

MINUTES

REDEVELOPMENT AUTHORITY OF THE CITY OF FOND DU LAC REGULAR MEETING WEDNESDAY, JUNE 20, 2012

City/County Government Center, Meeting Room D & E
7:30 a.m.

1. Teletzke called the meeting to order at 7:31 a.m. The meeting was held in Room D & E of the City/County Government Center, 160 S. Macy Street, Fond du Lac, Wisconsin.

2. Wegner called the roll

Present

Absent

Richard Ewald
Greg Giles
Mary Gilles
Lee Ann Lorrigan
Doug Teletzke

Karyn Merkel (excused)
Leo Udee (excused)

Wegner declared a quorum present

Staff in attendance:

Wayne Rollin, Community Development Director
Dyann Benson, Redevelopment Planner
Debbie Wegner, Community Development Specialist

Others Present:

None

3. Approval of Minutes

- A. Open and Closed Session Minutes from the Regular Meeting of May 16, 2012

Lorrigan made a motion to approve the minutes of the regular meeting of May 16, 2012. Giles seconded the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

4. New Business

A. Election of Officers

1. Chairman

Lorrigan nominated Doug Teletzke for Chairman. There were no other nominations.

Lorrigan made a motion to approve Doug Teletzke as Chairman of the Redevelopment Authority of the City of Fond du Lac. Gilles seconded the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

2. Vice Chairman

Teletzke nominated Leo Udee for Vice Chairman. There were no other nominations.

Teletzke made a motion to approve Leo Udee as Vice Chairman of the Redevelopment Authority of the City of Fond du Lac. Gilles seconded the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

B. Resolution No. 12-15 – A Resolution Approving a Subrecipient Agreement to Supplant the Designation Agreement Between the Redevelopment Authority and Fond du Lac County Economic Development Corporation for the Administration of the Economic Development Revolving Loan Fund

Benson reviewed that the US Department of Housing and Urban Development (HUD) conducted their on-site monitoring of the Economic Development Revolving Loan Fund (EDRLF) Program. As part of their review HUD provides a summary of their findings indicating items that were not compliant with CDBG regulations. The initial designation agreement that was executed between the Fond du Lac County Economic Development Corporation (FCEDC) did not meet the CDBG Subrecipient requirements. The key elements that were missing from the original agreement include:

- Detailed Scope of Services
- National Objective
- Administrative Requirement – Recordkeeping
- Environmental Conditions

She indicated that the City is ultimately responsible for ensuring compliance with CDBG regulations whether the activity is administered directly by City staff or by a subrecipient.

Lorrigan made a motion to approve Resolution No. 12-15. The motion was seconded by Gilles and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

C. Resolution No. 12-16 – A Resolution Approving an Amended Administration Fee for the Fond du Lac County Economic Development Corporation for the Administration of the Economic Development Revolving Loan Fund

Benson reviewed that the Fond du Lac County Economic Development Corporation (FCEDC) currently receives 5% of the Economic Revolving Loan Fund loan repayments as an administrative fee. As a result of HUD's monitoring visit and the required changes, the FCEDC is requesting an increase in the administrative fee from 5% to 7%. The increase in the administrative fee is reflective of the increase in work items to administer the program.

Lorrigan made a motion to approve Resolution No. 12-16. The motion was seconded by Giles and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

D. Resolution No. 12-17 – A Resolution Approving an Amendment to the City of Fond du Lac's Economic Development Revolving Loan Fund Manual of Policies and Procedures to Comply with Community Development Block Grant (CDBG) Regulations

Benson reviewed that the US Department of Housing and Urban Development (HUD) conducted their on-site monitoring of the Economic Development Revolving Loan Fund (EDRLF) Program. As part of their review HUD provides a summary of their findings indicating items that were not compliant with CDBG regulations. She indicated that one component of the corrective actions includes revising the EDRLF Manual of Policies and Procedures to be consistent with CDBG regulations. The changes can be summarized into the following areas:

- Low-and-moderate income job creation/retention
- Loan underwriting to include necessary and reasonable provisions
- Use of EDRLF proceeds and eligible costs
- Recordkeeping
- Loan application review and rating

Ewald made a motion to approve Resolution No. 12-17. The motion was seconded by Giles and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

E. Resolution No. 12-18 – A Resolution Authorizing the “Write-off” of Uncollectible Loans

Benson reviewed that the Comptroller’s office has requested that the RDA “write-off”, for accounting purposes, various loans which appear to be uncollectible. All of these loans involved foreclosures brought by the first mortgage holder and/or bankruptcy. In the case of bankruptcy, the Discharge of Debtor has been received which eliminates any repayment. In the case of Foreclosures, the RDA is typically in a second or third position. As such, any sale/purchase is not sufficient to repay the RDA loan. She also indicated that two of these loans were sold on a short sale and the RDA agreed to a reduced loan payoff amount. On Loan No. 00.20 no sale proceeds were received and on Loan No. 07.10 the authorized reduced loan payoff was \$3,000.

Lorrigan made a motion to approve Resolution No. 12-18. The motion was seconded by Ewald and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

F. Resolution No. 12-19 – A Resolution Awarding a Contract for the Demolition and Removal of Underground Storage Tanks at the Former Pinky’s Gas Station at 129 Forest Ave. to Guelig Waste Removal

Benson stated that staff has received quotes for the building demolition and underground storage tank removal for the property located at 129 Forest Ave. The Redevelopment Authority previously approved allocating \$75,000 in CDBG funds for the Brownfields Program. She stated the Phase I & Phase II Environmental Site Assessments are completed and that \$47,500 was available for demolition, tank removal and environmental remediation. If the remediation costs exceed the project balance, Benson indicated that a portion of the \$100,000 from the Public Facilities project could be redirected to the Brownfields project.

