As The Treasurer Of The EDA
7. Review & Approve The EDA Board Meeting Agenda
8. Review And Approve The Previous Board Meeting Minutes.

Documents:

NOV 7 MINUTES.PDF

9. Lake City EDA 2017 Annual Report
[2017 ANNUAL REPORT](#)

10. Red Wing HRA 2017 Annual Report

Documents:

HRA REPORT.PDF
HRA PRESENTATION.PDF

11. Opportunity Zones Resolution Of Support

Documents:

OPPORTUNITY ZONE SUPPORT.PDF

12. Adjourn



GOODHUE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY

Tuesday, November 7, 2017- 4:30 p.m.

Goodhue County Board Room

Red Wing, MN 55066

Present: Commissioners: Brad Anderson, Paul Drotos, Jason Majerus, Byron Nesseth and Ron Allen

Moved by C/Anderson, seconded by C/Drotos, carried to approve the, April 4, 2017 minutes.

Moved by C/Majerus, seconded by C/Drotos, and carried to approve the EDA Board Agenda.

2018 CEDA Services Contract

Staff recommended approval of the 2018 CEDA Contract. The contract was based on hours used at a rate of \$44.85 per hour.

C/Allen suggested having CEDA look at the model the City of Red Wing uses for their 2040 meetings.

Motion by C/Majerus, second by C/Anderson, motion carried to approve the 2018 CEDA Services Contract.

2018 EDA Budget

Staff recommended the board approve the proposed 2018 EDA Budget with a levy request of \$21,994. This budget will be included in the overall county budget addressed by the board at their December 19, 2017 Board Meeting.

Motion by C/Drotos, second by C/Majerus, motion carried to approve the 2018 EDA Budget.

2017 EDA Summit Review

Ron Ziegler with CEDA could not be present at the meeting, however, submitted an informational update to the board on the 2017 EDA Summit held at the Mount Frontenac Golf Course in Frontenac this fall.

Moved by Dan King, seconded by C/Allen, carried to approve adjourn the November 7, 2017 EDA Board Meeting.

Respectfully Submitted,
Scott Arneson
Executive Secretary



RED WING HOUSING & REDEVELOPMENT AUTHORITY

428 WEST FIFTH STREET, RED WING, MN 55066

TELEPHONE (651) 388-7571

FAX (651) 385-0551

TDD/TTY 711

WWW.REDWINGHRA.ORG

March 6, 2018

To: Goodhue County EDA Board of Commissioners

From: Randal Hemmerlin, Executive Director

Re: 2017 Activities Report

Jordan Tower II

The \$3.9 million rehab of the Jordan Tower II is nearly complete. All windows are now replaced with the awning style windows which are easy to open, easy to clean and energy efficient.

Minnesota Housing Finance Agency (MHFA) has approved an additional \$1.75 million in a PARIF loan for Jordan Tower II to replace Post Tension cables and to repair a portion of the roof that had more water damage than we had anticipated in the earlier rehabilitation. The HRA contributed \$250,000 in equity from its cash reserves as leverage for this new loan. Work has begun in February and should be done by end of summer.

Jordan Tower I

The HRA applied for another Publically Owned Housing Program (POHP) loan for Jordan Tower I. The loan requested will be about \$644,000 with the HRA contributing \$215,000 from cash reserves and Capital Funds Program money. Estimated cost is \$859,000. This is for replacing the boilers in Jordan Tower I which are at the end of their lifecycle. If approved at the April MHFA Board meeting, this project will begin in 2018.

Section 8 Voucher Program

We have 138 vouchers issued as of January 2018 with one participant shopping for housing.

Average monthly assistance is \$430 per month.

We are receiving about \$64,000 per month in HCV funding and do not anticipate our funding to return to levels that will allow our allotted 169 vouchers to be funded. HUD just took us out of the "Shortfall" category and new vouchers may be issued in the near future. Portability is now being considered and we may be holding briefings for new issues of vouchers soon.

Bridges

Our Bridges program is currently at 10 vouchers. However, this may be reduced as our usage is exceeding our Bridges disbursement and we will run out of money for the contract. We are using about \$5,600 per month in funds for the program.

