



# MINUTES

## REDEVELOPMENT AUTHORITY OF THE CITY OF STEVENS POINT

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<b>Date and Time:</b>	February 2, 2016 3:00 PM	<b>Location:</b>	City/County Building City Conference Room 1516 Strongs Avenue Stevens Point, WI 54481
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**Present:** Chairperson Schlice, Alderperson Phillips, Commissioner Cooper, Commissioner Molski, Commissioner Gardner, and Commissioner Dugan.

**Excused:** Commissioner Sawyer

**Also Present:** Executive Director Ostrowski, Mayor Mike Wiza, Comptroller/Treasurer Corey Ladick, Economic Development Specialist Kyle Kearns, City Attorney Andrew Beveridge, Alderperson Morrow, Todd Kuckkahn, Andrew Halverson, and Jason Blenker.

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1. Roll call.
2. Persons who wish to address the Board on specific agenda items other than a "Public Hearing" must register their request at this time. Those who wish to address the Board during a "Public Hearing" are not required to identify themselves until the "Public Hearing" is declared open by the Chairperson.
3. Public comment for pre-registered individuals for matters appearing on the agenda.

Discussion and possible action on the following:

4. Minutes from the November 10, 2015 Redevelopment Authority meeting.
5. Financial reports, claims, and statements from October, November, and December 2015.
6. Agreement with CAP Services, Inc. for the administration of the Housing Trust Fund (HTF) Revolving Loan Fund.
7. Request to transfer/assume a HTF loan for the property located 281 Washington Avenue.
8. Switching insurance carriers to Cities and Villages Mutual Insurance Company.
9. Enter into closed session (approximately 3:20 PM) pursuant to Wisconsin Statutes 19.85(1)(e) for the deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session, relating to the following:
  - a. Negotiating the terms of a development agreement(s) for a portion of the property at 1017 Third Street, Stevens Point, WI 54481.
  - b. Negotiating the terms of a development agreement for the property east of 1101 Centerpoint Drive, Stevens Point, WI 54481 (to be addressed 1117 Centerpoint Drive) and a portion of 1017 Third Street, Stevens Point, WI 54481.

- c. Negotiating the sale of land north of 1140 Main Street, Stevens Point, WI 54481.
  - 10. Reconvene into open session (approximately 3:50 PM) for possible action on the above.
  - 11. Adjourn.
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- 1. Roll call.

**Present: Schlice, Phillips, Cooper, Molski, Gardner, Dugan**

- 2. Persons who wish to address the Board on specific agenda items other than a “Public Hearing” must register their request at this time. Those who wish to address the Board during a “Public Hearing” are not required to identify themselves until the “Public Hearing” is declared open by the Chairperson.
- 3. Public comment for pre-registered individuals for matters appearing on the agenda.

**No one registered to speak.**

Discussion and possible action on the following:

- 4. Approval of the minutes from the November 10, 2015 Redevelopment Authority meeting.

**Motion by Alderperson Phillips to approve the minutes from the November 10, 2015 Redevelopment Authority meeting; seconded by Commissioner Dugan.**

**Motion carried 6-0.**

- 5. Financial reports, claims, and statements from October, November, and December 2015.

Executive Director Ostrowski stated there are no really significant changes. The current balance in the Housing Trust Fund checking account is about \$332,000.

**Motion by Commissioner Molski to approve the financial reports, claims, and statements from October, November, and December 2015; seconded by Commissioner Gardner.**

**Motion carried 6-0.**

- 6. Agreement with CAP Services, Inc. for the administration of the Housing Trust Fund (HTF) Revolving Loan Fund.

Executive Director Ostrowski explained historically CAP Services has administered our Housing Trust Fund as well as our CDBG Fund for housing rehab loans. We have not had any loans for a while other than with Habitat for Humanity. However, we would like to get an agreement on file with them just in case we do start moving forward with any new loans. CAP Services would take 10% origination fee.

Alderperson Phillips asked if we do all of the Habitat loans through the Redevelopment Authority, to which Executive Director answered they do have other sources as well, we just have done a number of loans with them. Executive Director Ostrowski indicated that there was a comment about changing the termination clause to 30 days for the renewal periods.