Gilles made a motion to approve Resolution No. 12-19. The motion was seconded by Lorrigan and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

G. Resolution No. 12-20 – A Resolution Authorizing the Reallocation of the PY2011 Community Development Block Grant (CDBG) Funds From the Owner – Occupied Housing Rehabilitation Loan Program to the Rental Rehabilitation Loan Program

Benson indicated that ADVOCAP, Inc. has requested assistance with rehabilitation items for three of their transitional/rental housing developments. These units are rented to individuals that receive case management and other supportive services from ADVOCAP and transition to more permanent and independent housing after approximately 12-18 months. She reviewed that ADVOCAP has been a great community partner with the City over the years. She indicated that \$39,000 from the grant funding for the Owner-Occupied Housing Rehabilitation Program could be transferred to the Rental Housing

Rehabilitation Program. She stated that City staff is recommending the transfer of funds due to the following:

- The Rental Rehab Loans will assist a community partner that has provided funding opportunities to the City, including HOME and Neighborhood Stabilization Program funds.
- CDBG assistance will further the goals and objectives of the Consolidated Plan by supporting affordable rental units within the City.
- The CDBG assistance will provide an opportunity to expend grant funds from PY2011 and assist with reaching the milestones in the City's Workout Plan and compliance with timeliness of expenditures.

Giles made a motion to approve Resolution No. 12-20. The motion was seconded by Ewald and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

H. Discussion Regarding Housing Rehabilitation Loan Program – Debt-to-Value

Benson reviewed that under the Housing Rehabilitation Loan Program guidelines, a homeowner's debt-to-value ratio (DTV) cannot exceed 80% unless the homeowner resides within the target area or has owned the home for less than two years, in addition to meeting other underwriting criteria. She indicated that through the pre-qualification process staff has found a few homeowners who exceed the 80% DTV ratio but do not qualify for the 100% DTV ratio. Staff is requesting the RDA to consider approval of 0% repayment loans to homeowners that exceed the 80% DTV ratio but are not eligible for the 100% DTV ratio. Repayment would be discontinued once the homeowner reaches the 80% DTV ratio.

It was the consensus of the Commissioners to support this program.

I. Reports

1. Project Spreadsheet

Benson reviewed the project spreadsheet.

J. Approval of Financial Statement

1. Redevelopment Authority Monthly Financial Statement – June 2012

Wegner reviewed the Monthly Financial Statement.

Lorrigan made a motion to approve the RDA monthly financial report as presented. Giles seconded the motion and the roll call was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

K. Adjourn into Closed Session

Lorrigan made a motion to adjourn into closed session. Ewald seconded the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

L. Reconvene into Open Session Immediately Upon Conclusion of the Closed Session

Lorrigan made a motion to reconvene into open session. Ewald seconded the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

M. Resolution No. 12-21 – A Resolution Approving Residential Rehabilitation Loans Under the Community Development Block Grant Program and/or HOME Programs

Gilles made a motion to approve Resolution No. 12-21. Lorrigan seconded the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

N. Action on the Review of Loan Application Which does not Meet Housing Rehabilitation Loan Program Guidelines

Giles made a motion to continue processing this loan application which does not meet the Housing Rehabilitation Loan Program guidelines. Lorrigan seconded the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

O. Action on Subordination Request on Loan Number 02.05

Gilles made a motion to deny the Subordination Request on Loan Number 02.05. Lorrigan second the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

P. Action on Possible Homestead Opportunity Program Sites

Benson stated that Fond du Lac County's hearing for tax foreclosures is scheduled for early July. Tax foreclosure represents an opportunity to acquire properties to donate to community partners such as ADVOCAP and Habitat for Humanity to support new homeownership opportunities for low-and-moderate income persons. She indicated that staff has expressed an interest in four properties. All four properties would be razed and either donated to a non-profit or offered to the adjoining property owners.

Gilles made a motion to move forward on the acquisition of these properties. Lorrigan second the motion and the roll call vote was as follows: Ewald, aye; Giles, aye; Gilles, aye; Lorrigan, aye; Teletzke, aye. Motion Carried.

5. Correspondence - None
6. Other Matters as are Authorized by Law
7. Motion to Adjourn

The Authority adjourned by unanimous consent at 9:06 a.m.

Respectfully submitted,

Debbie Wegner
Community Development Specialist

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**MINUTES
REGULAR MEETING
REDEVELOPMENT AUTHORITY OF THE
CITY OF FOND DU LAC**

**WEDNESDAY, JUNE 20, 2012
CLOSED SESSION**

Present

Richard Ewald
Greg Giles
Mary Gilles
Lee Ann Lorrigan
Doug Teletzke

Absent

Karen Merkel (excused)
Leo Udee (excused)

The Chairman declared a quorum present.

Staff in attendance:

Wayne Rollin, Community Development Director
Dyann Benson, Redevelopment Planner
Debbie Wegner, Community Development Specialist

Others in attendance:

None

Two loans being considered for approval under the CDBG and/or HOME Program were reviewed. A Loan Application which does not meet Housing Rehabilitation Loan Program guidelines, a subordination request and possible Homestead Opportunity Program Sites were discussed. The short sale on Loan No. 07.13 and the Blight Elimination project were also reviewed.

Respectfully submitted,

Debbie Wegner
Community Development