Dakota County Community Development Agency

CDA

BOARD MEETING
November 16, 2021 – 3:30 p.m.
Dakota County CDA, 1228 Town Centre Drive, Eagan, MN 55123

AGENDA **PAGE#**

1. ROLL CALL

A. Audience

Anyone in the audience wishing to address the CDA Board on an item not on the agenda or an item on the consent agenda may come forward at this time. Comments are limited to five minutes. Comments can be sent prior to the meeting to sjacobson@dakotacda.org.

2. APPROVAL OF AGENDA AND MEETING MINUTES

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7. ADJOURNMENT

For more information, call 651-675-4434.

Dakota County CDA Board meeting agendas are available online at:
http://www.dakotacda.org/board_of_commissioners.htm

December 14, 2021
CDA Board of Commissioners Regular Meeting – 3:30 p.m.
Dakota County CDA Boardroom, 1228 Town Centre Drive, Eagan, MN 55123

CDA Board of Commissioners
Regular Board Meeting
October 19, 2021

Dakota County CDA, 1228 Town Centre Drive, Eagan, MN 55123

Commissioner Slavik called the meeting to order at 3:31 p.m.

COMMISSIONER ROLL CALL

	Present	Absent
Commissioner Slavik, District 1	X	
Commissioner Gaylord, District 2	X	
Commissioner Halverson, District 3	X	
Commissioner Atkins, District 4	X	
Commissioner Workman, District 5		X
Commissioner Holberg, District 6	X	
Commissioner Hamann-Roland, District 7	X	
Commissioner Cummings, At Large		X

CDA staff in attendance:
Tony Schertler, Executive Director
Kari Gill, Deputy Executive Director
Sara Swenson, Director of Administration and Communications
Sarah Jacobson, Administrative Coordinator
Lisa Alfson, Director of Community & Economic Development
Maggie Dykes, Assistant Director of Community & Economic Development
Kathy Kugel, Housing Finance Coordinator
Lisa Hohenstein, Director of Housing Assistance
Anna Judge, Director of Property Management
Ken Bauer, Director of Finance

Others in attendance:
Tom Donely, Dakota County
Erin Stwora, Dakota County
Madeline Kastler, Dakota County

AUDIENCE

No audience members addressed the Board.

APPROVAL OF AGENDA AND MEETING MINUTES

21-6472 **Approval Of Agenda And Meeting Minutes**

BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners that the agenda for the October 21, 2021 Regular CDA Board meeting be approved as written.

BE IT FURTHER RESOLVED by the Dakota County Community Development Agency Board of Commissioners that the minutes for the September 21, 2021 Regular board meeting be approved as written.

Motion: Commissioner Hamann-Roland Second: Commissioner Halverson

Ayes: 6 Nays: 0 Abstentions: 0

	Yes	No	Absent	Abstain
Slavik	X			
Gaylord	X			
Halverson	X			
Atkins	X			

Workman			X	
Holberg	X			
Hamann-Roland	X			
Cummings			X	

FEDERAL PUBLIC HOUSING AND HOUSING CHOICE VOUCHER AGENDA

CONSENT

21-6473 **Approval Of Amendments To The Housing Choice Voucher Administrative Plan**

WHEREAS, the Dakota County Community Development Agency (CDA), as an administrator of the federal Housing Choice Voucher (HCV) program, is required to adopt and maintain an administrative plan to delineate the mandatory and discretionary policies used to govern the program; and

WHEREAS, the Dakota County CDA has made updates to the HCV Administrative Plan to include changes to subsidy standards, determinations, and eligible expenses for Emergency Housing Vouchers.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the amendments to the Housing Choice Voucher Administrative Plan are approved.

Motion: Commissioner Holberg **Second: Commissioner Atkins**

Ayes: 6 Nays: 0 Abstentions: 0

	Yes	**No**	**Absent**	**Abstain**
Slavik	X			
Gaylord	X			
Halverson	X			
Atkins	X			
Workman			X	
Holberg	X			
Hamann-Roland	X			
Cummings			X	

CONSENT AGENDA

21-6474 **Approval Of Record Of Disbursements – September 2021**

BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the September 2021 Record of Disbursements be approved as written.

21-6475 **Establish The Date For A Public Hearing Regarding The Disposition Of DCCDA Section 18, LLC Properties**

WHEREAS, the Dakota County Community Development Agency (CDA), as sole member of the DCCDA Section 18, LLC owns 92 dwelling buildings containing 120 units located throughout Dakota County; and

WHEREAS, the CDA on behalf of DCCDA Section 18, LLC released a Request For Proposals on October 11, 2021 to sell ten (10) units; and

WHEREAS, the CDA is accepting offers from non-profit agencies; and

WHEREAS, the disposition of the units satisfies the CDA's Acquisition and Disposition Policy;

WHEREAS, Minnesota Statutes 469.105, subds. 1, 2, and 4 requires a public hearing regarding the terms of a sale of real property.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That:

1. A public hearing regarding the disposition of the following properties will be held by the CDA on November 16, 2021 at or after 3:30 p.m. at the CDA's main office.

   - 4800 141st Street West, Apple Valley
   - 2031 Opal Place, Eagan
   - 4680 Nicols Road, Eagan
   - 5608 Upper 182nd Street West, Farmington
   - 7350 Upper 164th Street West, Lakeville
   - 14975 Damask Avenue, Rosemount
   - 3744 155th Street West, Rosemount
   - 3526 148th Street, Rosemount
   - 16630 Flagstaff Way, Rosemount
   - 369 East Stanly, West St. Paul

2. The Executive Director or his designee is hereby authorized and directed to cause notice of such public hearing in substantially the form attached hereto to be published in a newspaper of general circulation in Dakota county not less than twenty (20) days prior to such hearing.

21-6476 **Adoption Of 2022 CDA Board of Commissioners Meeting Dates**

NOW, THEREFORE, BE IT RESOLVED, That the Dakota county Community Development Agency Board of Commissioners hereby adopts the following 2022 meeting schedule:

- Tuesday, January 18, 2022 – Annual Meeting at 3:15 p.m.; Regular Meeting at 3:30 p.m.
- Tuesday, February 22, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, March 22, 2022 – Budget Workshop at 2:30 p.m.; Regular Meeting at 3:30 p.m.
- Tuesday, April 19, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, May 24, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, June 21, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, July 19, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, August 23, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, September 20, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, October 18, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, November 15, 2022 – Regular Meeting at 3:30 p.m.
- Tuesday, December 13, 2022 – Regular Meeting at 3:30 p.m.

BE IT FURTHER RESOLVED, That the location for all the 2022 meetings will be Boardroom at the CDA's office located at 1228 Town Centre Drive, Eagan, MN 55123.

21-6477 **Reject All Bids Received For New Construction Project At 1079 Humboldt Avenue, West St. Paul**

WHEREAS, formal bids were received on October 5, 2021, for the construction of a single-family home in West St. Paul; and

WHEREAS, two bids were received from General Contractors at the bid opening; and

WHEREAS, the low base bid was significantly over budget and expected cost.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the Deputy Executive Director be authorized to reject all bids.

Motion: Commissioner Atkins **Second: Commissioner Hamann-Roland**

Ayes: 6 Nays: 0 Abstentions: 0

Yes	**No**	**Absent**	**Abstain**

Slavik	X		
Gaylord	X		
Halverson	X		
Atkins	X		
Workman			X
Holberg	X		
Hamann-Roland	X		

REGULAR AGENDA

21-6478 **Authorization To Pay Off Minnesota Housing Finance Agency And Family Housing Fund Loans For Lakeville Downtown Family Housing Limited Partnership And Lafayette Family Housing Limited Partnership**

Kari Gill presented.

WHEREAS, the Dakota County Community Development Agency (CDA) is the general partner of Lakeville Downtown Family Housing Limited Partnership and the Lafayette Family Housing Limited Partnership (the "Partnerships") which owns Prairie Crossing Townhomes and Lafayette Townhomes (the "Properties"); and

WHEREAS, the CDA and Minnesota Housing Finance Agency (MHFA) were not able to come to an agreement regarding MHFA's new language requirement to the Operating Agreement to Dakota County CDA Workforce Housing LLC (the "CDA LLC"); and

WHEREAS, the CDA objected to adding the new language to the existing CDA LLC out of concern that the language was too vague and could limit the CDA LLC's normal operations; and

WHEREAS, the CDA created a separate entity, Dakota County CDA Workforce Housing II LLC (the "CDA II LLC") that would include the requested language, but MHFA would not acknowledge the CDA II LLC; and

WHEREAS, the Family Housing Fund was also requested that their loans to these projects be repaid.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Dakota County Community Development Agency, acting it its capacity as general partner of the Partnerships; That:

1. The Executive Director is hereby authorized and directed to pay off the existing MHFA Economic Development and Housing Challenge Loan (the "MHFA EDHC Loan") for the Partnership as follows:
    i. Lakeville Downtown Family Housing Limited Partnership $802,181; anticipated payoff with fees and interest $943,013.22 and
    ii. Lafayette Family Housing Limited Partnership $700,000; payoff with fees $700,250 (there is no interest on this loan).

2. The Executive Director is hereby authorized and directed to pay off the existing Family Housing Fund (FHF) Loans for the Partnerships as follows:
    i. Lakeville Downtown Family Housing Limited Partnership $243,000; anticipated payoff with interest $285,643.85; and
    ii. Lafayette Family Housing Limited Partnership $200,000 (there is no interest on this loan).

3. All actions heretofore taken on behalf of the Partnership in furtherance of the conveyance of the Townhomes are hereby approved, ratified, and confirmed.

4. In the even the Executive Director or any officer of the CDA authorized to execute documents on behalf of the CDA and the Partnerships under this resolution shall for any reason be unable to do so, any other member of the Board of Commissioners of the CDA and the Deputy Executive Director are hereby directed and authorized to do so on behalf of the Partnership, with the same effect as if executed by the Executive Director.

5. The Executive Director is Tony Schertler and the Deputy Executive Director is Kari Gill.

BE IT FURTHER RESOLVED, that the fiscal year 2022 operating budget be amended to include up to $2,128,898.22 of budget authority in Housing Development and Renewal Fund.

Motion: Commissioner Holberg **Second: Commissioner Atkins**

Ayes: 6 Nays: 0 Abstentions: 0

	Yes	No	Absent	Abstain
Slavik	X			
Gaylord	X			
Halverson	X			
Atkins	X			
Workman			X	
Holberg	X			
Hamann-Roland	X			

INFO **Strategic Planning Discussion (Affordable Housing Production) - Informational**

Tony Schertler presented.

INFO **Executive Director's Update - Informational**

Tony Schertler presented.

INFO **Status Report, Q3**

ADJOURNMENT

21-6479 **Adjournment**

BE IT RESOLVED, that the Dakota County Community Development Agency Board of Commissioners hereby adjourns until Tuesday, November 16, 2021.

Motion: Commissioner Hamann-Roland **Second: Commissioner Gaylord**

Ayes: 6 Nays: 0 Abstentions: 0

	Yes	No	Absent	Abstain
Slavik	X			
Gaylord	X			
Halverson	X			
Atkins	X			
Workman			X	
Holberg	X			
Hamann-Roland	X			
Cummings			X	

The CDA Board meeting adjourned at 4:26 p.m.

_____
Clerk to the Board

Approval Of The 2022 Utility Allowance Schedule For The Public Housing Program

Meeting Date:	11/16/2021
Department:	Property Management
Prepared By:	Anna Judge
Contact:	Anna Judge
Contact Phone:	651-675-4501

Fiscal/FTE Impact:
- ☒ None
- ☐ Amount included in current budget
- ☐ Budget amendment requested
- ☐ FTE included in current complement
- ☐ New FTE(s) requested
- ☐ Other:

PURPOSE/ACTION REQUESTED
- Approve the 2022 Utility Allowance Schedule for the Public Housing Program.

SUMMARY
The U.S. Department of Housing and Urban Development (HUD) requires that utility allowances for resident paid utilities in the Public Housing Program be reviewed annually and revised, if necessary. The utility allowance amount is subtracted from the resident's gross rent calculation to arrive at the net rent payable to the CDA and is supposed to represent the amount an "energy conservative" household would spend for utilities. This is done so the amount a resident pays for rent and utilities is not likely to exceed 30% of their income. Residents in family units pay for their electricity and natural gas while residents at Colleen Loney Manor pay for their electricity. The CDA pays for water, sewer and trash collection at all public housing locations. Phone and cable are not included in the utility allowance.

The method for calculating the allowance is the *engineering method*. This method considers the physical characteristics of the units and the utility rate to arrive at an allowance amount. Some of the characteristics considered are construction type, location, size and type of heat source. This approach removes the variable of individual consumption habits from the equation and more accurately reflects the costs of utilities for an "energy conservative" household. The CDA provided our unit and utility provider information to The Nelrod Company, a firm that works with housing authorities throughout the country, including several in Minnesota, and has a database of over 17,000 units. The Nelrod Company calculated utility allowances based on the *engineering method*.

The current and proposed allowance amounts are in Attachment A. The new proposed amounts vary from last year.

RECOMMENDATION

Staff recommends approval of the proposed utility allowances for the Public Housing Program to be effective for re-certifications and interim rent changes occurring January 1, 2022 and later.

EXPLANATION OF FISCAL/FTE IMPACT
None.

Supporting Documents:
Attachment A: Proposed Utility Allowance Schedule

Previous Board Action(s):

Resolution No. 21-XXXX

Approval Of The 2022 Utility Allowance Schedule For The Public Housing Program

WHEREAS, the Dakota County Community Development Agency (CDA) administers the federal Public Housing Program; and

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) requires all housing authorities to review and revise, as necessary, allowances for resident paid utilities in Public Housing properties on an annual basis; and

WHEREAS, the Dakota County CDA has contracted with The Nelrod Company to conduct a review of utility allowances and make recommendations based on an *engineering method*.

NOW, THEREFORE, BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the updated Utility Allowance Schedule in Attachment A is approved effective January 1, 2022 for the Public Housing Program.

Executive Director's Comments:
☒ Recommend Action
☐ Do Not Recommend Action
☐ Reviewed-No Recommendation
☐ Reviewed-Information Only
☐ Submitted at Commissioner Request

☒ Item Type-Consent
☐ Item Type-Discussion
☐ Item Type-Informational

Strategic Plan Priorities:
☐ Focused Housing Programs
☐ Collaboration
☐ Development/Redevelopment
☐ Financial Sustainability
☒ Operational Effectiveness

Executive Director

Department Director

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY, MN

PUBLIC HOUSING

COMPARISON OF PREVIOUS AND PROPOSED UTILITY ALLOWANCES
Chart 2

UPDATE 2021

Development	Bedroom Size	Previous Allowance	Proposed* Allowance	Difference**
Scattered Sites 147-2 (RH)	3	$85.00	**$86.00**	**$1.00**
McKay Manor 147-5 (RH)	3	$84.00	**$86.00**	**$2.00**
Colleen Loney Manor 147-6 (Apt)	1	$35.00	**$36.00**	**$1.00**
	2	$40.00	**$42.00**	**$2.00**
Oliver/Terrace 147-7 (RH)	3	$86.00	**$87.00**	**$1.00**
Biscayne/Portland 147-9 (RH)	2	$69.00	**$76.00**	**$7.00**
	3	$80.00	**$87.00**	**$7.00**
Glazier 147-11 (RH)	2	$70.00	**$71.00**	**$1.00**
Ideal Way 147-14 (RH)	2	$69.00	**$79.00**	**$10.00**
	3	$81.00	**$93.00**	**$12.00**

*Proposed allowances include the average for electric and natural gas summer and winter months.

*Proposed allowances were rounded to the nearest dollar.
**After rounding.

Apt= Apartment

RH= Row House/Townhouse

Approval Of Record Of Disbursements – October 2021

Meeting Date:	11/16/2021
Department:	Finance
Prepared By:	Chris Meyer
Contact:	Ken Bauer
Contact Phone:	651-675-4450

Fiscal/FTE Impact:
☐ None
☒ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☐ Other:

PURPOSE/ACTION REQUESTED
- Approve Record of Disbursements for October 2021

SUMMARY
In October 2021, the Dakota County Community Development Agency (CDA) had $6,091,034.85 in disbursements and $444,352.26 in payroll expenses. Attachment A provides the breakdown of disbursements. Additional detail is available from the Finance department.

RECOMMENDATION
Staff recommends approval of the Record of Disbursements for October 2021.

EXPLANATION OF FISCAL/FTE IMPACT
These disbursements are included in the Fiscal Year Ending June 30, 2022 budget.

Supporting Documents:
Attachment A: Record of Disbursements – October 2021

Previous Board Action(s):

Resolution No. 21-XXXX

Approval Of Record Of Disbursements – October 2021

BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the October 2021 Record of Disbursements is approved as written.

Executive Director's Comments:
- ☒ Recommend Action
- ☐ Do Not Recommend Action
- ☐ Reviewed-No Recommendation
- ☐ Reviewed-Information Only
- ☐ Submitted at Commissioner Request

- ☒ Item Type-Consent
- ☐ Item Type-Discussion
- ☐ Item Type-Informational

Strategic Plan Priorities:
- ☐ Focused Housing Programs
- ☐ Collaboration
- ☐ Development/Redevelopment
- ☒ Financial Sustainability
- ☒ Operational Effectiveness

Executive Director

Department Director

Dakota County CDA
Record of Disbursements
For the month of October 2021

	Date	Amount	Total
Common Bond Fund			
	10/20/21	$ 63,161.76	
			$ 63,161.76
Disbursing			
	10/01/21	$ 69,361.00	
	10/07/21	$ 534,965.24	
	10/14/21	$ 442,438.34	
	10/21/21	$ 370,676.93	
	10/28/21	$ 884,144.30	
			$ 2,301,585.81
Housing Assistance			
	10/01/21	$ 2,038,337.38	
	10/14/21	$ 109,468.00	
			$ 2,147,805.38
Housing Development & Renewal			
	10/21/21	$ 1,560,665.90	
			$ 1,560,665.90
Tax Increment Financing			
	10/20/21	$ 17,816.00	
			$ 17,816.00
Total Disbursements			**$ 6,091,034.85**
October 2021 Payroll			
	10/08/21	$ 221,765.35	
	10/22/21	$ 222,586.91	
Total Payroll			**$ 444,352.26**

Disbursement detail is available in the Finance Office

Adoption Of The 2022 CDA Merit Compensation Policy And Plan

Meeting Date:	11/16/2021
Department:	Administration
Prepared By:	Sara Swenson
Contact:	Sara Swenson
Phone:	651-675-4433

Fiscal/FTE Impact:
- ☐ None
- ☒ Amount included in current budget
- ☐ Budget amendment requested
- ☐ FTE included in current complement
- ☐ New FTE(s) requested
- ☐ Other

PURPOSE/ACTION REQUESTED
- Adopt the 2022 CDA Merit Compensation Policy and Plan.

SUMMARY
Each year, the CDA reviews the agency's Merit Compensation Policy and Plan (Attachment A) and makes recommendations for the upcoming year. This year, as in years past, CDA staff has reviewed and is recommending a compensation plan that is similar to Dakota County's approved plan, with some modest variations for consistency with CDA operations and goals.

The merit matrix provides for a combination of 0.0% to 2.0% base and 0.0% to 3.0% lump sum adjustments.

The Stand-by rate increased by 0.05 cents per hour.

STAFF RECOMMENDATION
Staff recommends adoption of the 2022 Merit Compensation Policy and Plan.

EXPLANATION OF FISCAL/FTE IMPACT
The CDA's budget year runs from July 1 to June 30 of the following year. The compensation plan is based on a regular calendar year, and therefore the Merit Compensation Policy and Plan cuts across two fiscal years. The current fiscal year's budget included estimates that will accommodate the proposed salary increases that will occur in the first half of the calendar year, and the budget for the upcoming fiscal year can be adjusted prior to its approval.