**Motion by Commissioner Gardner to approve the agreement with CAP Services, Inc. for the administration of the Housing Trust Fund (HTF) Revolving Loan Fund with the amendment that CAP notify the Redevelopment Authority at least 30 days prior to the automatic contract renewal date; seconded by Alderperson Phillips.**

**Roll Call: Yeas- Schlice, Phillips, Cooper, Molski, Gardner, Dugan.**

**Nays- None**

**Motion carried 6-0.**

7. Request to transfer / assume a HTF loan for the property located at 281 Washington Avenue.

Executive Director Ostrowski stated this is a loan that we had done back in 2006 that has some CDBG funds, as well as Housing Trust Fund dollars in the amount of \$54,000. The individual living in the home had passed away, and the daughter wishes to assume those loans. However, they will not be residing in the home, they intend to rent it. The families who would be living in the home would have to be income eligible. The request is to have the loans transferred to the daughter. They would be willing to start on monthly payments if the commission so wishes to proceed with that process.

Commissioner Gardner pointed out that there are some medical liens on the property, and asked if the medical liens have to be paid off before the transfer of the property is done. Executive Director Ostrowski stated that the mortgage does take precedent. The city is in first position, second position on the second loan and the Redevelopment Authority with the \$28,000 loan is in third position. We are not aware of any other liens against the property at this time. Commissioner Gardner asked if they have to come up with the cash, even if we let them assume the loans and start making payments on them, do they have to pay off the medical liens first because of the transfer. City Attorney Beveridge stated that their office has been in contact with the state recovery program in Madison and apparently there has not been any probate action initiated on this property. The state recovery program also has not received any notifications, and right now there are no liens on this property that we are aware of, but we suspect there could be in the future. Due to precedents with date of recording, it appears that the city would be paid first.

Commissioner Molski asked is this then going to be setting new precedent for letting families take over parent's loans that are usually payable upon their death, and for this to become an income producing property. Executive Director Ostrowski explained it is allowable especially under the CBDG stuff as long as the family living in the homes are income eligible. It is really up to the board if you wish to recoup the funds, the assessment on the home is approximately \$60,000, so there is a high loan to value regarding the property and this does give us the opportunity to recoup the funds via monthly payments. Commissioner Molski asked isn't this also a very high loan to value and is it CAP that approves that. Executive Director Ostrowski answered typically they run it by the Executive Director, but this one was done in 2006 and he is not familiar with what the process was for this situation, but it is a higher loan to value than what we typically do.

Aldersperson Phillips asked what risk are we taking by not doing this, to which Executive Director Ostrowski answered is that they don't have the funds to pay it off, the house could be sold in hopes that we would get everything back from that. Aldersperson Phillips then asked if we allow the family to assume the loan, would we remain in that same third position. Commissioner Gardner stated if we did a 15-20 year term, at 0-3% we would be looking at a payment of \$210-\$350. Executive Director Ostrowski added that the rent limit for Portage County on a three bedroom is \$842. Commissioner Gardner said he was just looking at it if the rent would be sufficient to pay back the loans, which it could be. Commissioner Cooper added that three bedroom apartments are \$850 and up, he also asked if CAP has vetted the daughter and husband. Executive Director Ostrowski stated they have and they are not income eligible. Commissioner Cooper then asked what is there credit situation, to which Executive Director Ostrowski stated that has not been done as of yet.

Commissioner Molski asked if there were still repairs that needed to be done to that house, to which Executive Director Ostrowski stated there may be updates needed, but there had been some large projects that were done in 2006 and then in 2009 where the city had orders written on the home.

Commissioner Schlice stated if we are getting payments, we are getting something back and if worse comes to worse, and we foreclose, we still have gotten something.

Commissioner Molski stated she feels we should find out what family's finances are and if they will be able to make the payments on the house, or if this is just a delay.

Executive Director Ostrowski called Kris from CAP Services for further comment on this matter. She was asked to speak regarding the daughter's credit worthiness for assuming this mortgage. Kris responded that she does not know what her credit is, and that is not something that they run.