Shelter + Care Vouchers

We have nine vouchers of the Shelter + Care program issued and used. We are using about \$5,000 per month in federal assistance for these nine units. The new developed Shelter + Care Advisory Committee met for the first time in January.

Coordinated Entry

In both the Bridges and Shelter +Care programs, a change is being made on what is known as Coordinated Entry. We are still learning what this all means but it sounds like we will have a Regional selection committee who determines what applicants will be selected for housing with the Shelter + Care and Bridges programs.

Redevelopment Activities

2017 Small Cities Development Program (SCDP)

We have been approved for a \$407,000 deferred SCDP grant for Southwest Minnesota Housing Partnership (SWMHP) Trailside Apartments. SWMHP is assuming ownership of Trailside and Malmquist Apartments, two USDA RD Section 515 projects in Red Wing. Trailside Apartments will have substantial rehab of about \$2 million on their 48 units. The grant will be a deferred loan to SWMHP.

Small Cities Program Income Funds **Notes Receivable and Cash Reserves**

The HRA has about \$2 million in Small Cities Development Program Income loans on the books. The loans are mostly 0% interest; some older loans have interest accruing. About ½ of these loans will be forgiven in 10 years to the borrowers. The other half collected back over 10 years. The amortized repayments of about \$100,000 per year allow us to make two \$50,000 commercial rehab loans per year in a revolving loan fund.

Small Cities Program Income Loans closed in 2017

- Doerfingler Second Century LLC (Mike Keil) received an \$84,000 Small Cities Program Income (SCPI) loan for environmental remediation of 307 Main building, now housing Duluth Trading Company.
- West End Liquors, Inc. (Kip and Cathy Earney) received a \$50,000 SCPI loan for rehabbing their building in the Old West Main area.
- Steve and Kiki Gheen, Simple Abundance, received a \$15,000 SCPI Loan to purchase and install a handicap Accessible ramp for their store entrance on Bush Street. Fab One is the manufacturer

Pending SCPI Applications

Other loan applicants on hand at this time at \$50,000 each: Carlson Appliance, Ace Hardware and Nahorniak Properties, LLC. We expect to process and close the Carlson and Ace Hardware loans early this summer.

Affordable Housing Trust Fund (AHTF)

The AHTF Homebuyers Assistance Program has had five applicants since its initiation in fall of 2017. Applicants can receive up to \$9,000 assistance. Of these five, only one has been pre-approved for a bank loan. The others have been denied or considered as withdrawn due to inactivity.

The AHTF has \$203,842 as of December 31, 2017 and will be funded an additional \$100,000 in 2018.

The HRA has been contacted by a number of HRAs and EDAs in the State regarding the AHTF. The prospect of a \$2.1 million statewide match (\$200,000 for the first \$100,000 AHTF money) has other jurisdictions interested in establishing AHTFs.

Other HRA Activities

Keller Baartmann Properties IV, LLC Tax Increment Finance (TIF) Application

The HRA received a Housing TIF application from Keller Baartman Properties IV, LLC and has contracted with Springsted Inc. to perform a preliminary review. The review process is complete. The HRA Board is recommended the proposal move forward to the City Council on February 13.

The project will consist of 294 units in garden-style and town home style units. The buildings will be built in three phases. The TIF will be for 40% of the units to be rented at the 60% Area Median Income level and the remaining units at market rate. Fifty-six units are designated for senior housing. The request is for 26 years and at about \$4.4 million with a “pay as you go” note required. Total Development Cost is projected at just under \$46 million. The need has been established for the units in our 2014 Housing Needs Assessment.



RED WING HOUSING & REDEVELOPMENT AUTHORITY

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Goodhue County EDA Board of Commissioners

March 6, 2018

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Keller Baartmann Properties IV, LLC Tax Increment Finance (TIF) Application (Con't)

The City has a purchase option with the applicant on a piece of land at the corner of Tyler Road and Hewitt Boulevard as part of the overall proposal. The applicants are also requesting for monetary consideration for street development and SAC WAC charges.