Supporting Documents:
Attachment A: 2022 CDA Merit Compensation Policy and Plan

Previous Board Action(s):

Resolution No. 21-XXXX

Adoption Of The 2022 CDA Merit Compensation Policy And Plan

WHEREAS, the CDA wishes to maintain organizational consistency and promote compensational equity between CDA employees and those of other public agencies; and

WHEREAS, the Dakota County CDA Board implemented the "CDA Merit Compensation Plan" (the "Plan") on January 1, 1993, to provide a performance-based salary review program for CDA employees; and

WHEREAS, the Plan requires that the CDA Board annually adopt a merit matrix and salary structure.

NOW, THEREFORE, BE IT RESOLVED, by the Dakota County Community Development Agency Board of Commissioners, That the 2022 CDA Merit Compensation Policy and Plan, Pay Equity Structure, and Merit Matrices be adopted for implementation on January 1, 2022; and

BE IT FURTHER RESOLVED that CDA employees' performance evaluations for 2022 will occur in the context of and consistent with the Plan and that the Human Resources Administrator is hereby directed to incorporate the provisions adopted herein into the 2022 Merit Compensation Policy and Plan document and related Personnel Policies.

Executive Director's Comments:		**Strategic Plan Priorities:**
☒ Recommend Action	☒ Item Type-Consent	☐ Focused Housing Programs
☐ Do Not Recommend Action	☐ Item Type-Discussion	☐ Collaboration
☐ Reviewed-No Recommendation	☐ Item Type-Informational	☐ Development/Redevelopment
☐ Reviewed-Information Only		☐ Financial Sustainability
☐ Submitted at Commissioner Request		☒ Operational Effectiveness

Executive Director

Department Director

Dakota County
Community Development
Agency
CDA

20221

Merit Compensation Policy & Plan

Dakota County
Community Development
Agency
CDA

Merit Compensation Policy & Plan

I. INTRODUCTION

The Dakota County Community Development Agency's philosophy regarding compensation systems and wage and salary administration flows from a belief that all employees are to be provided competitive rewards for achievement. Embodied in this statement are the concepts of output or results-based merit pay in the context of market driven compensation structures. Contained within this broad statement are the CDA's compensation goals, including: 1) attraction and retention of personnel, 2) rewards for excellence, 3) facilitation of compensation equity, 4) equitable distribution of limited CDA compensation resources, 5) achievement of pay/performance and contribution relationships, 6) possibility of salary differentiation from the highest to the lowest level of performance and contribution, and 7) clear communication of these objectives to all affected employees. The elements of the CDA's compensation program have been structured to support and advance these objectives.

II. ADMINISTRATIVE GUIDELINES

A. Participation

All CDA employees will participate in the Dakota County CDA Merit Compensation Plan. New employees will participate immediately upon employment.

B. Plan Update

The Administration Department will annually review all aspects of the Plan, including salary ranges and grade structure, salary increase matrixes, and administrative guidelines. Any recommended changes due to internal organization modifications, external market factors, strategic programmatic and administrative considerations, or other relevant issues will be proposed to the CDA Board in a timely fashion.

III. COMPENSATION PROGRAM ELEMENTS

A. Policy

It is the policy of the CDA to provide its employees equitable compensation and financial incentives, to the extent permitted by law, to promote attainment of the highest levels of performance and organizational contribution. The CDA recognizes that compensation policies are a key factor in the CDA's ability to attract, retain and motivate well-qualified individuals to participate in the achievement of its objectives. Therefore, the Dakota County CDA Merit Compensation Plan is based on the principles of internal and external pay equity and is designed to relate to the extent possible, an individual's salary to performance and contribution to organization results.

B. Salary Structure

The CDA salary structure (Attachment A) consists of 18 salary grades with a corresponding salary range for each grade. Salary ranges are formulated around a midpoint, and a salary range spread is calculated. Salary ranges are segmented into four quartiles. The structure is midpoint-driven which means the market rate for CDA positions is approximately the midpoint of the salary ranges. Market rate is defined as what comparable jurisdictions are actually paying employees in comparable positions. Movement beyond the market rate is dependent upon high performance ratings and tenure in position.

Salary ranges are analyzed and may be adjusted each year based on a number of factors including relative changes in the labor market, inflationary measures, budgetary impact as well as fluctuation in the prevalence of certain job skills in the marketplace.

C. Performance Reviews

~~With the exception of~~ Excluding Back-up Site Attendants and Site Attendant B's, supervisors shall conduct a formal performance review of each employee annually to determine whether the employee shall receive a merit increase. Any merit increase will be effective as of the employee's performance review date. For Back-up Site Attendants and Site Attendant B's, the Administration department will send out a ~~a~~ notice ~~will be sent~~ to the supervisor indicating that an automatic Meets Standards performance rating and increase will be calculated on the review date, unless the supervisor submits a performance review rating to the contrary.

In preparing a formal performance review, a supervisor assesses an employee's performance and contribution on major job duties and accomplishment of objectives for the position being evaluated. Areas needing improvement are identified and when appropriate, a formal performance improvement plan is implemented.

The formal performance review is conducted within 15 days of employee's annual performance review date. Prior to the conclusion of the evaluation period, employees are expected to complete a self-assessment and submit it to their supervisor for use in completing their performance review. At the discretion of management, a supervisor's salary increase may be delayed until all scheduled performance reviews are completed.

Completed performance review documents are signed by the supervisor, the employee, and the Department Director. The Department Director or the Assistant Department Director can sign off on completed review documents for Site Attendants. The employee's signature indicates that the appraisal has been discussed with the supervisor, but does not necessarily indicate agreement with document content. Employees shall be provided adequate time to review and provide summary comments to the final review document. If an employee refuses to sign the document, it is ~~so~~ noted and the review is processed. Completed performance review documents are retained by Human Resources consistent with Administration's retention schedule and related policies. A copy of the performance review is provided to the employee.

At least once during the review period, it is recommended that the supervisor also conduct an informal review to inform the employee of the interim performance status. Interim reviews are documented in dated summary memos and maintained by the department.

The performance review process combines an assessment of objective success measures and position competencies.

Performance ratings are based on the following structure:

Greatly Exceeds Performance Standards - is reserved for a limited number of employees who, in a given year, demonstrate extraordinary performance. This rating may result from especially noteworthy accomplishments and/or performance during the review period that exemplifies organizational excellence. Approval of the Executive Director is required for this level of rating.

Exceeds Performance Standards - is to recognize a pro-active performer. Results of assigned responsibilities consistently meet and frequently exceed baseline expectations. Routinely evaluates priorities and maximizes opportunities for improvement and collaboration; is pro-active and effective in performing for group success, integrating change, learning and sharing information, understanding and sustaining organizational values and objectives; serves as an example of professionalism and excellence.

Meets Performance Standards - is to recognize a reliable, responsive performer. Results of assigned responsibilities meet baseline expectations, regularly or with minimal training or coaching. Takes the steps needed to accomplish tasks, can integrate change as proscribed, complies with group needs while performing individual tasks, and can learn and apply specified information when necessary. Demonstrates conduct appropriate for the workplace and acts consistently within organizational values and objectives.

Learning Performance Standards ~~—~~ R~~r~~eserved for employees in their first year of employment with the CDA or in their first year of a new position within the agency. ~~p~~Performance in assigned responsibilities does not meet baseline expectations due to either an insufficient length of time in position or lack of skill or effort.~~;~~ May require regular assistance, training, coaching or oversight to complete basic/routine job responsibilities.

Employees who receive a Learning Performance Standards rating are subject to a Performance Improvement Plan and an informal review after six months. If after the six-month review the employee receives a Meets Standards or above rating, a six-month merit increase is processed, and the next review date is adjusted back to the annual or common review date. ~~-~~If performance standards are not brought up to a Meets Standards, the employee will be subject to disciplinary proceedings, up to and including discharge.

Human Resources must be notified in advance if an employee is to receive a Learning Standards rating.

Below Performance Standards - does not achieve baseline performance expectations due to insufficient skill or effort. Results of some or all assigned responsibilities fail~~ed~~ing to meet baseline expectations. Frequently requires assistance, coaching or regular oversight to complete basic/routine job responsibilities. May be inconsistent in the demonstrated ability to adapt to change and apply new information to assigned tasks or roles and their performance may slow or damage group productivity, functioning or credibility.

Employees who receive a Below Standards rating are subject to a Performance Improvement Plan and will receive formal performance reviews at six-month intervals until documented performance warrants a Meets Standards rating. If after the six-month review

the employee receives a Meets Standards or above rating, a six-month merit increase is processed, and the next review date is adjusted back to the annual or common review date. Employees who receive multiple or consecutive Below Standards ratings will be subject to disciplinary proceedings, up to and including discharge.

Human Resources must be notified in advance if an employee is to receive a Below Standards rating and is required to participate in the review meeting.

D. Individual Development Plans

As part of the formal performance review process, supervisors and employees are encouraged to jointly complete an Individual Development Plan (IDP). Formal discussions of job and career objectives, position enrichment and development may also be included. The development areas and career objectives identified should be tied to departmental and agency-wide goals. Completion of an IDP is required if the employee is planning to request tuition reimbursement, or if a supervisor has determined that the employee is to complete one.

IDP's are not required of Site Attendants or Back-up Site Attendants.

E. Salary Increase Matrix

The Merit Matrix is based on the principle that salary range position and performance as reflected in organizational contribution bear a direct relationship and that gravitation toward the market rate (Q2) should occur.

The structure of the annual merit matrix (Attachment B) reflects percentage increases based on two dimensions: range position (Quartiles 1 – 4) and performance rating. When a merit increase is available, a high performer in a low segment of the salary range may receive a greater base salary increase than an equivalent performer in an upper portion of the salary range. Note that employees whose performance is rated Below Standards, are in no case eligible for an increase to base salary or a lump sum payment. In no instance will an employee's base salary be increased above the range maximum.

Administering an effective performance-based market system requires a commitment to truly differentiate performance. There is no expectation that every employee will reach the salary range maximum. Appropriate ratings differentiation is expected. Those employees who perform at higher levels receive greater rewards.

F. Special & Extra Meritorious Awards

The Special and Extra Meritorious Awards provide discretionary lump sum payments for special achievements with short-term and review period recognition options.

Special Awards provide short-term based recognition that is directly tied to a specific, identified achievement for employees who are critical to the success of a specific project. An award of up to $500 may be granted for short-term recognition.

The Extra Meritorious Award is provided at the end of a performance review period for notable achievement accomplished throughout the year, and/or special achievements outside the normal expectations of the employee's position. Employees are eligible for an Extra Meritorious Award once per calendar year. The Extra Meritorious Award provides a lump sum payment of up to 2% of the employee's salary.

Special and Extra Meritorious Awards are approved or disapproved by the Executive Director after consultation with Human Resources.

G. Promotion

A promotion is defined as the selection of an internal candidate through the competitive process into a position at a higher salary range or classification.

At the time of a promotion decision, the affected employee receives a performance review of the time worked in the current position since the most recent performance appraisal. —Upon promotion, employees are eligible for an increase of up to 10% of their actual base salary, or placement at the new salary range minimum, whichever is greater. If the employee's resulting base salary is below Quartile 2 of the new salary range, internal equity and the employee's appropriate placement within the salary range may be considered when implementing a promotional salary action and an additional increase may be proposed. All promotional salary actions require approval by Human Resources.

Employees promoted into a supervisory position will typically not earn less than 90% of the highest paid subordinate employee in the work unit unless unique circumstances exist.

All promotional salary increases will be approved by Human Resources and reviewed with the Department Director prior to a promotional job offer being extended.

H. Demotion

- *Involuntary*
  An involuntary demotion is defined as a reassignment from one position to another, which has a lower salary range or classification as a result of a performance-based consequence or other disciplinary procedure. The employee's salary review date will be adjusted to the effective date of the action. The employee's salary is subject to adjustment on a case-by-case basis as approved by Human Resources.

- *Voluntary*
  A voluntary demotion is defined as the selection of an internal candidate through the competitive process into a position at a lower salary range or classification. The employee's salary review date will be adjusted to the effective date of the action. The employee's salary reduction will generally be no greater than 10% of their base pay per pay grade reduced. Adjustments will be based on internal equity considerations and approved by Human Resources.

- *Reorganization*
  If a demotion is the result of a reorganization or unforeseen organization or structure

changes and if the affected employee's salary is above the new salary range maximum, the salary is frozen until such time as the salary is within the new salary range.

I. Job Evaluation

Through the CDA's job evaluation and classification policy, the agency ensures that appropriate relationships between classifications and jobs are established and maintained over time through application of a periodic job description review process and reorganization studies, when appropriate.

J. Reclassification

A reclassification is defined as movement to another salary grade ~~as a result of~~because of approved changes in job duties significantly modifying the position responsibilities. When a position is reclassified to a higher salary grade, employees are eligible for an increase of up to 5% of their actual base salary or placement at the new salary range minimum, whichever is greatest.

The CDA ensures that job descriptions are evaluated regularly, and as changes to services, processes, and related job duties occur. If a position is re-evaluated by the agency's external consultant, it will receive a ranking and will be slotted on the existing compensation schedule~~.~~

Positions may be reclassified with no change in salary grade, upward (higher classification/salary grade) or downward (lower classification/salary grade). In instances of a reclassification~~,~~ upward ~~,~~ the Executive Director shall have the authority to grant a salary increase (in accordance with Personnel Policy #260) if the increase differs ~~,~~ from the amount indicated in paragraph two of this section.

Reclassification downward generally results in no immediate change to the employee's salary. If the employee's salary is above the salary range maximum for the new classification, the salary is frozen until such time as the salary is within the new salary range. When the employee's salary is within the new salary range, the employee will be eligible for performance increase consideration based upon the new salary control point on the annual performance review date. Reclassification of a position does not change the employee's salary review date unless specifically determined during the reclassification process. Reclassification of a job class does not change the employee's anniversary date.

When downward reclassification results in an employee's salary exceeding the maximum of the new salary range, the salary is not increased for any reason, including performance reviews, until such time that the salary is within the designated salary range.

K. Working Out-of-Class

Out-of-class pay may be requested whenever an employee is designated by the responsible authority to perform all or a majority of the duties and responsibilities of a position in a higher classification for a period of 10 consecutive workdays or more. For this purpose, higher classification is defined as at least one subgrade above the employee's current classification. Human Resources must review all requests for out-of-class work prior to the employee's assignment. Whenever possible, out-of-class assignments should be limited to a period of six months or less, but may be extended with approval. Generally, working out-of-class is the result of a temporarily vacant position.

In such a case and for the duration of the out-of-class assignment, the employee is eligible for a payment of up to 5% of their actual base salary, or placement at the higher salary range minimum, whichever is greater. The out-of-class payment will be retroactive to the first day the employee worked in the higher classification and may be paid as an adjustment to the hourly rate or paid in a lump-sum at the conclusion of the out-of-class assignment. Employees being considered for an out-of-class assignment must meet the minimum qualifications of the position in the higher classification.

Whenever an employee is directed to temporarily perform most, but not all, of the duties and responsibilities of a position in a higher salary grade as defined above for a period of 10 consecutive workdays or more, the employee is eligible for a partial out-of-class payment of up to 3% of their actual base salary to be paid in a lump-sum as indicated in paragraph two of this section.

If an employee's review date occurs during the time they are working out-of-class, a salary adjustment consistent with the Merit Compensation Plan is computed on the employee's regular position, classification, and salary range. The calculated increase is then added to the out-of-class pay rate. When the employee returns to their regular position, they are compensated at their previous rate plus the amount of any increase. An employee working out-of-class for six months or more is not eligible for a probationary review.

If the employee is promoted to the out-of-class position, the time since the employee's last performance review is "closed out" by conducting a performance review for the period in question. The date of the promotion will be considered the effective date of change and they will then serve a six-month probation period. The salary of the promoted employee shall be no less than the rate of pay while serving in the out-of-class assignment.

L. Career Ladder Program Advancement

Career Ladder Program Advancement offers advancement opportunity within a series of related classifications designated as a Career Ladder. A Career Ladder is defined as a series of two or more classifications listed in ascending level of responsibility, with increasingly complex duties and higher salary potential. Positions eligible for consideration as a Career Ladder will be identified through review by Senior Management and advancement criteria will be developed in consultation with Human Resources. All Career Ladder series are subject to Executive Director approval, prior to their implementation.

Management requests for an ~~subordinate's~~ employee's Career Ladder advancement, occurs in conjunction with an employee's regularly scheduled performance review date. Career Ladder advancement requests must be documented and receive Department Head and Executive Director approval. An employee approved for a Career Ladder advancement receives a performance review salary adjustment based on the control point of the classification assigned during the previous review period as described in Section C. Additionally, in recognition of the career advancement, employees are then eligible for an increase of 5~~3~~% of their actual base salary, 5~~3~~% of the applicable salary range or career-band control point, or placement at the new salary range minimum, whichever is greatest.

M. On-Call Compensation

Property Management Department staff may be assigned, for one-week periods (seven consecutive days), to be on on-call before and after their regular work hours, on weekends, and on holidays. On-call staff are expected to be available to handle maintenance-related emergencies and calls as described in the Stand-By Compensation section of Personnel Policy #170.

Staff who are scheduled to be the primary on-call employee (Maintenance Technicians) will be paid at a rate of one-and-a-half (1.5) times their regular rate of pay for all hours actually worked while on-call (including work-related phone time)~~,~~ and will also be paid a separate stipend for each week of primary on-call service performed. Primary on-call service will receive a rate of $2.20~~15~~ per hour for each hour they are designated on-call.

A supervisor or different Property Management staff member (Property Managers) will be assigned, for one-week periods (seven consecutive days), to provide secondary (back-up) on-call support and assistance to the primary on-call employee on an as-needed basis. Employees who provide secondary on-call support and assistance will be paid at their regular rate of pay for all hours actually worked while on-call and will also be paid a separate stipend for each week of back-up on-call service performed. Back-up on-call service will receive a rate of $1.40~~35~~ per hour for each hour they are designated on-call.

Overtime compensation for on-call staff will be calculated and paid in accordance with applicable law.

Wage and Salary Guidelines

- *Full Merit Concept*
  All employee base and lump sum salary actions are based solely on the CDA's approved Merit Matrix and related guidelines. All salary actions are effective on employees' performance review dates.

- *Merit Matrix*
  The Merit Matrix guidelines provide percentage base and lump-sum increases for each level of performance. The merit increase is a percentage calculated on the Q2 rate of the employee's applicable salary range if the salary is below the Q2 rate~~,~~ and calculated on the employee's base salary if above the Q2 rate.

  For employees below the range maximum and whose base adjustment would result in an increase above the salary range maximum, the salary increase is available only to the range maximum rate. There are no base or lump sum increases beyond the range maximum.

  Note: Part-time employees receive base adjustments and lump sum payments based upon and prorated by their approximate full-time equivalency amount. For example, a 20-hour per week, .5 FTE employee would receive one-half of the calculated annual or lump sum amounts using the method above.

- *Performance Review Date*
  The performance review date has historically been the date on which the employee was last hired, transferred, promoted, or demoted to a new job classification or a specified common date applicable to a group of employees. ~~Departments are strongly encouraged to move employees to common review dates in order to more equitably evaluate~~

~~performance across work units.~~ If an employee's performance review date is to be changed, the employee will receive written notice. Additionally, performance review dates will be adjusted for employees on approved leaves of absence beyond 90 days.

Reviews are based on the plan year merit guidelines within which they fall.

- *Effective Dates of Increases*
  All pay increases will be effective on the employee's performance review date. ~~In the event that~~If an employee's review is not conducted until some time after that employee's official performance review date, any pay increase will be retroactive to that date.