Commissioner Gardner asked when you do a landlord rental project, do you rely on the mortgage to secure the loan, not necessarily the credit of the owner, to which Ms. Pethick confirmed. She continued stating with these funds we cannot check credit, we have asked about it in the past, but the funds are about affordability and about creating affordable safe energy efficient housing. We do title searches, but we do not do credit checks.

Commissioner Cooper stated that he would prefer that we approve this as we would start receiving payments and hope that the rent covers the loan payments.

**Motion by Commissioner Cooper to approve the request to transfer / assume a HTF loan for the property located at 281 Washington Avenue with a term of 15 years and an interest rate of 3%; seconded by Commissioner Gardner.**

**Roll: Yeas- Schlice, Phillips, Cooper, Molski, Gardner, Dugan**

**Nays- None**

**Motion carried 6-0**

8. Switching insurance carriers to Cities and Villages Mutual Insurance Company.

Executive Director Ostrowski explained in the past we have had an insurance company out of Duluth, which has been with us since the Housing Authority. The city has recently switched to Cities and Villages Mutual Insurance Company and under that policy the RA is a covered entity. So at this point we would not need the additional coverage, if we are covered under the City. He continued stating that most of the liability risk was with the Edgewater Manor, which has been transferred to the city. We do have some properties where we could have some liability, however we are a covered entity under the City's policy. The major change with this is that we go from a \$2,500 deductible to a \$25,000 deductible. There is a \$100,000 annual cap which is regardless if claims were made against the city or the RA, which is a \$100,000 total for both. The total cost for insurance for us about \$6,000 per year so that is what we would be saving. He does recommend that we put aside \$25,000-\$50,000 just in case there is a claim that the funds are available for the deductible, or have an arrangement with the City in that we pay the City a certain annual amount to cover any deductibles that may need to be met in the future. The City saved approximately \$75,000 by changing. Comptroller/ Treasurer Ladick confirmed and with the savings it was put into a separate fund so that money is set aside for when there is a claim the money is there to pay it. He continued stating that if the RA is uncomfortable with the deductible, we can work out an arrangement where you could pay a known price into that fund in exchange for if something does happen, the \$25,000 would just come from that fund.

Commissioner Schlice asked if we had gotten a quote regarding the current situation for liability without Edgewater so we know what kind of difference there is. Executive Director Ostrowski answered we would be receiving a refund of about \$1,400, so the new amount would be approximately \$4,600.

**Motion by Commissioner Molski to approve the switching of insurance carriers to Cities and Villages Mutual Insurance Company with an agreement with the city to cover the deductible; seconded by Commissioner Schlice.**

**Roll: Yeas - Schlice, Phillips, Cooper, Molski, Gardner, Dugan**

**Nays- None**

**Motion carried 6-0.**

9. Enter into closed session (approximately 3:20 PM) pursuant to Wisconsin Statutes 19.85(1)(e) for deliberating or negotiating the purchasing of public properties, investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session, relating to the following:
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  - c. Negotiating the sale of land north of 1140 Main Street, Stevens Point WI 54481.

**Motion by Commissioner Cooper to enter into closed session; seconded by Commissioner Dugan**

**Roll: Yeas - Schlice, Phillips, Cooper, Molski, Gardner, Dugan**

**Nays - None**

**Motion carried 6-0. Entered into closed session at 3:21 PM**

10. Reconvene into open session (approximately 3:50 PM) for possible action on the above.

**Motion by Alderperson Phillips to reconvene into open session for possible action on the above; seconded by Commissioner Molski.**

**Roll: Yeas - Schlice, Phillips, Cooper, Molski, Gardner, Dugan**

**Nays - None**

**Motion carried 6-0.**

Commissioner Schlice stated no action will be taken tonight on the agenda items today, and the consensus of the committee is to meet with the Finance Committee in closed session on Monday February 8, and there may be a meeting with the Council and RA as to our next steps.

11. Adjourn.

**Meeting adjourned at 4:39 PM.**

**Approved:**

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**John Schlice, Chairperson**

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**Date**

**Attest:**

\_\_\_\_\_  
**Michael Ostrowski, Executive Director**

\_\_\_\_\_  
**Date**