Community Development Grants

The HRA approved two Community Development Grants in 2017. Goodhue County Habitat for Humanity received \$25,000 for reroofing up to six houses in Red Wing. The Friends of the American Ski Jumping received \$10,000 to be used for office equipment in their new location in Red Wing at 201 Plum Street.

MCPD Funds

Red Wing was able to use \$711,411 for five homes in 2017 from the Minnesota Community Participation funds (MCPD).

Transitional House at Hill Street

This three-unit project, financed by Minnesota Housing Publically Owned Transitional Housing Loans, has been vacated since March of 2017. The HRA had issued a Request for Proposals for a new service provider of transitional housing with no success in receiving any respondents. The HRA approached MHFA to allow us to change the designation of the housing from transitional housing to permanent housing. Out of that request, we are now reviewing a request by Three Rivers Community Action to use the three units for Rapid Rehousing. This is a hybrid between transitional and permanent housing. We will need MHFA's approval and so far this seems promising.

Southeast Minnesota Multicounty Housing and Redevelopment Authority (SEMMCHRA) Request for a Joint Powers Agreement

The HRA Board of Commissioners, on January 9, approved SEMMCHRA's request for a Joint Powers agreement to manage and operate Cooperidge Apartments in the Red Wing HRA's jurisdiction. A Joint Powers Agreement was a City condition for the use of the Private Activity Bonds from City of Goodview at the project.

Hail Damage

The Twin homes and the Women's Center roofs that were hail damaged have been repaired in late 2017.

Reserves as of November 30, 2017

Program	December 2017
Public Housing	\$296,973
Section 8 Vouchers (FSS and unrestricted only)	\$19,973
Redevelopment	\$765,176
Bridges	\$1,013
Small Cities Program	\$122,108
Jordan Tower II	\$261,754
Total	\$1,463,997

Note: In Redevelopment, \$250,000 will be transferred to Jordan Tower II for the leverage money for the new PARIF loan. These were funds received from the sale of two HRA owned single-family houses.

End of Year Budget Progress

Category	Budget	Actual	Variance
Revenues	\$4,347,963	\$3,947,604	-9%
Expenses	\$3,118,591	\$3,166,790	2%
Net Income	\$1,229,372	\$ 780,814	

Note: Income is down as we did not received a SCDP grant in the full amount we planned in 2017

Administration

The HRA Board of Commissioners approved a 2.5% Cost of Living Allowance (COLA) for staff salaries and wages for 2018. This increase is based upon information received from the City, County, BLS CPI and Social Security COLA.

Red Wing HRA Goodhue County EDA Report

March 6, 2018



Red Wing HRA Goodhue County EDA Report

March 6, 2018

Jordan Tower II

Substantial Rehab in 2017

- HOME and PARIF Loans from MHFA
 - \$3.7 million total
 - New windows, roof , bathrooms, common areas and so forth
- During construction, we discovered two new issues
 - Post Tension Rods
 - Roof damage
 - Additional \$2 million
 - \$1.75 million from PARIF
 - 250,000 from HRA equity



Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Jordan Tower I.

The HRA applied for a POHP loan.

- Replace the boilers in the Tower.
- Estimated cost may be up to \$859,000
- HRA would need to offer leverage of \$215,000
 - Challenge for the LRPH reserves.



Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Section 8 Voucher Program

- 137 vouchers issued as of December 31, 2017
 - We were up to 162 vouchers in 2017
- Allocation is about \$63,000 per month
- We experienced a significant drop in the budget.

Shelter + Care Vouchers

- Nine vouchers issued
- \$5,000 per month



Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Bridges Program

- 10 rental assistance units issued
- For people with mental health issues and homelessness
- \$5,600 per month
- City of Red Wing only

- Coordinated Entry
 - New
 - Regional selection of applicants for Bridges and S+C vouchers

Red Wing HRA Goodhue County EDA Report

March 6, 2018

Redevelopment

2017 Small Cities Development Program (SCDP)

- We received the \$407,000 for the SWMHP rehab loan for Trailside Apartments.