- *Six-Month Probationary Performance Reviews*
  Six-month probationary performance reviews are conducted to determine if the employee has met all the performance requirements of the position. If the employee has met some but not all job competencies and it is anticipated that full job competency could be reached with more training, a Learning Standards rating will be given, and the employee will be put on a Performance Improvement Plan (PIP). If an employee receives a Below Standards rating during their probationary period they may be terminated from the position.

  Reviews are based on the plan year merit guidelines within which they fall. Using matrix guidelines for base adjustments and lump sum payments, 50% of the available increase is provided upon successful completion of the initial probationary period. At the subsequent annual review, an additional 50% of an increase is available, based on current performance level and matrix guidelines.

- *Salaries Below the Range Minimum*
  At the beginning of a calendar year, any employee compensated at a rate less than the minimum of the new applicable salary range as defined in this policy, will be automatically adjusted to the new range minimum.

- *Increases to the Top of the Range*
  No employee's salary may exceed the range maximum. A base increase may be given up to the maximum. There are no base or lump sum payments if an employee's salary is at the salary range maximum rate.

N. Approval Process

All performance review and salary increase materials and documentation require the approval signatures of the appropriate supervisor and department director. After appropriate Department approval, all documentation is forwarded to ~~the~~ Human Resources ~~Administrator (or designee)~~ for final approval and processing. Prior approval of the Executive Director is required for a Greatly Exceeds Performance Rating~~,~~ and Special or Extra Meritorious Awards.

O. Market Adjustment

The Executive Director may approve a market analysis for a job classification as requested by a D~~d~~epartment H~~h~~ead or initiated by ~~the~~ Human Resources~~ Administrator~~. When a market analysis for a specific job class indicates that the assigned salary range mid-point deviates, positively or negatively, from the market by more than 10%, the job class may be placed at an established salary range that most closely corresponds to the applicable market rate. The job

class is administered in the context of the adjusted range. All market adjustments will be re-evaluated on a regular basis.

P. Modifications or Exceptions

The Executive Director may approve exceptions to the Plan. These will generally involve internal and labor market equity considerations, HUD compliance or unusual circumstances and will occur only upon the recommendation of the Director of Administration.

Q. Policy Implications

The provisions of this plan supersede any applicable Dakota County CDA policies and procedures.

Attachments:

A. Pay Equity Compensation Structure
B. Merit Matrix
C. Job Classifications

ATTACHMENT A

2022 DAKOTA COUNTY CDA
PAY EQUITY COMPENSATION STRUCTURE

Grade	Minimum	Quartile 1	Midpoint	Quartile 3	Maximum
100	$25,814	$29,041	$32,268	$36,302	$40,335
101	$28,912	$32,526	$36,140	$40,658	$45,176
102	$32,382	$36,430	$40,477	$45,537	$50,596
103	$36,267	$40,801	$45,334	$51,001	$56,668
104	$40,619	$45,697	$50,774	$57,121	$63,468
105	$45,494	$51,181	$56,867	$63,976	$71,084
106	$50,953	$57,322	$63,691	$71,653	$79,614
107	$57,067	$64,201	$71,334	$80,251	$89,168
108	$63,915	$71,905	$79,894	$89,881	$99,868
109	$71,585	$80,533	$89,481	$100,666	$111,851
110	$80,175	$90,197	$100,219	$112,747	$125,274
111	$89,796	$101,021	$112,245	$126,276	$140,306
112	$100,571	$113,143	$125,714	$141,429	$157,143
113	$112,640	$126,720	$140,800	$158,400	$176,000
114	$126,157	$141,927	$157,696	$177,408	$197,120
115	$141,296	$158,958	$176,620	$198,698	$220,775
116	$158,251	$178,033	$197,814	$222,541	$247,268
117	$177,242	$199,397	$221,552	$249,246	$276,940

Shaded salaries exceed the 2022 Local Government Salary Cap and are currently unavailable to CDA employees.

ATTACHMENT B

DAKOTA COUNTY CDA
MERIT COMPENSATION PLAN

2022 Merit Matrix

The Merit Matrix guidelines provide maximum recommended percentage increases for each level of performance and for each of the four salary quartiles. Contained within each matrix cell is a recommended base salary adjustment.

		PERFORMANCE RATING				
RANGE POSITION		**GREATLY EXCEEDS STANDARDS**	**EXCEEDS STANDARDS**	**MEETS STANDARDS**	**LEARNING STANDARDS**	**BELOW STANDARDS**
Q4	**Calculate on Employee's Base**	2% base + 3.0% lump sum	2% base + 2.0% lump sum	2% base + 1.0% lump sum	1% base	0%
Q3		2% base + 3.0 lump sum	2% base + 2.0 lump sum	2% base + 1.0 lump sum	1% base	0%
		Salary range midpoint/ Q2				
Q2	**Calculate on midpoint/Q2**	2% base + 3.0 lump sum	2% base + 2.0 lump sum	2% base + 1.0 lump sum	1% base	0%
Q1		2% base + 3.0 lump sum	2% base + 2.0 lump sum	2% base + 1.0 lump sum	1% base	0%

ATTACHMENT C: JOB EVALUATION/CLASSIFICATION RANKING (As of 1/2022)

JOB CLASSIFICATION	STATUS	GRADE
Deputy Executive Director/Dir. of Housing Development	E	113
Director of Administration & Communications	E	112
Director of Community & Economic Development	E	112
Director of Finance	E	112
Director of Housing Assistance	E	112
Director of Property Management	E	112
Assistant Director of Administration & Communications	E	110
Assistant Director of Community & Economic Development	E	110
Assistant Director of Finance	E	110
Assistant Director of Housing Assistance	E	110
Assistant Director of Property Management	E	110
Maintenance Manager	E	110
Housing Finance Manager	E	109
Human Resources Administrator	E	109
Network Administrator	E	109
Program Manager	E	109
Compliance & Landlord Relations Manager	E	109
Capital Projects Manager	E	108
Community Development Coordinator	E	108
Facilities Contract Manager	E	108
Property Manager	E	108
Senior Accountant	E	108
Software Administrator	E	108
Administrative Coordinator	N	107
Housing Rehabilitation Coordinator	N	107
Housing Rehabilitation Specialist	N	107
Maintenance Technician III	N	107
Real Estate Specialist	E	107
Weatherization Coordinator	N	107
Program Coordinator	N	107
Accountant	N	106
Maintenance Technician II	N	106
Assistant Property Manager	N	105
Homeownership Specialist	N	105
Housing Specialist	N	105
Housing Stability Specialist	N	105
Maintenance Technician I	N	105
Weatherization Specialist	N	105
Accounting Specialist	N	104
Housing Quality Standards Inspector	N	104
Preventative Maintenance Technician	N	104
Program Support Assistant	N	103
Office Support Assistant	N	102
Site Attendant/Site Attendant (B)	N	101
Site Attendant – Back Up	N	101

E = Exempt N = Non - Exempt

Conduct Public Hearing To Receive Comments On The Disposition Of DCCDA Section 18, LLC Properties And Authorization To Enter Into A Purchase Agreement With Twin Cities Habitat For Humanity

Meeting Date: 11/16/2021
Department: Housing Development
Prepared By: Lori Zierden
Contact: Kari Gill
Contact Phone: 651-675-4477

Fiscal/FTE Impact:
☐ None
☐ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☒ Other: Sale proceeds will be banked for future development of new affordable housing.

PURPOSE/ACTION REQUESTED
- Conduct and close a public hearing regarding the disposition of vacant property.
- Authorize Executive Director to enter into purchase agreement on behalf of DCCDA Section 18, LLC for nine single family homes and one duplex.

SUMMARY
On October 11, 2021, the Dakota County Community Development Agency (CDA) on behalf of the DCCDA Section 18, LLC released a Request for Proposal (RFP) to accept offers on purchasing and reselling single-family homes to income-qualified homebuyers. The properties being proposed for disposition are part of the Section 18 Demo/Dispo program. The intent is to sell these properties and use the proceeds to create new affordable housing units. The 10 properties being proposed to sell are scattered throughout the county and are well suited for homeownership opportunities. Affordable homeownership is a goal of the CDA; partnering with a non-profit that has experience in providing affordable homeownership opportunities will allow the CDA to make progress towards this goal.

The RFP (Attachment A) was sent to six non-profit organizations and was posted on the CDA's website. This public hearing was published in Dakota County Tribune (Attachment B) in addition to being posted on the CDA's website.

The CDA received one proposal (Attachment C) from Twin Cities Habitat for Humanity. The proposal was scored on three factors: (1) willingness and ability to acquire and resell all ten properties, (2) end user income served, and (3) prior experience. Additionally, the following factors were considered: (1) commencement schedule, (2) offer purchase amount, (3) affordability term, and (4) availability of other funding sources.

RECOMMENDATION
Staff recommends the Executive Director be authorized to negotiate and enter into a purchase agreement with Twin Cities Habitat for Humanity (Habitat). Staff is recommending Habitat for the following reasons:

- Scored high in points awarded through the RFP.
- Habitat has an established homebuyer program. Since 1985 they have built, rehabbed, and sold over 1,500 homes to qualifying homebuyers.
- Habitat can leverage funds.
- Habitat can purchase all 10 homes which will be more convenient and efficient for staff. Also, their timeline in acquiring the properties is acceptable. It is in the best interest of the CDA to have the homes sold quickly for security and maintenance concerns since they are vacant.
- Habitat has familiarity with many funding sources including state and federal programs.

EXPLANATION OF FISCAL/FTE IMPACT
The U.S. Department of Housing and Urban Development (HUD) requires the proceeds from the sale of the properties to be placed in a restricted bank account to be used for allowable purposes which in the CDA's case will be acquiring or constructing replacement affordable housing units.

Supporting Documents:
Attachment A: Request for Proposal
Attachment B: Affidavit of Publication of Public Notice
Attachment C: Proposal Received

Previous Board Action(s):
21-6475; 10/19/2021

Resolution No. 21-XXXX

Conduct Public Hearing To Receive Comments On The Disposition Of DCCDA Section 18, LLC Properties And Authorization To Enter Into A Purchase Agreement With Twin Cities Habitat For Humanity

WHEREAS, the Dakota County Community Development Agency (CDA) is able to dispose of property after holding a public hearing for which notice is published; and

WHEREAS, a notice of the public hearing was published in the Dakota County Tribune per statutory requirements; and

WHEREAS, the properties being proposed for sale are part of the DCCDA Section 18, LLC that was created for the transition of public housing units (single-family homes and duplexes) through the U.S. Housing and Urban Development's Section 18 Demo/Dispo program; and

WHEREAS, a Request For Proposals was created to solicit offers on the disposition of 10 DCCDA Section 18, LLC properties, and

WHEREAS, the CDA has received one viable offer from Twin Cities Habitat for Humanity; and

WHEREAS, the proposal from Twin Cities Habitat for Humanity is being recommended for the following reasons:

- Scored high in points awarded through the RFP.
- Habitat has an established homebuyer program.
- Habitat can leverage funds.
- Habitat can purchase all 10 homes which will be more convenient and efficient for staff.
- Habitat has familiarity with many funding sources including state and federal programs.

WHEREAS, a public hearing was conducted on November 16, 2021, on the proposed terms of the sale of the properties.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the Executive Director is authorized to negotiate with and enter into a purchase agreement with Twin Cities Habitat for Humanity for the sale of 10 properties subject to approval as to form by the Dakota County Attorney's office.

Executive Director's Comments:
☒ Recommend Action
☐ Do Not Recommend Action
☐ Reviewed-No Recommendation
☐ Reviewed-Information Only
☐ Submitted at Commissioner Request

☐ Item Type-Consent
☒ Item Type-Discussion
☐ Item Type-Informational

Strategic Plan Priorities:
☒ Focused Housing Programs
☐ Collaboration
☐ Development/Redevelopment
☐ Financial Sustainability
☐ Operational Effectiveness

Executive Director

Department Director

Dakota County
Community Development
Agency
CDA

AMENDED 10/13/2021

REQUEST FOR PROPOSALS

Single Family Homes/Duplex for Sale
for the Resale to Qualified Homeowners in Dakota County
Fall 2021

SUMMARY/INTRODUCTION

In 2020 the Dakota County Community Development Agency (CDA), as Sole Member of the DCCDA Section 18 LLC through the U.S. Department of Housing and Urban Development (HUD), converted 120 scattered site public housing units to Section 18 assistance program. The Section 18 program allows the CDA to sell homes to prospective resident purchasers or non-profit agencies for resale to low/moderate buyers. The homes must be sold at Fair Market Value to maintain the housing value within the community of other homes.

The CDA seeks a non-profit agency (Agency) to purchase the homes for resale to income qualified buyers. A list of the homes along with the appraised market value is listed in Attachment A.

GENERAL INFORMATION AND REQUIREMENTS

RFP Released	October 18, 2021
RFP Responses Due	November 5, 2021; 3:00 p.m.
CDA Board of Commissioners Holds Public Hearing to Consider Sale of Property	November 16, 2021 or TBD
Execute Purchase Agreement	TBD
Completion of Project	Within one (1) year of closing

The CDA reserves the right to change the timeline to ensure the RFP process is successful.

Property History

The homes being offered were previously public housing properties that have been held by the Dakota County CDA for the past thirty plus years. All properties have been maintained and updated and are being sold for fair market value.

Project Planning Assistance

The CDA will provide information as available to facilitate cost estimations, including appraised market value. The selected Agency(ies) is/are responsible for ordering any additional tests and updates required to meet their guidelines to resell the properties to low/moderate income end buyers.

Successful respondents must offer to pay a minimum of appraised market value for each property to be acquired. Within 60 days following award, the Agency will execute a Purchase Agreement ("Purchase Agreement") with the CDA that will include, but not be limited to, the program requirements stated below.

1. **Due Diligence Period.** The Purchase Agreement will establish a due diligence period not to exceed three (3) months after the date of execution of the Purchase Agreement. The Agency will be responsible for obtaining all required approvals and completion of all property due diligence and investigation within this three-month period.

2. **Conveyance of Property.** The conveyance of each property to the Agency will not occur until the Agency has demonstrated readiness to proceed and complete the project in a timely manner (i.e. have financing in place and qualified buyers). The conveyance of property is also subject to HUD's execution of the full release of the HUD Use Agreement.

3. **Project Timeline.** The Purchase Agreement will establish a timeline for the timely completion of the sale of each home.

4. **Reversion Clause.** The Purchase Agreement will contain a reversionary clause allowing the CDA Section 18 LLC to re-purchase the property if resale to qualified buyer does not occur according to the schedule set forth in the Purchase Agreement.

5. **Escrow.** An escrow deposit will be required at the time the Purchase Agreement is executed.

CRITERIA
Responses received will be subject to a two-part review process.

Part 1: Mandatory Requirements
A Respondent must meet minimum criteria in order to have their proposals considered. A majority of these criteria are addressed in Part 1 of the RFP Application. At a minimum, Respondents must:

1. Demonstrate experience: A minimum of 5 years' experience doing projects of similar scope and size to those proposed.
2. Demonstrate capability to complete the project: The Respondent must demonstrate that during a 5-year period it has successfully completed projects of similar scope and size to those proposed, in similar markets. Include experience with purchasing homes and reselling them to income qualified households and demonstrate how income eligibility is certified.
3. Demonstrate credit worthiness: For each project applied for, the Respondent must demonstrate that it can secure funding for the project.
4. Be willing to pay a minimum of appraised market value for each property proposed to be acquired.

If a Respondent proposes acquisition of multiple properties, CDA staff reviewing the proposals will determine whether the Respondent has the experience, capability, and creditworthiness to successfully complete all, some, or none of the proposed acquisitions. Only the acquisitions that staff determines can be successfully completed will be scored.

Part 2: Additional Scoring Criteria
The CDA's preference is to select one Agency to complete all ten homes. The CDA may also consider applications from Agencies on a per property basis. When multiple proposals exist for a property, the following factors will be considered:

- Demonstrated experience and capacity to feasibly sell multiple homes (up to 10).
- Demonstrated experience and capability to successfully income qualify households.

SELECTION CRITERIA	**Maximum Points**
Prior Agency experience of similar project	60
Willingness and ability to acquire and resell all ten properties	10
Points Subtotal	70
80% median or less; however, additional points awarded if home can be sold to lower income families under 60% of median income (maximum of 10 points)	1 point for each 1%
Total Possible Maximum Points	**80**

APPLICATION PROCEDURE
Applications are due by 3:00 pm on November 5, 2021

Email application materials to Lori Zierden at lzierden@dakotacda.org

LATE PROPOSALS WILL NOT BE ACCEPTED

Questions about the RFP must be submitted in writing to Lori Zierden at lzierden@dakotacda.org.

SUBMITTAL REQUIREMENTS AND CHECKLIST
Each Respondent shall submit one (1) unbound copy of the following documents on 8.5 x 11-inch format.

Respondents must adhere to the submission requirements. Failure to comply with the instructions of this RFP will be cause for rejection of the proposal. The CDA reserves the right to seek additional information to clarify responses to this RFP and to reject any or all submittals it deems nonresponsive. Accepting any proposal(s) is at the sole discretion of the Dakota County CDA Board of Commissioners.

Each response must include the following:

- ☐ Cover sheet (Attachment A)
- ☐ Agency Application. Provide one Business Application per proposal. (Attachment B)
  - ☐ Resumes of the development team
  - ☐ Documentation supporting financial feasibility
  - ☐ Disclosure Affidavit (Attachment C)

ATTACHMENT A: COVERSHEET

Single Family Homes/Duplex for Sale Request for Proposal

Dakota County Community Development Agency
Applications are due by 3:00 pm on November 5, 2021

For each property included in your application proposal, provide the information below

Property Address	Offer Amount	Order of Acquisition (for multiple properties, which will be acquired 1st, etc.)	Appraised Market Value
4800 141st Street West Apple Valley - Vacant	$		To be provided
2031 Opal Place Eagan - Vacant	$		To be provided
4680 Nicols Road Eagan – Vacant (Duplex)	$		$306,000
5608 Upper 182nd Street W Farmington – 10/31/2021	$		To be provided
7350 Upper 164th Street W Lakeville - Vacant	$		To be provided
14975 Damask Avenue Rosemount – vacant	$		To be provided
3744 155th Street W Rosemount – 10/31/2021	$		To be provided
16630 Flagstaff Way Rosemount – 12/31/2021	$		To be provided
3526 148th Street Rosemount – 10/31/2021	$		To be provided
369 E Stanley West St. Paul - Vacant	$		To be provided

ATTACHMENT B: BUSINESS APPLICATION

PART 1
Complete and submit this application

1. Business/Developer Name: _____

   Address: _____

   Phone: _____Fax: _____

   Federal Tax ID Number: _____Email address: _____

2. List individuals having an interest of ten percent (10%) or more in the business:

Name	Title	Description of Interest	Percentage of Interest

3. The business was established on _____, organized or operating under
Date
the laws of the state of _____, as:

☐ A corporation
☐ A limited liability company
☐ A non-profit or charitable institution or corporation
☐ A partnership known as a business association
☐ A joint venture known as_____.

4. Number of years in business: _____

5. List the members of the development team and consultants. Insert additional pages as necessary (attach resumes of all members of the development team.

Name	Title	Firm	Role

6. On separate page please provide the following information (limit to 4 pages or less):
   a. Brief description of the Respondent's experience in selling homes to low/mod families.
   b. Please list similar projects in similar markets wherein the Respondent has completed transactions similar to this project within the last five years.
   c. Attach evidence of financing feasibility and/or how much financial assistance is needed from the CDA.
   d. Additional Comments.

The information contained herein is true and correct to the best of my/our knowledge and belief.

_____	_____	_____
Signature	Title	Date
_____	_____	_____
Signature	Title	Date

ATTACHMENT C: DISCLOSURE AFFIDAVIT

1. PRINCIPAL INFORMATION

This affidavit must be completed by an authorized person or persons on behalf of the business or non-profit entity ("Business") submitting the proposal.

If the Business is a for-profit, investors, officers, and principal members having an interest of ten (10%) or more of the corporation must submit individual copies of this affidavit. If the Business is non-profit, the executive director must provide an individual submission.

Business Name
Business Address

Individual Name
Phone Number
Email Address
Home Address

2. PRINCIPAL DISCLOSURES

Check the boxes below regarding each individual and/or business listed above. For each item listed below and answer in the affirmative, please provide a full explanation including, as appropriate, (1) date, (2) charge or claim, (3) place, (4) court and case number, (5) current status of case, and (6) outcome of case. Attach documentation as necessary.

Yes	No	
☐	☐	Business/Individual is a party in a pending lawsuit.
☐	☐	Business/Individual is the subject of a judgment or has a conviction or pending case for criminal or civil fraud or bribery or felony within the past ten (10) years.
☐	☐	Business/Individual has been a debtor in a bankruptcy proceeding, either voluntary or involuntary, within the past 10 years.
☐	☐	Business/Individual has unpaid delinquent taxes, municipal liens, and/or outstanding civil money judgments.
☐	☐	Business/Individual has been declared in default of a loan or failed to complete a development project.
☐	☐	Is the Business in good standing with the Minnesota Office of the Secretary of State?
☐	☐	Is the Business/Individual subject to any defaults, liens, or judgments?
☐	☐	Has the Business/Individual failed to complete or currently in violation of a development agreement or other agreement involving the City of South Saint Paul or another city in Dakota County?
☐	☐	Has the Business/Individual previously been involved in a lawsuit with the City of South Saint Paul or any other city in Dakota County?

Statement of Non-Collusion

The individual signing this affidavit, on his/her own behalf or ion the Business's behalf, as applicable, swears or affirms that:

1. He or she is fully informed respecting the preparation and contents of the subject proposal.
2. The proposal is genuine and is not a collusive or sham offer, nor does the Business/Individual, as applicable, intend to hold said property as a "speculative" investment.
3. The price or prices quoted in this offer are fair and proper and this Business/Individual or any of its officers, partners, agents, representatives, owners, or employees, as applicable, has not in any manner sought to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against the CDA, or any person interested in the Proposed contract and/or redevelopment.

I swear or affirm, on my own behalf or on the Business's behalf, as applicable, that the information contained in this Disclosure Affidavit is true and correct to the best of my/our knowledge and belief. I further acknowledge that the statements made in this Disclosure Affidavit are material and will be relied upon by the Dakota County Community Development Agency in determining what action to take on this proposal.

_____ _____ _____

Signature Title Date

STATE OF MINNESOTA}

SS

COUNTY OF DAKOTA}

The forgoing instrument was acknowledged before me this ___ day of _____, _____ by _____ (individually) on behalf of _____ (company name).

By _____

Notary Public

ATTACHMENT D: PROJECT APPLICATION

PART 2

Property Address(es):

Developer:

1. Proposed project description: Who/how will you sell the homes to low- and moderate-income families?

2. Describe innovative use of financial assistance and how much or what type of financial assistance will be needed from resources other than the CDA. The CDA will not be able to provide any financial assistance associated with this RFP.

3. Provide the justification for expected sales prices to end buyers. Attach supporting material as needed.

4. Project commencement schedule:

☐ 6 months or less

☐ 12 months or less

State typical resell timeline per home: _____ months.

5. Additional Comments:

The information contained herein is true and correct to the best of my/our knowledge and belief.

_____	_____	_____
Signature	Title	Date
_____	_____	_____
Signature	Title	Date

Ad: 1

$92.25

DAKOTA COUNTY
PUBLIC NOTICE

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

Notice is provided that the Board of Commissioners of the Dakota County Community Development Agency (CDA), as the sole member of DCCDA Section 18, LLC will hold a public hearing on Tuesday, November 16, 2021, beginning at 3:30 p.m. at the CDA offices located at 1228 Town Centre Drive, Eagan, Minnesota to consider whether the sale, transfer and/or exchange of the following described property currently owned by DCCDA Section 18, LLC is advisable:

Address	Legal Description
4800 141st Street West, Apple Valley	Lot 2, Block 5 Greenleaf 12th Addition
2031 Opal Place, Eagan	Lot 22, Block 10 Cedar Grove No. 1
4680 Nicols Road, Eagan	Lot 1, Block 1 Tousignants 1st Addition
5608 Upper 182nd Street W, Farmington	Lot 7, Block 1 Hillview Addition
7350 Upper 164th Street W, Lakeville	Lot 1, Block 4 Donnays Valley Park
14975 Damask Avenue, Rosemount	Lot 6, Block 1 Broback 7th Addition
3744 155th Street W, Rosemount	Lot 2, Block 1 O'Learys Hills
3526 148th Street, Rosemount	Lot 10, Block 2 Edwin Rahn
16630 Flagstaff Way, Rosemount	Lot 11, Block 5 Donnays Valley Park 8th Addition
369 E Stanley, West St. Paul	E 17' of Lot 12 and Lot 13, Block 2 Koch & Kerst Add

The terms and conditions of the sale will be available at the CDA's office beginning November 12, 2021. For more information on this proposed sale, transfer and/or exchange of property contact Lori Zierden at the Dakota County CDA, 1228 Town Centre Drive, Eagan, MN 55123, telephone (651) 675-4479. Public comments may be submitted orally or in writing to the CDA through the public hearing held on November 16, 2021.

Published in the
Dakota County Tribune
October 29, 2021
1177334

Twin Cities Habitat for Humanity®

November 5, 2021

Lori Zierden
Real Estate Specialist
Dakota County Community Development Agency
1228 Town Centre Drive
Eagan, MN 55123

Dear Ms. Zierden,

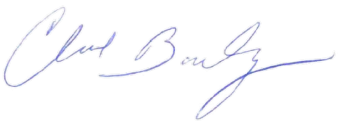
Twin Cities Habitat for Humanity (TC Habitat) is pleased to submit this application in response to the RFP for the sale of nine single family homes and one duplex released by the Dakota County Community Development Agency (CDA) on October 18, 2021. TC Habitat's goal is to use these homes as a pilot program to prove out success working with a public partner to create new affordable homeownership. When successful, we expect to expand this work to other public housing authorities and potentially further with the CDA. This could be a gamechanger in creating affordable homeownership, while simultaneously, freeing up resources for these public entities to allow them to use their resources more effectively!

TC Habitat has submitted a funding application to the Metropolitan Council's Local Housing Incentives Account (LHIA) to support this proposed project at $50,000 per unit for up to 10 units. If approved, those funds would be awarded later this winter. LHIA grants have historically followed an annual application cycle, so potentially this could be an ongoing opportunity to partner with the CDA and the Met Council to make an important impact on the production of affordable homeownership opportunities in Dakota County. Additionally, TC Habitat is anticipating a contribution of $2,376,000 from TCHFH Lending Inc. in the form of first mortgages provided to homebuyers for these properties and will be supplementing the additional anticipated $403,780 with private fundraising to fully fund the completion and sale of these homes to qualified buyers.

Since 1985, TC Habitat has built or rehabilitated, and sold over 1,500 homes to qualifying Habitat homebuyers. Over the past 5 years TC Habitat has rehabbed and sold 112 homes in the 7-county metro area. This experience, in addition to our financial security and ability to pay fair market value for all nine properties, makes TC Habitat a well-qualified partner for this venture.

TC Habitat's mission is to bring people together to create, preserve, and promote affordable homeownership and advance racial equity in housing. This opportunity is a great way for TC Habitat to expand our work in Dakota County and we are thankful for your consideration!

Sincerely,



Chad Bouley
Chief Real Estate Officer
Twin Cities Habitat for Humanity, Inc.

Dakota County
Community Development
Agency

CDA

AMENDED 11/3/2021
AMENDED 11/2/2021
AMENDED 10/13/2021

REQUEST FOR PROPOSALS

Single Family Homes/Duplex for Sale
for the Resale to Qualified Homeowners in Dakota County
Fall 2021

SUMMARY/INTRODUCTION

In 2020 the Dakota County Community Development Agency (CDA), as Sole Member of the DCCDA Section 18 LLC through the U.S. Department of Housing and Urban Development (HUD), converted 120 scattered site public housing units to Section 18 assistance program. The Section 18 program allows the CDA to sell homes to prospective resident purchasers or non-profit agencies for resale to low/moderate buyers. The homes must be sold at Fair Market Value to maintain the housing value within the community of other homes.

The CDA seeks a non-profit agency (Agency) to purchase the homes for resale to income qualified buyers. A list of the homes along with the appraised market value is listed in Attachment A.

GENERAL INFORMATION AND REQUIREMENTS

RFP Released	October 18, 2021
RFP Responses Due	November 5, 2021; 3:00 p.m.
CDA Board of Commissioners Holds Public Hearing to Consider Sale of Property	November 16, 2021 or TBD
Execute Purchase Agreement	TBD
Completion of Project	Within one (1) year of closing

The CDA reserves the right to change the timeline to ensure the RFP process is successful.

Property History

The homes being offered were previously public housing properties that have been held by the Dakota County CDA for the past thirty plus years. All properties have been maintained and updated and are being sold for fair market value.

Project Planning Assistance

The CDA will provide information as available to facilitate cost estimations, including appraised market value. The selected Agency(ies) is/are responsible for ordering any additional tests and updates required to meet their guidelines to resell the properties to low/moderate income end buyers.

Successful respondents must offer to pay a minimum of appraised market value for each property to be acquired. Within 60 days following award, the Agency will execute a Purchase Agreement ("Purchase Agreement") with the CDA that will include, but not be limited to, the program requirements stated below.

1. **Due Diligence Period.** The Purchase Agreement will establish a due diligence period not to exceed three (3) months after the date of execution of the Purchase Agreement. The Agency will be responsible for obtaining all required approvals and completion of all property due diligence and investigation within this three-month period.

2. **Conveyance of Property.** The conveyance of each property to the Agency will not occur until the Agency has demonstrated readiness to proceed and complete the project in a timely manner (i.e. have financing in place and qualified buyers). The conveyance of property is also subject to HUD's execution of the full release of the HUD Use Agreement.

3. **Project Timeline.** The Purchase Agreement will establish a timeline for the timely completion of the sale of each home.

4. **Reversion Clause.** The Purchase Agreement will contain a reversionary clause allowing the CDA Section 18 LLC to re-purchase the property if resale to qualified buyer does not occur according to the schedule set forth in the Purchase Agreement.

5. **Escrow.** An escrow deposit will be required at the time the Purchase Agreement is executed.

CRITERIA
Responses received will be subject to a two-part review process.

Part 1: Mandatory Requirements
A Respondent must meet minimum criteria in order to have their proposals considered. A majority of these criteria are addressed in Part 1 of the RFP Application. At a minimum, Respondents must:

1. Demonstrate experience: A minimum of 5 years' experience doing projects of similar scope and size to those proposed.
2. Demonstrate capability to complete the project: The Respondent must demonstrate that during a 5-year period it has successfully completed projects of similar scope and size to those proposed, in similar markets. Include experience with purchasing homes and reselling them to income qualified households and demonstrate how income eligibility is certified.
3. Demonstrate credit worthiness: For each project applied for, the Respondent must demonstrate that it can secure funding for the project.
4. Be willing to pay a minimum of appraised market value for each property proposed to be acquired.

If a Respondent proposes acquisition of multiple properties, CDA staff reviewing the proposals will determine whether the Respondent has the experience, capability, and creditworthiness to successfully complete all, some, or none of the proposed acquisitions. Only the acquisitions that staff determines can be successfully completed will be scored.

Part 2: Additional Scoring Criteria
The CDA's preference is to select one Agency to complete all ten homes. The CDA may also consider applications from Agencies on a per property basis. When multiple proposals exist for a property, the following factors will be considered:

- Demonstrated experience and capacity to feasibly sell multiple homes (up to 10).
- Demonstrated experience and capability to successfully income qualify households.

SELECTION CRITERIA	**Maximum Points**
Prior Agency experience of similar project	60
Willingness and ability to acquire and resell all ten properties	10
Points Subtotal	70
80% median or less; however, additional points awarded if home can be sold to lower income families under 60% of median income (maximum of 10 points)	1 point for each 1%
Total Possible Maximum Points	**80**

APPLICATION PROCEDURE
Applications are due by 3:00 pm on November 5, 2021

Email application materials to Lori Zierden at lzierden@dakotacda.org

LATE PROPOSALS WILL NOT BE ACCEPTED

Questions about the RFP must be submitted in writing to Lori Zierden at lzierden@dakotacda.org.

SUBMITTAL REQUIREMENTS AND CHECKLIST
Each Respondent shall submit one (1) unbound copy of the following documents on 8.5 x 11-inch format.

Respondents must adhere to the submission requirements. Failure to comply with the instructions of this RFP will be cause for rejection of the proposal. The CDA reserves the right to seek additional information to clarify responses to this RFP and to reject any or all submittals it deems nonresponsive. Accepting any proposal(s) is at the sole discretion of the Dakota County CDA Board of Commissioners.

Each response must include the following:

- [X] Cover sheet (Attachment A)
- [X] Agency Application. Provide one Business Application per proposal. (Attachment B)
  - [X] Resumes of the development team
  - [X] Documentation supporting financial feasibility
  - [X] Disclosure Affidavit (Attachment C)

ATTACHMENT A: COVERSHEET

Single Family Homes/Duplex for Sale Request for Proposal

Dakota County Community Development Agency
Applications are due by 3:00 pm on November 5, 2021

For each property included in your application proposal, provide the information below

Property Address	Offer Amount	Order of Acquisition (for multiple properties, which will be acquired 1st, etc.)	Appraised Market Value
4800 141st Street West Apple Valley - Vacant	$ 280,000	all purchased together	$280,000
2031 Opal Place Eagan - Vacant	$ 250,000		$250,000
4680 Nicols Road Eagan – Vacant (Duplex)	$ 306,000		$306,000
5608 Upper 182nd Street W Farmington – Vacant	$ 255,000		$255,000
7350 Upper 164th Street W Lakeville - Vacant	$ 255,000		$255,000
14975 Damask Avenue Rosemount – Vacant	$ 278,000		$278,000
3744 155th Street W Rosemount – Vacant	$ 250,000		$250,000
16630 Flagstaff Way Rosemount – 12/31/2021	$ 275,000		$275,000
3526 148th Street Rosemount – Vacant	$ 274,000		$274,000
369 E Stanley West St. Paul - Vacant	$ 253,000		$253,000

PART 1
Complete and submit this application

1. Business/Developer Name: Twin Cities Habitat for Humanity

Address: 1954 University Ave W

Phone: 612-305-7144 Fax: 612-305-7144

Federal Tax ID Number: 36-3363171 Email address: chad.bouley@tchabitat.org

2. List individuals having an interest of ten percent (10%) or more in the business:

Name	Title	Description of Interest	Percentage of Interest

3. The business was established on 4/17/85 (Date), organized or operating under the laws of the state of Minnesota, as:

- ☐ A corporation
- ☐ A limited liability company
- ☒ A non-profit or charitable institution or corporation
- ☐ A partnership known as a business association
- ☐ A joint venture known as _____.

4. Number of years in business: 36

5. List the members of the development team and consultants. Insert additional pages as necessary (attach resumes of all members of the development team.

Name	Title	Firm	Role
see attached list of executive team			

6. On separate page please provide the following information (limit to 4 pages or less):
   a. Brief description of the Respondent's experience in selling homes to low/mod families.
   b. Please list similar projects in similar markets wherein the Respondent has completed transactions similar to this project within the last five years.
   c. Attach evidence of financing feasibility and/or how much financial assistance is needed from the CDA.
   d. Additional Comments.

*Please see ther responses in Attachment D: project application, questions 6 a-c above are answered within that narrative.

The information contained herein is true and correct to the best of my/our knowledge and belief.

Signature	Title	Date
	Chief Real Estate Officer	11/5/21
Signature	Title	Date

7

ATTACHMENT C: DISCLOSURE AFFIDAVIT

1. PRINCIPAL INFORMATION

This affidavit must be completed by an authorized person or persons on behalf of the business or non-profit entity ("Business") submitting the proposal.

If the Business is a for-profit, investors, officers, and principal members having an interest of ten (10%) or more of the corporation must submit individual copies of this affidavit. If the Business is non-profit, the executive director must provide an individual submission.

Business Name	Twin Cities Habitat for Humnaity
Business Address	1954 University Ave W, St Paul MN 55104
Individual Name	Chad Bouley, Chief Real Estate Officer
Phone Number	612-305-7144
Email Address	chad.bouley@tchabitat.org
Home Address	N/A

2. PRINCIPAL DISCLOSURES

Check the boxes below regarding each individual and/or business listed above. For each item listed below and answer in the affirmative, please provide a full explanation including, as appropriate, (1) date, (2) charge or claim, (3) place, (4) court and case number, (5) current status of case, and (6) outcome of case. Attach documentation as necessary.

Yes	No	
☐	☒	Business/Individual is a party in a pending lawsuit.
☐	☒	Business/Individual is the subject of a judgment or has a conviction or pending case for criminal or civil fraud or bribery or felony within the past ten (10) years.
☐	☒	Business/Individual has been a debtor in a bankruptcy proceeding, either voluntary or involuntary, within the past 10 years.
☐	☒	Business/Individual has unpaid delinquent taxes, municipal liens, and/or outstanding civil money judgments.
☐	☒	Business/Individual has been declared in default of a loan or failed to complete a development project.
☒	☐	Is the Business in good standing with the Minnesota Office of the Secretary of State?
☐	☒	Is the Business/Individual subject to any defaults, liens, or judgments?
☐	☒	Has the Business/Individual failed to complete or currently in violation of a development agreement or other agreement involving the City of South Saint Paul or another city in Dakota County?
☐	☒	Has the Business/Individual previously been involved in a lawsuit with the City of South Saint Paul or any other city in Dakota County?

Statement of Non-Collusion

The individual signing this affidavit, on his/her own behalf or ion the Business's behalf, as applicable, swears or affirms that:

1. He or she is fully informed respecting the preparation and contents of the subject proposal.
2. The proposal is genuine and is not a collusive or sham offer, nor does the Business/Individual, as applicable, intend to hold said property as a "speculative" investment.
3. The price or prices quoted in this offer are fair and proper and this Business/Individual or any of its officers, partners, agents, representatives, owners, or employees, as applicable, has not in any manner sought to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against the CDA, or any person interested in the Proposed contract and/or redevelopment.

I swear or affirm, on my own behalf or on the Business's behalf, as applicable, that the information contained in this Disclosure Affidavit is true and correct to the best of my/our knowledge and belief. I further acknowledge that the statements made in this Disclosure Affidavit are material and will be relied upon by the Dakota County Community Development Agency in determining what action to take on this proposal.

Signature	Title	Date
	Chief Real Estate Officer	11/5/21

STATE OF MINNESOTA}

SS

COUNTY OF DAKOTA}

The forgoing instrument was acknowledged before me this ___ day of _____, _____ by _____ (individually) on behalf of _____ (company name).

By _____

Notary Public

9

ATTACHMENT D: PROJECT APPLICATION

PART 2

Property Address(es):

4800 141st Street West, Apple Valley; 2031 Opal Place, Eagan; 4680 Nicols Road, Eagan; 7350 Upper 164th Street W, Lakeville; 14975 Damask Avenue, Rosemount; 369 E Stanley St, West St Paul; 5608 Upper 182nd Street W, Farmington; 3744 155th St W, Rosemount; 3526 148th St W, Rosemount; 16630 Flagstaff Way, Rosemount

Developer:

1. Proposed project description: Who/how will you sell the homes to low- and moderate-income families?

TC Habitat's homeownership program features a multiple-phase marketing and selection process. Homes are marketed and sold to mortgage-ready clients earning between 30%-80% AMI. Potential homebuyers may be referred to TC Habitat by either a referral partner, TC Habitat event, word-of-mouth, TC Habitat Website, or social media.