Small Cities Program Income Loans approved

- Doerflinger Second Century LLC at \$84,000
- Kip and Cathy Earney (West End Liquors) at \$50,000
- Steve and Kik Gheen (Simple Abundance) at \$15,000

Under Application pending funding

- Carlson Appliance
- Ace Hardware
- Nahoniak Properties, LLC



Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Redevelopment

Small Cities Program Income Notes Receivable:

The HRA has about \$2 million in Small Cities Development Program Income loans on the books. The loans are mostly 0% interest; some older loans have interest accruing. About ½ of these loans will be forgiven in 10 years to the borrowers. The other half collected back over 10 years. The amortized repayments of about \$100,000 per year allow us to make two \$50,000 commercial rehab loans per year in a revolving loan fund.



Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Affordable Housing Trust Fund

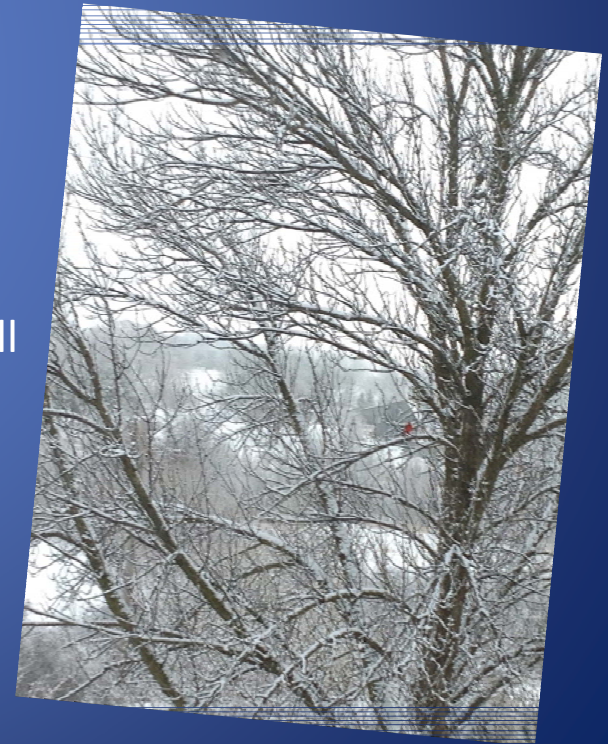
Homebuyers Assistance Program

- \$60,000 allocated for 2017 and 2018.
- Five Applicants
 - One is pre-approved at bank

The AHTF has \$203,842 as of December 31, 2017 and will be funded an additional \$100,000 in 2018.

SEMMCHRA

- HRA Board approved Joint Powers Agreement for Cooperidge apartments
- Meets City condition of Private Activity Bonds



Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Other Activities

- Hill Street Transitional Housing
- Requesting MHFA to allow us to rent to permanent housing tenants.
- Working with Three Rivers CAC on a Rapid Rehousing model



Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Reserves as of December 2017

Program	November 2017	December 2017
Public Housing	\$300,667	\$296,973
Section 8 Vouchers (FSS and unrestricted only)	\$6,876	\$16,973
Redevelopment	\$654,958	\$765,176
Bridges	\$7,000	\$1,013
Small Cities Program	\$117,548	\$122,108
Jordan Tower II	\$296,278	\$261,754
Total	\$1,383,328	\$1,463,997

Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Income Statement as of December 2017

Category	YTD (December)	Budgeted	Variance
Revenues	\$3,947,604	\$4,347,963	-9%
Expenses	\$3,166,790	\$3,118,591	2%
Net Income	\$780,814		

Red Wing HRA

Goodhue County EDA Report

March 6, 2018

Randal Hemmerlin, Executive Director

Red Wing HRA

428 West Fifth Street

Red Wing, MN 55066

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Scott O. Arneson
County Administrator
Goodhue County

~~509 W. Fifth St.~~
Red Wing, MN 55066
Office (651) 385.3001
Fax (651) 385.4873

To: EDA Board of Commissioners
Goodhue County Board of Commissioners

From: Scott O. Arneson

Date: February 28, 2018

Re: Resolution of Support for Opportunity Zones In Goodhue and Wabasha County

Background:

The Opportunity Zones Program was enacted as part of the 2017 tax reform package, which provides opportunities for private investment in low-income urban and rural communities. The Governor has until March 21, 2018 to submit to the US Treasury his recommended 123 tracts of the 491 identified within the state of Minnesota. Goodhue County is responsible for submitting an application to the Governor prioritizing the tracts within the county.

Summary:

The Minnesota Department of Employment and Economic Development has confirmed the eligibility of three census tracts located within Goodhue County and one tract located in Wabasha County. Staff representing each of the areas has met and determined rankings for the eligible tracts.

Recommendation:

Staff recommends the EDA Board and the County Board approve the following three eligible census tracts ranked highest to lowest priority for Opportunity Zones in the City of Red Wing, Goodhue County:

1. Tract 802
2. Tract 801.01
3. Tract 801.02

In addition, staff recommends working cooperatively with Wabasha County on their respective applications for Opportunity Zones.

RESOLUTION NO. 7211

A Resolution Establishing Local Priorities for Opportunity Zones in Red Wing

WHEREAS, the Opportunity Zone Program was created as part of the 2017 tax reform package in order to provide opportunities for private investment in low-income urban and rural communities; and

WHEREAS, Minnesota's Governor may forward 123 eligible census tracts to the US Treasury from a total of 491 eligible census tracts within the state that can become Opportunity Zones in Minnesota; and

WHEREAS, Goodhue County will complete an application to the Governor that will identify eligible census tracts by priority based on a recommendation from the City of Red Wing for its three (3) eligible census tracts within the city; and

WHEREAS, the city's eligible census tracts include: (1) Tract 801.01 with 65.9% of median household income and 14.1% poverty; (2) Tract 802 with 80.0% of median household income and 18.1% poverty; and (3) Tract 801.02 with no data but is contiguous to the two tracts above; and

WHEREAS, the City Council considered said matter at a meeting on February 26, 2018.

NOW, THEREFORE, BE IT RESOLVED, based on economic data and geographic opportunities for each census tract, the City Council makes the following conclusions:

1. The City Council prioritizes the three eligible census tracts for Opportunity Zones in the City of Red Wing, highest to lowest, as follows: (1) Tract 802, (2) Tract 801.01, and (3) Tract 801.02.
2. The City Council supports Goodhue County working cooperatively with Wabasha County on their respective applications for Opportunity Zones.

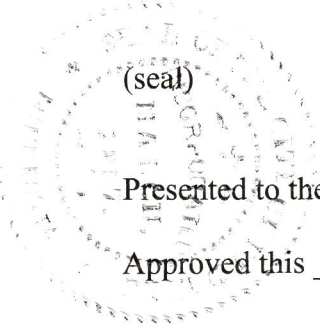
Adopted this 26th day of February, 2018, by the City Council of the City of Red Wing.



Kim P. Beise, Council President

ATTEST:

Teri L. Swanson
Teri L. Swanson, City Clerk



Presented to the Mayor at 8:22 p.m. on this 26th day of February, 20 18.

Approved this 26th day of February, 20 18.

Sean M. Dowse
Sean M. Dowse, Mayor

Barb Haley
State Representative
District 21A
Goodhue and Wabasha Counties



Minnesota House of Representatives

COMMITTEES:
EDUCATION INNOVATION POLICY
HEALTH AND HUMAN SERVICES FINANCE
HIGHER EDUCATION AND CAREER READINESS POLICY AND FINANCE

February 26, 2018

To Whom It May Concern:

On behalf of my constituents in Goodhue and Wabasha County, I would like to express my strong support for Opportunity Zone designation from the federal 2017 Tax Cut and Jobs Act for census tracts 490300, 490100, 080101 and 080200. The application is being submitted with support of Goodhue and Wabasha Counties and the cities in this corridor.