Interested households fill out an eligibility survey and review program requirements on our website. Potential applicants that self-identify as income eligible (80% AMI or less) complete the eligibility survey on-line. Once completed, clients move on in the application process and submit their formal applications and documentation.

The income verification process is conducted multiple times throughout the TC Habitat homebuying process, first at the time that a client applies to the program. Having been accepted into the program, their income will then be verified periodically as they work with their financial coach to become mortgage ready. Once deemed mortgage ready, client income is verified again as they are issued a mortgage preapproval and advanced into TC Habitat's matching pool. In the matching pool, applicants receive property letters listing properties in TC Habitat's production pipeline that they are eligible to purchase based on their household size and ability to afford the housing costs associated with a given property. Clients select properties they are interested in purchasing and are matched to homes accordingly. These homebuyers must also complete sweat equity and homebuyer education classes (subject to Covid restrictions) to prepare them for homeownership. Final income documentation is collected from our clients by our Community Loan Officers at the time the purchase agreement is executed, approximately 60 days prior to closing. Our lending policies and procedures include detailed instructions for what documentation to collect and how to calculate income based on the type of income being received. For example, if a client receives an hourly wage, we will collect the 8 most recent paystubs and calculate their hourly rate multiplied by the average hours worked per pay period. TC Habitat follows HUD Part 5 Guidelines for determining income.

TC Habitat homes will remain affordable for 30+ years because of TC Habitat's purchase option and buyback policy. Additionally, all TC Habitat homebuyers are first time homebuyers and 85% of our homebuyers are people of color. TC Habitat intends to purchase and rehabilitate the 10 properties in Dakota county listed in this RFP. The scopes of work will be determined per each project based on the existing condition of each home but could include furnace and water heater replacement and reroofing as well as additional updating and repairs. TC Habitat's standard rehab guideline is that a new homeowner of a rehabbed home should reasonably have at least 5 years left on mechanicals and roofing materials before replacement could be expected. Additional interior and exterior work may be necessary to meet Enterprise Green Community rehab standards and make homes marketable to TC Habitat buyers.

Typical TC Habitat rehabilitation work done on previously acquired homes would include:

- Radon testing and mitigation, if appropriate
- Replacing cabinetry and carpentry items in poor condition including cabinets, vanities, railings and trim, if needed
- Repairing or replacing damaged or deteriorating pieces of siding, exterior trim, and gutters
- Replacing damaged or deteriorating interior and exterior doors, door hardware and garage service doors
- Replacing any broken or mismatched glass or windows
- Replacing outdated or damaged vinyl flooring and carpeting; refinishing hardwood floors if damaged or stained
- Replacing damaged or outdated range, rangehood, and refrigerator in kitchen
- General plumbing work, when necessary, to include providing rodent and corrosion proof screens and insulating water piping to Minnesota Energy Codes when applicable.
- General HVAC work, including furnace (or boiler) tune up or replacement, duct cleaning and register cover replacement
- Necessary electrical work and parts including confirmation of working smoke and CO detectors, correcting any illegal or dangerous wiring discovered
- Additional waterproofing, insulation, and sealing, where necessary and accessible
- If needed, replacing, and repairing shingles and roofing materials.

Furthermore, TC Habitat works collaboratively with Habitat homebuyers who have members with special needs. Clients with special needs may request TC Habitat install grab bars, ramps and other minor home modifications. By providing this option for families, TC Habitat ensures households with special needs can remain safe and independent in their home. Our hope would be to retain and restore the accessibility modifications that have been made to 7350 Upper 164th St W, Lakeville to accommodate any potential buyer in our program who requires a home that has been modified for accessibility.

The duplex at 4680 Nicols Rd, Eagan also presents an interesting opportunity. TC Habitat is always looking for innovate. We have been researching industry trends and having internal discussions about the future of housing as conversations around "aging in place" become more prominent. We're exploring the idea of accessory dwelling units (ADUs) to see if there is a demand for opportunities to accommodate multi-generational households in our client pool. This duplex could be a great pilot for the idea. Habitat will need to take an in-depth look at the property itself and do more research on the local guidelines and codes for Eagan but it certainly presents as an interesting idea and one deserving of more research.

2. Describe innovative use of financial assistance and how much or what type of financial assistance will be needed from resources other than the CDA. The CDA will not be able to provide any financial assistance associated with this RFP.

Earlier this year, TC Habitat submitted an application for $500,000 to the Metropolitan Council Local Housing Incentives Account (LHIA) grant program. The intention was for this funding source to subsidize the acquisition and rehab of single-family homes for TC Habitat to purchase from the Dakota County CDA. The LHIA funding will be awarded this winter and TC Habitat is confident that the $500K application will turn into $50K each for up to 10 homes acquired through Dakota County.

LHIA is not typically part of Habitat's annual public funding application process. We have a fine-tuned production model that doesn't always include new projects that meet the criteria for collaboration with cities and counties that the Met Council looks for in this program. But this exciting opportunity to partner with Dakota County CDA, and the chance to pilot what could be a replicable program with other municipalities in the metro, was the perfect catalyst for accessing the Met Council as a funding source for this acquisition and rehab work. As cities and counties find that their affordable housing dollars are maximized in other prospects and they move away from single family scattered site rentals, there is an opportunity to innovate. Purchasing former rentals, rehabbing them and selling them to qualified buyers in Habitat's homeownership program is a way to increase affordable homeownership at a time when affordable housing options seem to be increasing scarce.

In addition, the first mortgage revenue generated by the future sales of these homes through TCHFH Lending Inc. will also help offset the cost of acquiring and rehabbing them. Further, TC Habitat has worked hard for many years to cultivate and engage a substantial private donor base here in the Twin Cities. We're humbled by the generosity of corporate sponsors, community groups and individuals who contribute to TC Habitat's general fund, allowing us to continue our work building, renovating, and preserving affordable housing in the Twin Cities. The additional financial resources needed to acquire and renovate these homes will come from Habitat and its private fundraising efforts.

3. Provide the justification for expected sales prices to end buyers. Attach supporting material as needed.

TC Habitat's final sales price to clients will be based on the fair market value of the property and supported by an appraisal. TC Habitat provides buyers with affordability subsidy in order to guarantee that the first mortgage they qualify for on the property has payments that are no more than 30% of their monthly budget. Please see the attached supporting documents detailing rehab budgets per project as well as the projected sources and uses.

4. Project commencement schedule:

☒ 6 months or less

☐ 12 months or less

State typical resell timeline per home: 12 months.

5. Additional Comments:

TC Habitat requests all houses be cleared of personal property and cleaned prior to taking possession.

The information contained herein is true and correct to the best of my/our knowledge and belief.

Signature	Title	Date
	Chief Real Estate Officer	11/5/21
Signature	Title	Date

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Qualifications of TCHFH Team Members

ADMINISTRATION

President and Chief Executive Officer - Chris Coleman joined Twin Cities Habitat in 2018 after serving as Mayor of St. Paul from 2006 to 2018. As Mayor, Chris was a champion for economic development, education, and racial equity. From 2013 to 2014, Chris was the President of the National League of Cities, a bi-partisan coalition of leaders from across the country. Prior to his election as Mayor, Chris was an investment advisor for RBC and he served for six years on the St. Paul City Council. Chris was born and raised in St. Paul and earned bachelor's and law degrees from the University of Minnesota.

Chief Operating Officer – Robyn Bipes-Timm oversees Habitat's mortgage lending, programs & services and human resources. She is president of Habitat's wholly-owned nonprofit lending subsidiary, TCHFH Lending, Inc. Prior to Habitat, Robyn led the Greater Minnesota Housing Fund's affordable housing programs and lending for rental housing and homeownership for nearly a decade. She currently serves as the president of the Minnesota Home Ownership Center Board of Directors and is co-chair of the Minnesota CDFI Coalition. She earned a Master in Public Policy (MPP) from the University of Minnesota's Humphrey Institute of Public Affairs and a BA from Lewis & Clark College in Portland, Oregon and is a licensed mortgage broker and realtor.

Director, Equity and Inclusion – Shoreé Ingram joined Twin Cities Habitat in November 2020. Prior to Habitat, Shoreé served the Hennepin County community as District Court's first-ever Diversity and Outreach Specialist. She began her career with the courts in 2013 in Education and Organization Development and has led community outreach and education initiatives to advance inclusion and ensure access to justice. She uses her strengths as a positive, passionate, and people-centered thinker to lead internal training and development for leaders and employees on topics of diversity, inclusion and providing excellent service.

FINANCE

Chief Financial Officer - Joe Khawaja comes to TCHFH with vast financial experience previously serving as the Director of Finance, Strategy, Operations Support for the Federal Reserve Bank of Minneapolis. Joe oversees the strategic finances, including the Impact 2020 plan. Joe earned a Master of Business Administration in Finance from Capella University, Executive Certificates in Leadership & Management and Leading Teams & Organizations from University of Notre Dame, a Bachelor of Science in Accounting from City University of New York, and a Bachelor of Business Administration in Commerce from University of Punjab.

Controller - Ryan Robinson joined TCHFH as the controller in 2016. Ryan has worked with nonprofit organizations for over a decade and is excited about making an impact with the community through his role with Habitat. He previously worked for two large CPA firms for over 10 years exclusively on clients in the nonprofit, higher education, and government sectors. His experience includes overseeing the accounting and financial functions at TCHFH, as well as performing financial audits, grant compliance audits and other financial engagements throughout the Twin Cities and Southern California. Ryan earned his undergraduate degree in Accounting from Azusa Pacific University and is a licensed CPA in Minnesota.

PROGRAMS AND SERVICES

Chief Programs and Services Officer – Shereese Turner joined TCHFH in 2018 and leads the Programs and Services division which includes Homeownership, Coaching, Neighborhood Revitalization, Foreclosure Prevention and A Brush with Kindness. Before joining Habitat, Shereese was Director of Programs and Operations at Twin Cities R!SE (TCR) where she worked at TCR for 11 years. Shereese is an inspiring and passionate leader who builds bridges with community partners and advocates for underrepresented communities. Shereese is a co-founder of Stop the Violence Bring the Unity Movement and serves on the board at Bridging Inc. She has a degree in Public/Non-Profit Management from Metropolitan State University and a Master's in Health & Human Services from St. Mary's University.

Qualifications of TCHFH Team Members

MORTGAGE LENDING

Director, Lending – Betsy Mills joined Habitat in 2013. She currently oversees all mortgage operations for TCHFH Lending, Inc. including mortgage origination and long-term servicing of the mortgage portfolio. Before joining Habitat, Betsy worked in a local community bank as a personal banker and mortgage lender. She has degrees in Accounting and Business Administration from Concordia College in Moorhead, MN.

RESOURCE DEVELOPMENT

Chief Development Officer – Cathy Lawrence joined the TCHFH team in 2015. Cathy brings a wealth of experience in many fields including philanthropy, nonprofit leadership, advocacy, and low-income housing. She is a graduate of the University of Minnesota-Duluth and earned her law degree from William Mitchell Collage of Law. Cathy has experience serving on non-profit boards of directors and on the advisory council to the University of Minnesota Athletic Department. In her past, Cathy worked as Director of Development at Twin Cities RISE!. At TCHFH, Cathy oversees the Resource Development and Community Relations Division which includes marketing, communications, as well as donor and volunteer development.

Senior Director, Resource Development - Kate Loe leads a team responsible for volunteer programs and fundraising **–** corporate, faith-based, youth & school and in-kind partnerships, family and foundation grants and a portion of individual giving. Before joining the TCHFH team in 2008, she spent more than eight years managing national client accounts. Kate holds a BA in communications from Gustavus Adolphus College.

Senior Director, Marketing and Communications – Brian Juntti joined TCHFH in 2004 and leads the team responsible for marketing, communications and event activities. Before Habitat, Brian was a producer for a - Minneapolis-based film and video production company. He is a member of the American Marketing Association and the Minnesota Interactive Marketing Association, and the steering committee for the Minneapolis Regional Chamber of Commerce's Leadership Twin Cities program**.** Brian has a BA in Theater Arts and Film & Media Studies from Hamline University, and a MBA from University of St. Thomas.

HOMEBUILDING

Chief Real Estate Officer - Chad Bouley joined TCHFH in 2003 and has volunteered at the organization since 1996. Chad came to TCHFH with a Bachelor's Degree in Construction Management and 6 years as a project manager, then General Manager in the structural steel and precast panel industry. Chad oversees budgets and activity for project management, construction and project funding. Chad's staff are responsible for identifying and acquiring sites, designing, estimating, and bidding the projects, as well as the project management and volunteer scheduling work associated with them. Chad also oversees the more than 50 staff members that carry out TCHFH's construction functions, including the production and implementation of all construction policies and procedures. Chad is also responsible for project portfolio and long range planning.

Director, Land Development – Chad Dipman's first experience with Habitat was at the tender age of 18 on a college spring break trip to work with the Homestead, FL, Habitat affiliate shortly after Hurricane Hugo. Apparently, that experience touched a nerve, because after two more trips, a year of AmeriCorps, a few years as a site supervisor, and 15 years in Land Development, Chad continues his tenure at Twin Cities Habitat as the Land Development Director. Chad has a BS in Chemistry from Carleton College and a Master's in Urban and Regional Planning from the University of Iowa and is a certified Housing Development Finance Professional. Chad lives with his wife and 3 kids on their farm in Kerrick, MN.

Director, Field Operations – Jake Kirchgessner has been working with TCHFH since 2005 with roles as a Site Supervisor, Senior Site Supervisor and Construction Field Manager. Prior to working with TCHFH, Jake worked as a carpenter and in hardscape landscaping. Kirchgessner supervises 20 site staff, 2 warranty employees, the panel plant and 20 AmeriCorps members all tasked with completing the on-site onstruction process while providing a safe and meaningful build experience for home buyers and volunteers.

Twin Cities Habitat for Humanity Board of Directors 2021-22

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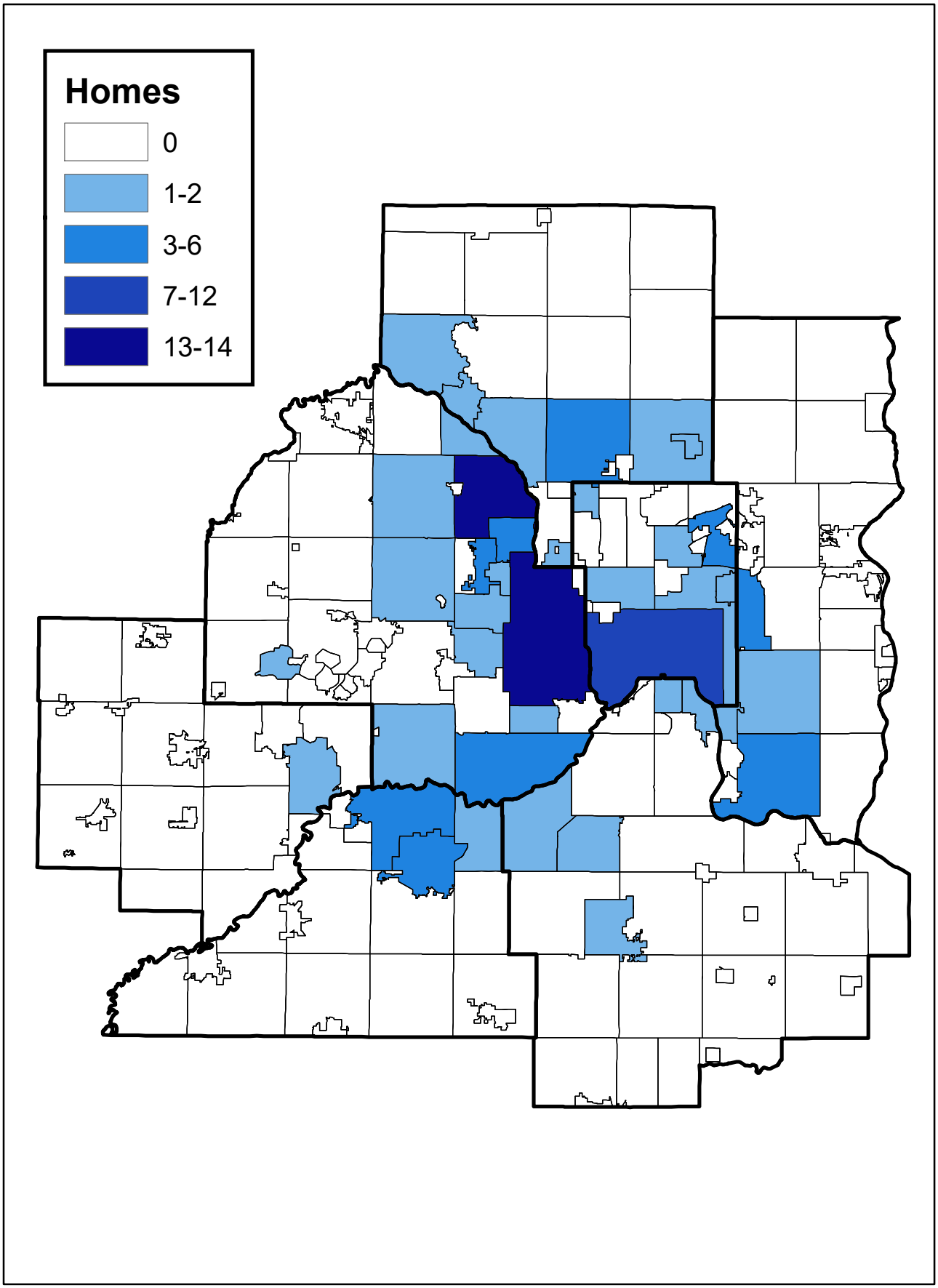
Homes Rehabilitated/Resold to TC Habitat Homebuyers 2015- Present



Data from TC Habitat and Minnesota Geospatial Commons
Cartographer: Sam Dyer 1/15/2021

TC Habitat Rehab Data by City (5 years)	
City	**Quantity**
Golden Valley	1
Crystal	3
St Paul	12
Minneapolis	14
Brooklyn Park	13
Newport	2
Woodbury	2
White Bear Lake	4
Maple Grove	2
Columbia Heights	1
Robbinsdale	1
Maplewood	2
Chaska	1
Mounds View	1
Roseville	2
West St. Paul	2
Shakopee	4
Plymouth	1
North St. Paul	2
Blaine	4
Brooklyn Center	6
Prior Lake	3
Savage	2
Apple Valley	1
South St. Paul	2
Lino Lakes	1
Anoka	1
Bloomington	3
Cottage Grove	4
St. Louis Park	1
Eden Prairie	1
Mound	1
Richfield	1
Centerville	1
Ramsey	2
Coon Rapids	1
Oakdale	3
Farmington	1
Vadnais Heights	1
Burnsville	1
Champlin	1

Address	Status	Bed/bath	Appraised value	Rehab estimate	Acquisition plus rehab cost
4800 141st Street West, Apple Valley	Vacant	4 bd/1.75 ba	$280,000	$40,000	$320,000
2031 Opal Place, Eagan	Vacant	3 bd/ 1 ba	$250,000	$31,550	$281,550
4680 Nicols Road, Eagan (duplex)	Vacant	5bd/ 2 ba	$306,000	$47,600	$353,600
7350 Upper 164th Street W, Lakeville	Vacant	3 bd/ 1 ba	$255,000	$34,350	$289,350
14975 Damask Avenue, Rosemount	Vacant	3 bd/ 1 ba	$278,000	$34,900	$312,900
369 E Stanley St, West St Paul	Vacant	3bd/ 2 ba	$253,000	$38,500	$291,500
5608 Upper 182nd Street W, Farmington	Vacant	3 bd/ 1 ba	$255,000	$45,250	$300,250
3744 155th St W, Rosemount	Vacant	3 bd/ 1 ba	$250,000	$36,500	$286,500
3526 148th St W, Rosemount	Vacant	3bd/ 2 ba	$274,000	$37,250	$311,250
16630 Flagstaff Way, Rosemount	12/31/2021	3bd/ 2 ba	$275,000	$37,700	$312,700
totals:			**$2,676,000**	**$383,600**	**$3,059,600**

Twin Cities Habitat for Humanity®

November 5, 2021

Lori Zierden
Real Estate Specialist
Dakota County Community Development Agency
1228 Town Centre Drive
Eagan, MN 55123

Dear Ms. Zierden,

This letter is to document that, as of the date of this funding application, Twin Cities Habitat for Humanity has allocated the following amounts to cover the acquisition and development costs for ten rehabilitation projects in Dakota County:

- $3,059,600 private fundraising to cover value and affordability gaps.