As State Representative for this corridor, I know that this designation will benefit the local efforts towards workforce development, daycare, and housing. This region is home to a manufacturing sector which can provide a strong public-private working relationship. Access to a highly-skilled workforce, affordable housing, and daycare options is integral to this corridor's ability to expand jobs and opportunities. Our business community and non-profit organizations all stand ready to work together to further these economic goals with a focus on equity and inclusion.

This Opportunity Zone designation for Wabasha and Goodhue County will go a long way to provide a positive impact in the growing economic development in the corridor.

I fully support this application for Opportunity Zone designation for census tracts 490300, 490100, 080101 and 080200 and will appreciate your consideration.

Sincerely,

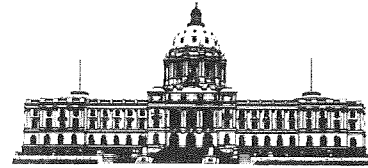
A handwritten signature in blue ink that reads "Barb".

Barb Haley
State Representative, 21A



Mike Goggin

State Senator
3203 Minnesota Senate Building
95 University Ave. West
St. Paul, MN 55155-1606
Office Phone: 651-296-5612
E-mail: sen.mike.goggin@senate.mn



Senate

State of Minnesota

Re: Support for Census Tracts 490300, 490100, 080101 and 080200 in Goodhue and Wabasha Counties for Designation as Opportunity Zones

2/23/2018

I am writing to convey my strongest support to designate census tracts 490300, 490100, 080101, and 080200 in Goodhue and Wabasha Counties as Opportunity Zones under the federal 2017 Tax Cut and Jobs Act. The Minnesota Department of Employment and Economic Development has already confirmed the eligibility of these tracts, which are located along the Mississippi River between Red Wing and Wabasha.

These areas are interconnected in many ways. For example, employers draw many employees from residents all along the corridor. Local governments and economic development organizations work together on projects that benefit the whole area, such as Baldy125 Olympic Ski Jump.

Our area has not experienced the resurgence from the most recent economic downturn that other communities have. Their location on one of the most attractive landscapes in the State, their commitment to economic prosperity, and collaborative approach to economic development all signal the probability that with designation as Opportunity Zones, these areas could quickly attract new investment capital.

I hope these four crucial tracts in Goodhue and Wabasha will receive the support of the U.S. Treasury. If I can be of any assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Mike P. Goggin".

Mike Goggin
Minnesota State Senator
District 21

February 23, 2018

Lake City EDA
Attn: Ms. Lisa Babington
205 West Center Street
Lake City, MN 55041

Dear Ms. Babington:

This letter is in support of Goodhue County's application for Census Tracts 80200 and 80101 to be designated as Opportunity Zones under the 2017 Tax Bill. SEMMCHRA is pleased to support this community initiative. SEMMCHRA, as is Lake City, is dedicated to assisting households with the goal of providing affordable, decent, safe, and sanitary housing.

SEMMCHRA supports this opportunity and looks forward to collaborating with Goodhue County to serve low to moderate income households within Goodhue County and surrounding communities. It is important for us to collaborate as much as we can in order to best serve our client's needs.

Goodhue County has SEMMCHRA's fullest support to apply for Census Tracts 80200 and 80101 to be designated as Opportunity Zones.

Sincerely,


Joseph P. Wheeler
Executive Director (ext. 206)

Mr. Michael Plante
Wabasha County Administrator
625 Jefferson Ave.
Wabasha, MN 55981

DATE

Re: Support for Wabasha County Application for Census Tract Designations as Opportunity Zones

Both Goodhue County and Wabasha County are submitting applications to designate eligible census tracts as Opportunity Zones as provided in the Federal 2017 Tax Cut and Jobs Bill. These counties are contiguous and work cooperatively on many area projects including Baldy125 Olympic Ski Jump and work to increase child care availability. Residents of both counties work across counties and eligible census tract lines, therefore our populations are linked economically.

While Goodhue County is submitting its own application to designate eligible census tracts as opportunity zones, we strongly support the application of Wabasha County. Designation of census tracts as Opportunity Zones in both counties could accelerate investment and economic growth across the communities from Red Wing to Wabasha along the Mississippi River.