Twin Cities Habitat for Humanity has access to a $25,000,000 line of credit through the Minnesota Housing Finance Agency available to fund the acquisition of all ten properties identified by the CDA in this RFP.

These allocations are based on an anticipated contribution of $2,376,000 from TCHFH Lending Inc. to provide first mortgages to the homebuyers of these projects as well as $500,000 in Metropolitan Council LHIA funding that TC Habitat has applied for. Should the sum of the allocated amounts and the requested funding from the Met Council not meet the total required to complete the project, this letter also serves to document that TC Habitat will increase its cash allocation to offset any shortfall.

Additional questions may be referred to Betsy Starkson at (612)305-7165 or betsy.starkson@tchabitat.org.

Thank you,

Joe Khawaja
Chief Financial Officer
Twin Cities Habitat for Humanity, Inc.

TWIN CITIES HABITAT FOR HUMANITY, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019

TWIN CITIES HABITAT FOR HUMANITY, INC.
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YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Finance Committee
Twin Cities Habitat for Humanity, Inc.
Minneapolis, Minnesota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Twin Cities Habitat for Humanity, Inc., which comprise the consolidated balance sheets as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Twin Cities Habitat for Humanity, Inc. as of June 30, 2020 and 2019, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 1, 2020

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	$ 12,234,992	$ 5,797,414
Investments (Note 14)	1,240,962	780,498
Accounts Receivable	932,437	1,047,330
Mortgage Servicing Asset, Net (Note 16)	998,052	523,212
Contributions Receivable, Net (Note 2)	3,465,655	4,739,614
Inventory (Note 3)	13,189,967	13,533,037
Land Held in Trust	1,131,221	859,719
Prepaid and Other Assets	551,121	624,110
Leveraged Loans Receivable (Note 5)	3,623,316	10,127,032
Property and Equipment, Net (Note 4)	8,950,327	8,897,512
Mortgages Receivable (Note 6):		
Mortgages Receivable Held, at Face Value	54,663,434	58,922,701
Mortgages Receivable Held for Sale, at Face Value	2,334,177	5,393,223
Less: Unamortized Discount and Allowance	(18,637,368)	(20,764,519)
Mortgages Receivable, Net	38,360,243	43,551,405
Total Assets	$ 84,678,293	$ 90,480,883
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 908,990	$ 821,623
Accrued Expenses	1,185,724	838,604
Line of Credit (Note 8)	3,677,769	6,942,389
Unearned Grant Revenue	3,284,157	1,894,002
Long-Term Notes Payable (Note 7):		
Long-Term Notes Payable, at Face Value	35,873,458	46,304,659
Less: Unamortized Discount and Origination Fees	(5,101,371)	(5,831,390)
Long-Term Notes Payable, Net	30,772,087	40,473,269
Total Liabilities	39,828,727	50,969,887
NET ASSETS		
Without Donor Restrictions	39,537,265	33,338,040
With Donor Restrictions (Note 12 and 13)	5,312,301	6,172,956
Total Net Assets	44,849,566	39,510,996
Total Liabilities and Net Assets	$ 84,678,293	$ 90,480,883

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT			
Operating Revenue:			
Home Sales (Mortgages Received)	$ 9,439,633	$ -	$ 9,439,633
Investment Income (Loss)	211,082	(28,893)	182,189
ReStore Sales (Net of Direct Expense of $1,546,423 and $1,492,421, Respectively)	18,548	-	18,548
Other	877,315	-	877,315
Total Operating Revenue	10,546,578	(28,893)	10,517,685
Support:			
Contributions	9,653,185	1,909,108	11,562,293
Public Sector Funds	3,711,112	-	3,711,112
In-Kind (Note 10)	1,000,148	-	1,000,148
Special Events (Net of Direct Expense of $264,704 and $491,300, Respectively)	542,126	-	542,126
Total Support	14,906,571	1,909,108	16,815,679
Net Assets Released from Restrictions (Note 12)	2,740,870	(2,740,870)	-
Total Operating Revenue and Support	28,194,019	(860,655)	27,333,364
OPERATING EXPENSES			
Program Services	21,190,616	-	21,190,616
Management and General	2,382,650	-	2,382,650
Fundraising	2,482,262	-	2,482,262
Total Operating Expenses	26,055,528	-	26,055,528
OPERATING INCREASE (DECREASE) IN NET ASSETS	2,138,491	(860,655)	1,277,836
NONOPERATING ACTIVITIES			
Contribution of Below Market Interest Rate Debt	344	-	344
Gain (Loss) on New Market Tax Credit	2,651,100	-	2,651,100
Amortization of Discount on Mortgages	2,127,151	-	2,127,151
Amortization of Discount on Long-Term Notes Payable	(717,861)	-	(717,861)
NONOPERATING INCREASE IN NET ASSETS	4,060,734	-	4,060,734
TOTAL INCREASE (DECREASE) IN NET ASSETS	6,199,225	(860,655)	5,338,570
Net Assets - Beginning of Year	33,338,040	6,172,956	39,510,996
NET ASSETS - END OF YEAR	$ 39,537,265	$ 5,312,301	$ 44,849,566

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

2019		
Without Donor Restrictions	With Donor Restrictions	Total
$ 10,114,361	$ -	$ 10,114,361
254,615	40,610	295,225
313,346	-	313,346
521,720	-	521,720
11,204,042	40,610	11,244,652
8,001,971	1,728,326	9,730,297
3,332,566	-	3,332,566
511,774	-	511,774
551,371	-	551,371
12,397,682	1,728,326	14,126,008
3,487,256	(3,487,256)	-
27,088,980	(1,718,320)	25,370,660
23,605,258	-	23,605,258
2,592,124	-	2,592,124
2,583,882	-	2,583,882
28,781,264	-	28,781,264
(1,692,284)	(1,718,320)	(3,410,604)
106,887	-	106,887
-	-	-
2,163,088	-	2,163,088
(762,390)	-	(762,390)
1,507,585	-	1,507,585
(184,699)	(1,718,320)	(1,903,019)
33,522,739	7,891,276	41,414,015
$ 33,338,040	$ 6,172,956	$ 39,510,996

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services						Support Services			
	Creating Local and International Homeownership	Financing Homeownership	Preserving Homeownership	ReStores	Community Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	Total All All Services
Cost of Production - Cash	$ 9,813,488	$ -	$ 452,126	$ -	$ -	$ 10,265,614	$ -	$ -	$ -	$ 10,265,614
Cost of Production - In-Kind	996,819	-	20,637	-	-	1,017,456	-	-	-	1,017,456
Salaries, Taxes, and Benefits	4,430,542	507,951	913,846	752,312	400,829	7,005,480	1,663,246	1,698,469	3,361,715	10,367,195
Professional Fees	221,889	53,224	24,381	12,287	24,569	336,350	227,859	226,408	454,267	790,617
Printing and Media	2,105	394	2,242	7,739	2,649	15,129	229,212	305,394	534,606	549,735
Postage	6,362	1,521	1,327	483	600	10,293	28,339	29,091	57,430	67,723
Insurance	114,670	34,571	23,613	-	10,301	183,155	23,154	32,812	55,966	239,121
Telephone	39,167	1,369	6,860	3,330	1,815	52,541	3,712	5,617	9,329	61,870
Occupancy	249,310	5,553	66,323	483,971	9,542	814,699	13,767	48,824	62,591	877,290
Vehicle Fleet	46,170	1,445	13,375	27,088	2,672	90,750	3,581	6,888	10,469	101,219
General Supplies, Tools, and Site Supplies	169,617	2,701	28,386	31,558	8,074	240,336	15,006	165,068	180,074	420,410
Equipment Lease and Maintenance	10,446	603	1,935	7,806	679	21,469	1,494	4,877	6,371	27,840
Meals and Travel	30,581	1,223	6,367	3,235	19,404	60,810	13,790	65,021	78,811	139,621
Staff Development	53,887	4,183	10,883	450	6,961	76,364	38,473	25,344	63,817	140,181
Habitat International Tithe and Fees	242,125	-	-	-	-	242,125	-	-	-	242,125
Loan Servicing and Bank Fees	351	234,331	54	38,442	135	273,313	36,826	24,950	61,776	335,089
Miscellaneous	18,517	912	5,049	46,768	1,062	72,308	6,402	485	6,887	79,195
Affordability Gap and Closing Cost Subsidies	-	589,203	-	-	-	589,203	-	-	-	589,203
Discount Amortization and Interest Expense	94,256	1,440,453	19,409	-	8,467	1,562,585	19,033	26,970	46,003	1,608,588
Depreciation	287,896	22,930	59,437	130,954	23,703	524,920	58,756	80,748	139,504	664,424
Total	$ 16,828,198	$ 2,902,567	$ 1,656,250	$ 1,546,423	$ 521,462	$ 23,454,900	$ 2,382,650	$ 2,746,966	$ 5,129,616	$ 28,584,516
Operating	$ 16,828,198	$ 2,184,706	$ 1,656,250	$ -	$ 521,462	$ 21,190,616	$ 2,382,650	$ 2,482,262	$ 4,864,912	$ 26,055,528
Nonoperating - Amortization of Discount on Long-Term Notes Payable	-	717,861	-	-	-	717,861	-	-	-	717,861
Expenses Netted Against Revenues	-	-	-	1,546,423	-	1,546,423	-	264,704	264,704	1,811,127
Total	$ 16,828,198	$ 2,902,567	$ 1,656,250	$ 1,546,423	$ 521,462	$ 23,454,900	$ 2,382,650	$ 2,746,966	$ 5,129,616	$ 28,584,516
Percentage	58.87 %	10.15 %	5.79 %	5.41 %	1.82 %	82.05 %	8.34 %	9.61 %	17.95 %	100.00 %

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services						Support Services			
	Creating Local and International Homeownership	Financing Homeownership	Preserving Homeownership	ReStores	Community Engagement	Total Program Services	Management and General	Fundraising	Total Support Services	Total All All Services
Cost of Production - Cash	$ 12,438,026	$ -	$ 447,368	$ -	$ -	$ 12,885,394	$ -	$ -	$ -	$ 12,885,394
Cost of Production - In-Kind	716,271	-	56,185	-	-	772,456	-	-	-	772,456
Salaries, Taxes, and Benefits	4,132,617	524,160	796,845	755,861	423,844	6,633,327	1,752,180	1,518,648	3,270,828	9,904,155
Professional Fees	252,314	79,507	26,939	5,461	15,928	380,149	207,906	329,159	537,065	917,214
Printing and Media	3,522	937	3,491	12,114	5,828	25,892	287,305	358,029	645,334	671,226
Postage	9,108	700	1,831	607	1,072	13,318	24,179	26,043	50,222	63,540
Insurance	111,331	27,046	22,042	-	10,725	171,144	23,309	31,813	55,122	226,266
Telephone	43,824	1,194	8,353	3,580	2,009	58,960	4,105	5,457	9,562	68,522
Occupancy	279,176	7,700	75,918	454,649	13,748	831,191	21,679	52,517	74,196	905,387
Vehicle Fleet	55,498	1,673	18,303	31,386	3,798	110,658	4,709	8,566	13,275	123,933
General Supplies, Tools, and Site Supplies	307,165	4,994	38,043	14,919	13,983	379,104	18,009	286,394	304,403	683,507
Equipment Lease and Maintenance	12,611	641	3,070	-	894	17,216	1,804	9,479	11,283	28,499
Meals and Travel	34,132	6,763	8,078	2,844	25,198	77,015	37,456	251,675	289,131	366,146
Staff Development	88,448	12,579	21,877	1,240	14,532	138,676	44,590	31,252	75,842	214,518
Habitat International Tithe and Fees	245,800	-	-	-	-	245,800	-	-	-	245,800
Loan Servicing and Bank Fees	391	202,084	60	46,306	120	248,961	44,183	31,459	75,642	324,603
Miscellaneous	9,390	719	4,173	41,838	575	56,695	3,685	3,345	7,030	63,725
Affordability Gap and Closing Cost Subsidies	-	594,268	-	-	-	594,268	23,703	-	23,703	617,971
Discount Amortization and Interest Expense	183,286	1,497,740	36,288	-	17,656	1,734,970	38,374	52,374	90,748	1,825,718
Depreciation	265,947	19,516	52,408	121,616	25,388	484,875	54,948	75,156	130,104	614,979
Total	$ 19,188,857	$ 2,982,221	$ 1,621,272	$ 1,492,421	$ 575,298	$ 25,860,069	$ 2,592,124	$ 3,071,366	$ 5,663,490	$ 31,523,559
Operating	$ 19,188,857	$ 2,219,831	$ 1,621,272	$ -	$ 575,298	$ 23,605,258	$ 2,592,124	$ 2,583,882	$ 5,176,006	$ 28,781,264
Nonoperating - Amortization of Discount on Long-Term Notes Payable	-	762,390	-	-	-	762,390	-	-	-	762,390
Expenses Netted Against Revenues	-	-	-	1,492,421	-	1,492,421	-	487,484	487,484	1,979,905
Total	$ 19,188,857	$ 2,982,221	$ 1,621,272	$ 1,492,421	$ 575,298	$ 25,860,069	$ 2,592,124	$ 3,071,366	$ 5,663,490	$ 31,523,559
Percentage	60.87 %	9.46 %	5.14 %	4.73 %	1.82 %	82.03 %	8.22 %	9.74 %	17.97 %	100.00 %

See accompanying Notes to Consolidated Financial Statements.

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 5,338,570	$ (1,903,019)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	664,424	614,979
In-Kind Contributions of Goods	(946,771)	(447,030)
Discounts on Current-Year Borrowings Under Long-Term Notes Payable	(344)	(106,887)
Amortization of Discounts on Mortgages Receivable	(2,127,151)	(2,163,088)
Recognition of Earned Advanced Grant Funds	(876,132)	(333,887)
Origination of Mortgages Held for Sale	(21,399,308)	(18,996,154)
Proceeds from Sale of Mortgages Held for Sale	24,420,765	16,935,725
Amortization of Discount on Long-Term Notes Payable	717,861	762,390
Gain on Sale for Mortgage Servicing Rights	(474,840)	(323,715)
Gain on New Market Tax Credit	(2,651,100)	-
Other	71,287	(412,373)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	114,893	(351,914)
Contributions Receivable, Net	1,273,959	1,454,872
Leverage Loan Receivable	34,816	(3,660,132)
Inventory	1,477,239	(589,825)
Prepaid and Other Assets	72,989	(197,301)
Accounts Payable	87,367	(33,446)
Accrued Expenses	367,120	(46,825)
Unearned Grant Revenue	2,266,287	1,589,142
Net Cash Provided (Used) by Operating Activities	8,431,931	(8,208,488)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments Received on Mortgages Held	3,800,367	3,906,165
Purchase of Investments	(500,000)	(39,144)
Purchases of Property and Equipment	(724,649)	(362,340)
Net Cash Provided by Investing Activities	2,581,468	3,504,681
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds (Payments) on Line of Credit	(3,264,620)	4,243,439
Payments on Long-Term Notes Payable	(3,045,551)	(5,769,071)
Borrowings on Long-Term Notes Payable	1,734,350	6,623,085
Net Cash Provided (Used) by Financing Activities	(4,575,821)	5,097,453
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,437,578	393,646
Cash and Cash Equivalents - Beginning of Year	5,797,414	5,403,768
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 12,234,992	$ 5,797,414
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 960,728	$ 1,046,161
NONCASH ITEMS		
Inventory and Equipment Contributed by Donors	$ 1,000,148	$ 511,774
Contributions and Pledge Payments of Investment Securities	$ 796,049	$ 472,817

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Twin Cities Habitat for Humanity, Inc. is a Minnesota nonprofit corporation, incorporated in 1985. The mission of Twin Cities Habitat for Humanity (TCHFH or the Organization) is to eliminate poverty housing from the Twin Cities and to make decent, affordable shelter for all people a matter of conscience. TCHFH fulfills its mission through five major program initiatives which address homeownership needs in the community while engaging the community in the issues of affordable homeownership.

Creating affordable homeownership is the primary program. TCHFH builds or renovates homes utilizing volunteer labor, donated materials, and contributed funds. The homes are then sold to pre-qualified, low-income families. Homebuyers are selected based on need, ability to repay the TCHFH mortgage, and willingness to partner. The Organization also tithes a portion of its general donations to Habitat for Humanity International to improve the housing conditions for people living in poverty around the world.

Long-term mortgage financing is a key component which makes Habitat homes affordable. Homes are sold to local low-income buyers with affordable mortgages provided by TCHFH Lending Inc. based on households paying no more than 30% of their monthly income for housing costs. The mortgages are profit-free.

Preserving homeownership includes three activities which allow existing homeowners in the community to remain in their home. “A Brush with Kindness” and “Age Well at Home” programs offer painting and critical remodeling services throughout the metropolitan area, serving low-income, elderly, or disabled homeowners seeking to stay in an affordable home. Volunteers and subcontractors provide these services and materials are received in-kind. In circumstances where repairs are more extensive, homeowners take out a loan through Federal Home Loan Bank sources. “Mortgage Foreclosure Prevention Program” is a contract service for any City of Minneapolis resident in need of foreclosure prevention counseling or intervention.

TCHFH operates two ReStores, which sell donated building materials and supplies to the general public. The ReStores relies significantly on volunteers to staff store operations, providing them with an opportunity to advance the TCHFH mission. Through the activities of the ReStores, TCHFH is also able to divert tons of usable materials from landfills each year. ReStore net profits help fund TCHFH programs.

Community engagement is a program initiative which runs throughout the activities of the Organization. These initiatives include soliciting and coordinating volunteers, educating the public about affordable housing, advocating for housing issues, community outreach, and initiatives to serve veterans.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation

The consolidated financial statements include the activities of TCHFH Lending, Inc., Twin Cities Habitat for Humanity St. Paul HQ, LLC (TCHFH St. Paul HQ, LLC), and Twin Cities Habitat for Humanity – Community Housing Development Organization, Inc. (CHDO). TCHFH is the sole member of TCHFH Lending, Inc. TCHFH controls and has a 100% ownership interest in TCHFH St. Paul HQ, LLC. Twin Cities Habitat for Humanity, Inc. controls the CHDO's board of directors and economic interest exists between the entities. The CHDO had no activity in fiscal year 2020 and 2019 and therefore has not been presented in consolidating schedules.

All intercompany transactions and accounts have been eliminated in the consolidated financial statements.

Consolidated Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Resources over which the board of directors has discretionary control.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization has elected to present net assets that have no donor-stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met with the same reporting period, as without donor-restricted support.

Nonoperating activities include all noncash activities relating to discounting mortgages receivable, debt and contributions for capital purposes, and the close out of a previous new market tax credit transaction.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents. At times, amounts may exceed Federal Deposit Insurance Corporation insured limits.

Investments

Investments consist of stocks, mutual funds, and exchange-traded and closed-end funds. They are recorded at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

In accordance with fair value measurements, the Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the consolidating balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Organization has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

Accounts Receivable

Accounts receivable are recorded at net realizable value. The Organization accounts for doubtful accounts receivable by the reserve method, based on management's best estimate and past history. All accounts receivable are due on demand. Receivables are assessed individually for collectibility based on the surrounding facts and circumstances and management's past history. When all collection efforts have been exhausted, the accounts are written off against the related allowance. As of June 30, 2020 and 2019, no allowance for doubtful accounts was necessary for accounts receivable.

Leveraged Loans Receivable

Leveraged loans receivable consists of the leveraged loan that was included as part of the new market tax credit transaction entered into during 2019. In addition, the leveraged loan receivable for year ended June 30, 2019 consisted of the Leveraged Loans A and B, which were part of the new market tax credit transaction from 2014 involving TCHFH St. Paul HQ, LLC which was terminated during the year ended June 30, 2020.

Mortgages Receivable

Mortgage notes receivable entered into at rates substantially below market rates are discounted to net present value. The discounts are charged directly to operations at the inception of the mortgage and amortized over the life of the contract. Discount amortization is reported as amortization of discount on mortgages on the consolidated statements of activities in the period amortized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Mortgages Receivable (Continued)

Mortgage receivables held with the intention of selling the mortgages are reported as mortgages held for sale on the consolidated balance sheets, while those held without the intention of being sold are reported as mortgages receivable held.

Loans Held for Sale

Mortgages held for sale are mortgages originated with the intent to be sold and are carried at the lower of book or estimated fair value. The Organization has an agreement with one financial institution to purchase the loans at cost. No gain or loss on the loan corpus is recognized on the sale, however a gain may be recognized on the sale related to the servicing rights.

Valuation of Servicing Rights

The Organization recognizes assets for the rights to service loans for others that result from the sale of loans it originates (asset transfers) at fair value in accordance with ASC 860. Servicing rights from asset transfers are initially capitalized and recorded at fair value. The Organization determines the fair value of servicing rights using a valuation model that calculates the present value of estimated future net servicing income. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimates of prepayment speeds (including housing price volatility), discount rate, default rates, cost to service (including delinquency and foreclosure costs) and contractual servicing fee income.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses. Impairment is determined by assessing risk characteristics, such as interest rate and loan types. The Organization did not recognize any impairment on servicing rights for the years ended June 30, 2020 and 2019.

Allowance for Credit Losses

The Organization's allowance for credit losses is that amount considered adequate to absorb probable losses based on management's evaluations of the size and current risk characteristics of the mortgage loan portfolios. Such evaluations consider historical and current portfolio performance information and experience with clients. Specific allowances for credit losses are established for large impaired notes on an individual basis. A note is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments when due according to the contractual terms of the promissory note. The specific allowances established for these loans are based on a thorough analysis of the most probable source of repayment, including the estimated fair value of the underlying collateral.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses (Continued)

At June 30, 2020, the Organization has individually evaluated mortgage notes for impairment. Management believes all mortgages receivable are realizable through either collection or foreclosure proceeds if not collected, with the exception of one program. Due to current market conditions and credit quality, one mortgage program recorded an allowance for doubtful accounts of $69,071 as of June 30, 2020 and 2019.

At June 30, 2020, the Organization has individually evaluated leveraged loans receivable for impairment and no allowance is deemed necessary.

Contributions Receivable

Contributions receivable are recorded at net realizable value. Conditional pledges are not included as support until such time as the conditions are substantially met. Donor advised funds (DAF) are controlled by the fund, not the individual donor, so individual pledges from a DAF are not recorded until they are received or pledged from the fund. Receivables are assessed individually for collectibility based on the surrounding facts and circumstances and management's past history. When all collection efforts have been exhausted, the accounts are written off against the related allowance. As of June 30, 2020 and 2019, the allowance for doubtful accounts was $36,078 and $45,078, respectively.

Inventory

Inventories are valued at cost based on a specific identification method. In-kind inventory is recorded at its estimated market value when received. Inventory for homeownership is expensed to cost of production sold at time of sale to homeowners.

Land Held in Trust

Land held in trust represents the cost basis of land for homes sold where the land that the home is built upon is placed in a land trust to be held for a period of 99 years.

Property and Equipment

Property and equipment purchased are stated at cost. The Organization capitalizes items over $1,000. Contributed items are recorded at fair market value at date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of property and equipment are recorded as without donor restriction. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

In-Kind Contributions

In-kind contributions consist of donated land, homes, materials, and specialized labor. Donated land is valued using independent appraisals, or if unavailable, comparative market analysis or the tax appraisal values. Donated materials and specialized labor are valued at market value on the date of donation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Home Sales

Nearly all sales to homeowners have been financed by TCHFH or its subsidiary TCHFH Lending, Inc. and are recorded when title is transferred. The amount of the first mortgage for homes TCHFH developed is classified as operating revenues and the related discount is recorded at the same time as nonoperating activity. Noninterest-bearing mortgages have been discounted based upon prevailing market rates for low-income housing at the inception of the mortgages. Utilizing the effective interest method, this discount will be recognized as income over the term of the mortgage. Interest-bearing mortgages are evaluated at inception for potential discount. Interest-bearing mortgages have been deemed to be at a market rate thus far and no discount has been recognized on these mortgages.

Contributions

The organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Public Sector Funds

A portion of the Organization's revenue is derived from cost reimbursable federal, state and local government contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned grant revenue in the consolidated statement of financial position. The Organization received cost reimbursable grants of $6,256,577 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred, with an advance payment of $3,284,157 recognized in the consolidated statement of financial position as unearned grant revenue.

Income Taxes

The Organization, the CHDO and TCHFH Lending, Inc. have exempt status relative to federal and Minnesota corporate income taxes under Internal Revenue Code Section 501(c)(3) and applicable state statutes. The Organization and the CHDO are not private foundations and contributions to the Organization qualify as a charitable tax deduction by the contributor. TCHFH Lending, Inc. is a supporting organization of the Organization. TCHFH St. Paul HQ, LLC is a 100% owned LLC of Twin Cities Habitat for Humanity. TCHFH St. Paul HQ, LLC will file a Form 1065.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the consolidated financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization as a result of the implementation of this standard. The Organization's returns are subject to review and examination by federal and state authorities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expense

Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses which are not directly identifiable by program or support service, are allocated based on the best estimates of management. Expenses that are not directly identifiable by program or support service that are allocated based on personnel time spent on the activity include certain professional fees, tools and site supplies, and occupancy costs including rent, maintenance and utilities. Depreciation expenses are allocated based on personnel costs specifically related to the utilization of property and equipment assets.

Paycheck Protection Program

On April 6, 2020, the Organization received a loan from Sunrise Banks N.A. in the amount of $1,730,100 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 6, 2020 to September 27, 2020 is the time that a business has to spend their PPP Loan funds. This is included in long-term notes payable in the consolidated statement of financial position.

Unearned Grant Revenue

Advance payments received on certain public sector funds are recorded as unearned grant revenue until the conditions of the grant agreement have been met, at which time the payments received are recognized as revenue.

Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for contributions Received and Contributions Made (Topic 605)* during 2020 on a prospective basis. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The standard did not have a significant impact on the Organization's financial statements as previously reported.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 1, 2020, the date the consolidated financial statements were available to be issued.

NOTE 2 CONTRIBUTIONS RECEIVABLE

The present value of the contributions receivable were summarized as follows at June 30:

	2020	2019
Gross Contributions Receivable	$ 3,561,746	$ 4,902,675
Less: Allowance for Doubtful Accounts	(36,078)	(45,078)
Less: Present Value Discount - 3%	(60,013)	(117,983)
Net Contributions Receivable	$ 3,465,655	$ 4,739,614
Amounts Due in:		
Less Than One Year	$ 2,174,390	$ 2,414,563
One to Five Years	1,387,356	2,488,112
Total	$ 3,561,746	$ 4,902,675

At June 30, 2020 and 2019, three contributors comprised 36% and two contributors comprised 23%, respectively, of the contributions receivable.

NOTE 3 INVENTORY

Inventory consists of the following at June 30:

	2020	2019
	$ 6,586,534	$ 6,539,994
Land and Acquired Property	5,890,314	6,332,251
Building Material	492,045	439,718
Held for Resale	221,074	221,074
Total Inventory	$ 13,189,967	$ 13,533,037

NOTE 4 PROPERTY AND EQUIPMENT

A summary of the property and equipment costs and related accumulated depreciation at June 30 is as follows:

	2020		
	Cost	Accumulated Depreciation	Life
Land	$ 1,602,372	$ -	N/A
Buildings and Improvements	8,514,293	1,747,453	5 to 39 Years
Furniture and Equipment	1,819,659	1,435,635	5 to 7 Years
Vehicles	694,006	496,915	3 to 5 Years
Total	$ 12,630,330	$ 3,680,003	
Property and Equipment, Net		$ 8,950,327	

	2019		
	Cost	Accumulated Depreciation	Life
Land	$ 1,593,192	$ -	N/A
Buildings and Improvements	8,056,325	1,435,078	5 to 39 Years
Furniture and Equipment	2,411,812	1,928,547	5 to 7 Years
Vehicles	659,530	459,722	3 to 5 Years
Total	$ 12,720,859	$ 3,823,347	
Property and Equipment, Net		$ 8,897,512	

NOTE 5 LEVERAGED LOANS RECEIVABLE

At June 30, the composition of leveraged loans receivable was as follows:

Description	2020	2019
Leveraged Loan A, 2.4316%, Due in interest-only installments with principal due on April 16, 2020.	$ -	$ 3,700,000
Leveraged Loan B, 2.4316%, Due in interest-only installments through April 16, 2020, Commencing May 1, 2020 due in monthly installments of $13,098 with principal due on April 16, 2043.	-	2,766,900
Investment in Leveraged Lender, 0.694151%, Due in interest-only installments through May 5, 2025, Commencing August 23, 2025 due in semi-annual installments of $38,120 with principal due on August 22, 2048.	3,623,316	3,660,132
Total	$ 3,623,316	$ 10,127,032

NOTE 5 LEVERAGED LOANS RECEIVABLE (CONTINUED)

The loans are secured by substantially all assets of the borrower. As of June 30, 2020 and 2019, the Organization has not reserved any allowance for losses on the leveraged loans receivable, as these loans are being collected consistent with their payment terms.

NOTE 6 MORTGAGES RECEIVABLE

An Organization-developed home is considered sold when a formal closing transaction has been finalized. Homes are priced at fair market value based on an appraisal of the property. Contract periods span 20 to 30 years, and monthly payments are no greater than 30% of the family's income at the time of sale. At June 30, 2020 and 2019, the Organization had 781 and 823 mortgages outstanding, respectively.

When the first mortgage on each home is less than the market value, the Organization also provides a second mortgage for the difference between the first mortgage and market value. The second mortgage, which is forgiven at the end of the first mortgage term, is assumed to have no economic value and, accordingly, is not recognized in the Organization's financial statements unless such mortgage becomes collectible in accordance with the terms of the mortgage agreement.

The Organization has two portfolios of mortgages receivable outstanding: loans held by the Organization and loans held for sale. The mortgages receivable within the held portfolio primarily consist of no-interest first mortgages provided on homes that the Organization developed and sold to homebuyers through October 2016. The mortgages receivable held for sale portfolio includes interest-bearing first mortgages originated since November 2016 by TCHFH Lending Inc. with intent to sell to outside partner investors. These mortgages are originated to homebuyers purchasing a home developed by the Organization as well as mortgages provided to homebuyers purchasing a home on the open market.

The outstanding mortgages receivable held for sale portfolio is $2,334,177 and $5,393,223 at June 30, 2020 and 2019, respectively. This portfolio has no delinquent mortgages and is considered to be fully collectible within the coming year, so the Organization has not recorded an allowance or discount on the mortgages receivable held for sale portfolio as of June 30, 2020 and 2019.

For the held portfolio, the mortgage loans receivable are noninterest-bearing mortgages. At June 30, the composition of mortgages receivable held is as follows:

	2020	2019
Mortgages Receivable Held	$ 54,663,434	$ 58,922,701
Less: Unamortized Discount	(18,568,297)	(20,695,448)
Less: Allowance for Credit Losses	(69,071)	(69,071)
Total	$ 36,026,066	$ 38,158,182

NOTE 6 MORTGAGES RECEIVABLE (CONTINUED)

The held mortgages receivable have been discounted in order to reflect their economic value. The interest rates used to determine the discount range from 3.74% to 8.17% based on prevailing market rates in the year the mortgage originated. These original discounts and related amortization are reflected as a nonoperating activity in the consolidated statement of activities.

The allowance for credit losses and recorded investment in loans is as follows:

	2020	2019
Allowance for Credit Losses:		
Balance at Beginning of the Year	$ 69,071	$ 69,071
Provision for Loan Losses	-	-
Loans Charged-Off	-	-
Recoveries on Sales of Loans	-	-
Balance at End of Year	$ 69,071	$ 69,071

The following tables show an aging analysis of the mortgages receivable held loan portfolio by time past due:

	2020			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Mortgages Receivable	$ 52,564,531	$ 874,780	$ 1,224,123	$ 54,663,434

	2019			
	Current	30-89 Days Past Due	90 Days or More Past Due	Total
Mortgages Receivable	$ 55,979,210	$ 1,647,314	$ 1,296,177	$ 58,922,701

NOTE 7 LONG-TERM NOTES PAYABLE

Long-term notes payable consists of the following as of June 30:

Description	2020	2019
Interest-Bearing Notes:		
Notes Payable, 3%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $2,841 with Maturity Dates from September 1, 2018 to January 1, 2020 (a)	$ -	$ 19,689
Note Payable, 1%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $1,738 through March 1, 2022 (a)	36,173	56,560
Note Payable, 2.83%, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments of $88,977 through September 1, 2040 (a)	13,300,896	13,981,099
Note Payable, 4.25%, Secured by Specific Mortgages Receivable, Due in Monthly Installments of $7,683 through July 1, 2023	268,581	347,316
Note Payable, 3%, Unsecured, Due in Quarterly Interest-Only Installments of $9,750 with Principal Balance Due in Full on October 1, 2022	1,300,000	1,300,000
Note Payable, 3.75%, Secured by specifically identified mortgages receivable, Due in monthly installments of $7,505 through May 1, 2021	81,391	166,578
Note Payable, 2%, Unsecured, Due in quarterly interest-only installments of $5,000 with principal balance due on April 4, 2021	1,000,000	1,000,000
Note Payable, 1.43%, Unsecured, Annual interest-only payments of $14,300 with principal balance due on July 14, 2025	1,000,000	1,000,000
Note Payable, 2%, Unsecured, Annual interest-only payments of $20,000 with principal balance due on December 20, 2019	-	1,000,000
Note Payable, 2.99%, Secured by specifically identified mortgages receivable, Due in monthly installments of $4,491 through February 1, 2020	-	35,532
Note Payable, 3.40%, Secured by specifically identified mortgages receivable, Due in monthly installments of $4,540 through March 1, 2022	-	142,720
Note Payable, 4%, Secured by specifically identified mortgages receivable, Due in monthly installments of installments of $7,593 through July 1, 2022	182,759	264,627

NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)

Description	2020	2019
Interest-Bearing Notes (Continued):		
Note Payable, 3%, Secured by specifically identified mortgages receivable. Due in monthly installments of $3,557 with principal balance due on April 1, 2042 (a)	$ 677,432	$ 699,429
Note Payable, 1.5%, Unsecured, Quarterly interest-only payments of $3,750 with principal balance due on January 31, 2028	1,000,000	1,000,000
Note Payable, 2.86%, 2.55% and 2.38% based on date of when funds were drawn, Unsecured, Annual interest-only payments of $22,880 with principal balance due on September 30, 2025	800,000	800,000
Subtotal - Interest-Bearing Notes	19,647,232	21,813,550
Qualified Low Income Community Investment Notes:		
QALICI Note A, 2.315%, Secured by specific parcels of land, buildings, improvements, fixtures and personal property thereon and leases, rents, issues and profits therefrom, was due in interest-only installments. Was forgiven during 2020.	-	3,700,000
QALICI Note B, 2.315%, Secured by specific parcels of land, buildings, improvements, fixtures and personal property thereon and leases, rents, issues and profits therefrom, was due in interest-only installments. Was forgiven during 2020.	-	2,766,900
QALICI Note C, 2.315%, Secured by specific parcels of land, buildings, improvements, fixtures and personal property thereon and leases, rents, issues and profits therefrom, was due in interest-only installments. Was forgiven during 2020.	-	2,653,100
QLICI Note Payable, 0.694151%, Secured by notes receivable of $3,623,316, Due in semi-annual interest-only installments of $18,410 through May 5, 2025. Due in semi-annual principal and interest installments through August 22, 2048	5,304,335	5,304,335
Subtotal - Qualified Low Income Community Investment Notes	5,304,335	14,424,335
Noninterest Bearing Notes:		
Notes Payable, Noninterest-bearing, Secured by Specifically Identified Mortgages Receivable, Due in Monthly Installments Based on the Term of the Loans, Current Monthly Installments of $68,938 with Balances Due through June 1, 2043 (a)	8,386,902	9,186,966
Notes Payable, Noninterest-bearing, Unsecured, Due in Monthly Installments to Habitat for Humanity International for the SHOP program over 48 months (b)	94,953	151,206

NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)

Description	2020	2019
Noninterest Bearing Notes (Continued):		
Note Payable, Noninterest-bearing, Secured by Underlying Interest in Property, Amount Due in Monthly Installments of $1,000 or once a year at $12,000 through December 31, 2019	$ -	$ 12,000
Note Payable, Noninterest-bearing, Unsecured, Amount Due in Yearly Installments of $6,667 through January 1, 2036	106,663	113,329
Subtotal - Noninterest Bearing Notes	8,588,518	9,463,501
Forgivable Notes:		
Paycheck Protection Program unsecured loan as described in Note 1.	1,730,100	-
Note Payable, Noninterest-bearing, Unsecured, No Payments Required, Forgivable on January 31, 2023 Contingent on Specific Requirements Being Met	80,000	80,000
Notes Payable, Noninterest-bearing, Unsecured, No Payments Required, Forgivable between July 1, 2032 and June 1, 2038 Contingent on Specific Requirements Being Met	523,273	523,273
Subtotal - Forgivable Notes	2,333,373	603,273
Total	35,873,458	46,304,659
Less: Unamortized Discount	(4,488,114)	(5,149,735)
Less: Unamortized Origination Fees	(613,257)	(681,655)
Long-Term Notes Payable, Net	$ 30,772,087	$ 40,473,269

(a) Notes Payable due to Habitat for Humanity of Minnesota, Inc., an affiliate of Habitat for Humanity International

Maturities of long-term notes payable are as follows:

Year Ending June 30,	Repayable	Forgivable
2021	$ 2,841,900	$ 582,726
2022	1,737,838	1,147,374
2023	2,953,002	80,000
2024	1,586,120	-
2025	1,615,262	-
Thereafter	22,805,963	523,273
Total	$ 33,540,085	$ 2,333,373

NOTE 7 LONG-TERM NOTES PAYABLE (CONTINUED)

The interest-bearing notes payable were made to the Organization at rates below the prevailing market rates and are discounted at the prevailing market rate at time of origination. These discounts are reflected as contributions in the year of origination.

These original discounts and related amortization are reflected as nonoperating activity in the consolidated statement of activities.

Certain note payable agreements required the Organization to meet certain financial and other covenants of which they were in compliance as of June 30, 2020 or have obtained a waiver.

New Market Tax Credit Financing

In April 2013, TCHFH St. Paul HQ, LLC obtained a new market tax credit enhanced mortgage loan for a total of $9,120,000 (consisting of QALICI Notes A, B, and C) to finance project costs related to the construction of the new corporate headquarters for TCHFH and TCHFH St. Paul HQ, LLC. TCHFH St. Paul HQ, LLC is a 95% owned LLC of Twin Cities Habitat for Humanity, Inc. with the remaining 5% owned by another nonprofit affordable housing organization, and subject to a member control agreement. TCHFH and the other nonprofit affordable housing organization contributed $359,237 and $18,907, respectively, of capital to TCHFH St. Paul HQ, LLC. Participating lenders received an allocation of new market tax credits pursuant to Section 45D of the Code in order to assist eligible businesses in making new investments in certain communities. As part of the NMTC transaction, TCHFH loaned $6,466,900 (consisting of Leveraged Loans A and B) to a third-party investment fund, which along with new market tax credit equity from a participating bank, loaned NMTC proceeds to TCHFH St. Paul HQ, LLC in the form of QALICI Notes A, B, and C. In April 2020, Habitat for Humanity, Inc. exercised the call option to purchase the full ownership interest of the Investment Fund. In doing so, they obtained full control over Notes A, B and C. These three notes were then forgiven along with the Leverages Loans A and B held by Habitat for Humanity, Inc. The transaction resulted in a net gain of $2,651,100 on the consolidated statement of activities. Subsequent to this transaction, TCHFH St. Paul HQ, LLC also transferred all ownership interest in assets owned to Habitat for Humanity, Inc. Subsequent to year-end, as of August 25, 2020, the LLC had dissolved as a legal entity.

In August 2018, the Organization participated in a NMTC program. The program provides tax credits to eligible organizations for investment in “qualified low-income community investments”. Program compliance requirements included creation of a promissory note and investment in a qualified community development activity (CDE). Tax credit recapture is required if compliance requirements are not met over a seven-year period. The Organization originally recorded its 24.44% investment in Twain Investment Fund 306, LLC at the cost of $3,691,733. The Organization’s corresponding note payable is $5,304,335, consisting of one QLICI loan. In August 2025, under the terms of the put option agreement, the put option will be exercised. Exercise of the option will effectively allow the Organization to extinguish its outstanding debt owed to the Fund.

NOTE 8 LINE OF CREDIT

The Organization has two lines of credit with interest rates ranging from 1.00% to the Prime rate less 1.50%, never to drop below 3.25%. One revolving line of credit, which expires in June 2028, permits borrowings up to $25,000,000. The agreement is unsecured. There was an outstanding balance of $2,250,000 and $2,625,000 as of June 30, 2020 and 2019, respectively. The Organization's subsidiary, TCHFH Lending, Inc., has a warehouse line of credit to borrow up to $5,000,000. The line of credit expires in April 2021. The agreement is secured by mortgage loans in transit. As of June 30, 2020 and 2019, there is an outstanding balance of $1,427,769 and $4,317,389, respectively.

NOTE 9 LEASES

The Organization leases a warehouse facility, office space for the Homebuyer Program and Mortgage Foreclosure Prevention Program, and two outlet stores under noncancelable operating lease agreements. Each of these leases requires monthly rent payments and requires the Organization to pay its portion of taxes, maintenance, and operating expenses. Rent expense for the years ended June 30, 2020 and 2019 was $592,487 and $567,579, respectively.

Minimum lease payments for operating leases in future years are as follows:

Year Ending June 30,	Amount
2021	$ 508,424
2022	385,948
2023	340,808
2024	269,622
2025	197,825
Thereafter	-
Total Minimum Lease Payments	$ 1,702,627

NOTE 10 IN-KIND CONTRIBUTIONS

In-kind contributions consisted of the following for the years ended June 30:

	2020	2019
Land and Building Materials	$ 477,471	$ 29,523
Tools and Equipment	469,300	417,507
Specialized Labor	53,377	64,744
Subtotal In-Kind Contributions	1,000,148	511,774
Special Event Donated Material	73,962	154,729
Total In-Kind Contributions	$ 1,074,110	$ 666,503

NOTE 10 IN-KIND CONTRIBUTIONS (CONTINUED)

In-kind contributions were expended as follows for the years ended June 30:

	2020	2019
Cost of Homes Sold	$ 1,017,456	$ 772,456
Specialized Labor and Services	53,377	64,744
Materials and Equipment	469,300	417,507
Special Event Direct Benefits	73,962	154,729
Total In-Kind Expenses	$ 1,614,095	$ 1,409,436

The difference between revenue and expense is due to in-kind contributions that are either held in inventory or expensed out of inventory.

NOTE 11 DEFINED CONTRIBUTION PLAN

The Organization sponsors a 401(k) and Profit Sharing Plan. Under this plan, eligible employees may elect to defer up to 80% of their eligible compensation.

Under the plan, the Organization contributes an amount on behalf of each eligible participant equal to 100% of their contribution up to 3% of the employees' contributions. Contributions to these plans by the Organization were $192,018 and $163,001 for the years ended June 30, 2020 and 2019, respectively.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2020	2019
Time Restricted Pledges	$ 3,465,655	$ 4,739,614
Restricted for Program Purposes	583,151	640,954
Unappropriated Endowment Earnings	98,132	127,025
Endowment to be Held in Perpetuity	1,165,363	665,363
Total	$ 5,312,301	$ 6,172,956

Net assets released from restriction consist of the following at June 30:

	2020	2019
Net Pledges Received	$ 2,144,137	$ 2,606,465
Program Expenditures Incurred	596,733	880,791
Total Releases from Restriction	$ 2,740,870	$ 3,487,256

NOTE 13 ENDOWMENT

Donor-Restricted Endowments

During the year ended June 30, 2004, the Organization received a $665,363 foundation contribution that was perpetually restricted for endowment purposes. Prior to June 30, 2008, all endowment earnings were made available and used to support operating activities. During the year ended June 30, 2020, the Organization received a $500,000 endowment contribution.

The composition of endowment funds by type of fund are as follows at June 30:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	$ -	$ 1,263,495	$ 1,263,495

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	$ -	$ 792,388	$ 792,388

The summary of changes in endowment net assets is as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance, June 30, 2019	$ -	$ 792,388	$ 792,388
Contributions	-	500,000	500,000
Investment Loss	-	(28,893)	(28,893)
Appropriations	-	-	-
Endowment Fund Balance, June 30, 2020	$ -	$ 1,263,495	$ 1,263,495

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund Balance, June 30, 2018	$ -	$ 751,778	$ 751,778
Contributions	-	-	-
Investment Income	-	40,610	40,610
Appropriations	-	-	-
Endowment Fund Balance, June 30, 2019	$ -	$ 792,388	$ 792,388

NOTE 13 ENDOWMENT (CONTINUED)

Donor-Restricted Endowments (Continued)

This donor-restricted endowment fund was established for the purpose of securing the Organization's long-term financial viability. As required by accounting principles generally accepted in the United States of America, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors has interpreted the state's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as maintaining the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

Investment Objectives and Strategies

The Organization has adopted an investment policy to guide the investing of this single donor endowment asset. Under the approved policy this endowment asset is invested in a manner that is intended to maintain its principal, in accordance with the donors' wishes.

Spending Policy

The board of directors authorized appropriations as it deems prudent. The Organization has a practice of appropriating for distribution only investment earnings in excess of original endowment principal. Unappropriated earnings for the fiscal years 2009 - 2020 total $98,132.

NOTE 14 INVESTMENTS

Investments at market value consisted of the following at June 30:

	2020	2019
Mutual Funds	$ 354,572	$ 380,479
Stocks	756,110	333,766
Exchange-Traded and Closed-End Funds	130,280	66,253
Total	$ 1,240,962	$ 780,498

NOTE 15 FAIR VALUE HIERARCHY

The following table presents the fair value hierarchy for the balances of financial assets and liabilities the Organization measured at fair value on a recurring basis as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 354,572	$ -	$ -	$ 354,572
Stocks	756,110	-	-	756,110
Exchange-Traded and Closed-End Funds	130,280	-	-	130,280
Total	$ 1,240,962	$ -	$ -	$ 1,240,962

	2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 380,479	$ -	$ -	$ 380,479
Stocks	333,766	-	-	333,766
Exchange-Traded and Closed-End Funds	66,253	-	-	66,253
Total	$ 780,498	$ -	$ -	$ 780,498

NOTE 16 MORTGAGE SERVICING RIGHTS

The Organization's subsidiary, TCHFH Lending Inc., has mortgage servicing rights on mortgages that it originated and sold with servicing retained. The value of these rights was $998,052 and $523,212 as of June 30, 2020 and 2019, respectively. The servicing asset for June 30, 2020 was determined using a weighted-average note rate of 2.98%, discount rate of 14.0%, and conditional prepayment rate of 4.91%. The servicing asset for June 30, 2019 was determined using a weighted-average note rate of 2.93%, discount rate of 14.50%, and conditional prepayment rate of 5.50%.

The following revenues related to servicing rights are recognized as Other Revenue during the years ended June 30:

	2020	2019
Servicing Fees Earned	$ 223,711	$ 107,520
Gain on Loan Sales	474,840	266,446

Activity for servicing rights under the amortization method is as follows for the years ended June 30:

	2020	2019
Balance at Beginning of the Year	$ 523,212	$ 256,766
Additions	474,840	266,446
Impairment	-	-
Balance at End of the Year	$ 998,052	$ 523,212

NOTE 17 LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenses. The Organization regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the return on its available funds. The Organization has a few sources of liquidity at its disposal, including cash and cash equivalents and lines of credit. See note 8 for information about the Organization's lines of credit.

For purposes of analyzing resources available to meet general expenses over a 12-month period, the Organization considers all expenses related to its ongoing program and support activities to be general expenses. If assets are not available to meet current operating needs, then they are not included in our analysis below. Inventory and Mortgages held for resale are not included in our analysis because they require the Organization to sell the assets.

In addition to financial assets available to meet general expenses over the next 12 months, the Organization operates within its budget and anticipates collecting sufficient funding to cover general expenses not covered by donor-restricted resources.

As of June 30, 2020 and 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenses:

	2020	2019
Available Assets		
Cash and Cash Equivalents	$ 12,234,992	$ 5,797,414
Accounts Receivable	932,437	1,047,330
Contributions Receivable, Due in One Year	2,174,390	2,414,563
Mortgages Held, Due in One Year	3,068,000	3,360,000
	18,409,819	12,619,307
Other Balances		
Less: Restricted Cash Accounts	(186,527)	(221,931)
Less: Restricted Receipts Not Yet Spent	(538,930)	(596,733)
Total Available Assets, Net	$ 17,684,362	$ 11,800,643
Line of Credit Balances Available for General Operations	$ 22,750,000	$ 27,275,000

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATING BALANCE SHEET
JUNE 30, 2020

	Twin Cities Habitat for Humanity, Inc.	Lending, Inc.	TCHFH St. Paul HQ, LLC	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	$ 10,999,131	$ 1,235,861	$ -	$ -	$ 12,234,992
Investments	1,240,962	-	-	-	1,240,962
Accounts Receivable	904,612	27,825	-	-	932,437
Mortgage Servicing Asset, Net	-	998,052	-	-	998,052
Contributions Receivable, Net	3,465,655	-	-	-	3,465,655
Related Entity Receivable	1,969,521	-	-	(1,969,521)	-
Inventory	13,189,967	-	-	-	13,189,967
Land Held in Trust	1,131,221	-	-	-	1,131,221
Prepaid and Other Assets	541,226	9,895	-	-	551,121
Leveraged Loans Receivable	3,623,316	-	-	-	3,623,316
Property and Equipment, Net	9,301,749	-	-	(351,422)	8,950,327
Mortgages Receivable:					
Mortgages Receivable Held, at Face Value	54,663,434	-	-	-	54,663,434
Mortgages Receivable Held for Sale, at Face Value	-	2,334,177	-	-	2,334,177
Less: Unamortized Discount and Allowance	(18,637,368)	-	-	-	(18,637,368)
Mortgages Receivable, Net	36,026,066	2,334,177	-	-	38,360,243
Total Assets	$ 82,393,426	$ 4,605,810	$ -	$ (2,320,943)	$ 84,678,293
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	$ 903,755	$ 5,235	$ -	$ -	$ 908,990
Accrued Expenses	1,185,724	-	-	-	1,185,724
Related Entity Payable	-	1,969,521	-	(1,969,521)	-
Line of Credit	2,250,000	1,427,769	-	-	3,677,769
Unearned Grant Revenue	2,752,555	531,602	-	-	3,284,157
Long-Term Notes Payable:					
Long-Term Notes Payable at Face Value	35,873,458	-	-	-	35,873,458
Less: Unamortized Discount and Origination Fees	(5,101,371)	-	-	-	(5,101,371)
Long-Term Notes Payable, Net	30,772,087	-	-	-	30,772,087
Total Liabilities	37,864,121	3,934,127	-	(1,969,521)	39,828,727
NET ASSETS					
Without Donor Restrictions	39,217,004	671,683	-	(351,422)	39,537,265
With Donor Restrictions	5,312,301	-	-	-	5,312,301
Total Net Assets	44,529,305	671,683	-	(351,422)	44,849,566
Total Liabilities and Net Assets	$ 82,393,426	$ 4,605,810	$ -	$ (2,320,943)	$ 84,678,293

TWIN CITIES HABITAT FOR HUMANITY, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Twin Cities Habitat for Humanity, Inc.		Lending, Inc.	TCHFH St. Paul HQ, LLC		Consolidated	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions
OPERATING REVENUE AND SUPPORT							
Operating Revenue:							
Home Sales (Mortgages Received)	$ 9,439,633	$ -	$ -	$ -	$ -	$ 9,439,633	$ -
Investment Income (Loss)	160,767	(28,893)	50,315	-	-	211,082	(28,893)
ReStore Sales (Net of Direct Expense of $1,546,423)	18,548	-	-	-	-	18,548	-
Service and Other Revenue from Related Entity	120,000	-	281,082	-	(401,082)	-	-
Other	160,575	-	716,740	200,000	(200,000)	877,315	-
Total Operating Revenue	9,899,523	(28,893)	1,048,137	200,000	(601,082)	10,546,578	(28,893)
Support:							
Contributions	9,653,185	1,909,108	-	-	-	9,653,185	1,909,108
Public Sector Funds	3,542,714	-	168,398	-	-	3,711,112	-
Contribution from Related Entity	-	-	1,000	-	(1,000)	-	-
In-Kind	1,000,148	-	-	-	-	1,000,148	-
Special Events (Net of Direct Expense of $264,704)	542,126	-	-	-	-	542,126	-
Total Support	14,738,173	1,909,108	169,398	-	(1,000)	14,906,571	1,909,108
Net Assets Released from Restrictions	2,740,870	(2,740,870)	-	-	-	2,740,870	(2,740,870)
Total Operating Revenue and Support	27,378,566	(860,655)	1,217,535	200,000	(602,082)	28,194,019	(860,655)
OPERATING EXPENSES							
Program Services	20,292,764	-	991,311	410,397	(503,856)	21,190,616	-
Management and General	2,333,670	-	79,541	60,170	(90,731)	2,382,650	-
Fundraising	2,432,110	-	-	85,268	(35,116)	2,482,262	-
Total Operating Expenses	25,058,544	-	1,070,852	555,835	(629,703)	26,055,528	-
OPERATING INCREASE (DECREASE) IN NET ASSETS	2,320,022	(860,655)	146,683	(355,835)	27,621	2,138,491	(860,655)
NONOPERATING ACTIVITIES							
Contribution of Below Market Interest Rate Debt	344	-	-	-	-	344	-
Gain (Loss) on New Market Tax Credit	(6,468,900)			9,120,000	-	2,651,100	-
Transfer of Assets	7,852,867			(7,852,867)		-	-
Amortization of Discount on Mortgages	2,127,151	-	-	-	-	2,127,151	-
Amortization of Discount on Long-Term Notes Payable	(717,861)	-	-	-	-	(717,861)	-
NONOPERATING INCREASE IN NET ASSETS	2,793,601	-	-	1,267,133	-	4,060,734	-
TOTAL INCREASE (DECREASE) IN NET ASSETS	5,113,623	(860,655)	146,683	911,298	27,621	6,199,225	(860,655)
Net Assets - Beginning of Year	34,103,381	6,172,956	525,000	(911,298)	(379,043)	33,338,040	6,172,956
NET ASSETS - END OF YEAR	$ 39,217,004	$ 5,312,301	$ 671,683	$ -	$ (351,422)	$ 39,537,265	$ 5,312,301

PROFORMAS PER PROJECT

4800 141st Street West, Apple Valley	
Sources	$342,300
1st Mortgage	$250,000
Met Council LHIA funding	$50,000
TCHFH funds	$42,300

Uses	$342,300
Fair Market Value/ Purchase Price	$280,000
Carrying costs for 6 month period	$6,000
Rehab Work	$40,000
Staff Overhead at 5% of uses	$16,300

2031 Opal Place, Eagan	
Sources	$301,928
1st Mortgage	$220,000
Met Council LHIA funding	$50,000
TCHFH funds	$31,928

Uses	$301,928
Fair Market Value/ Purchase Price	$250,000
Carrying costs for 6 month period	$6,000
Rehab Work	$31,550
Staff Overhead at 5% of uses	$14,378

4680 Nicols Road, Eagan (duplex)	
Sources	$381,780
1st Mortgage	$276,000
Met Council LHIA funding	$50,000
TCHFH funds	$55,780

Uses	$381,780
Fair Market Value/ Purchase Price	$306,000
Carrying costs for 6 month period	$10,000
Rehab Work	$47,600
Staff Overhead at 5% of uses	$18,180

7350 Upper 164th Street W, Lakeville	
Sources	$310,118
1st Mortgage	$225,000
Met Council LHIA funding	$50,000
TCHFH funds	$35,118

Uses	$310,118
Fair Market Value/ Purchase Price	$255,000
Carrying costs for 6 month period	$6,000
Rehab Work	$34,350
Staff Overhead at 5% of uses	$14,768

14975 Damask Avenue, Rosemount	
Sources	$334,845
1st Mortgage	$248,000
Met Council LHIA funding	$50,000
TCHFH funds	$36,845

Uses	$334,845
Fair Market Value/ Purchase Price	$278,000
Carrying costs for 6 month period	$6,000
Rehab Work	$34,900
Staff Overhead at 5% of uses	$15,945

369 E Stanley St, West St Paul	
Sources	$312,375
1st Mortgage	$223,000
Met Council LHIA funding	$50,000
TCHFH funds	$39,375

Uses	$312,375
Fair Market Value/ Purchase Price	$253,000
Carrying costs for 6 month period	$6,000
Rehab Work	$38,500
Staff Overhead at 5% of uses	$14,875

5608 Upper 182nd Street W, Farmington	
Sources	$321,563
1st Mortgage	$225,000
Met Council LHIA funding	$50,000
TCHFH funds	$46,563

Uses	$321,563
Fair Market Value/ Purchase Price	$255,000
Carrying costs for 6 month period	$6,000
Rehab Work	$45,250
Staff Overhead at 5% of uses	$15,313

3744 155th St W, Rosemount	
Sources	$307,125
1st Mortgage	$220,000
Met Council LHIA funding	$50,000
TCHFH funds	$37,125

Uses	$307,125
Fair Market Value/ Purchase Price	$250,000
Carrying costs for 6 month period	$6,000
Rehab Work	$36,500
Staff Overhead at 5% of uses	$14,625

3526 148th St W, Rosemount	
Sources	$333,113
1st Mortgage	$244,000
Met Council LHIA funding	$50,000
TCHFH funds	$39,113

Uses	$333,113
Fair Market Value/ Purchase Price	$274,000
Carrying costs for 6 month period	$6,000
Rehab Work	$37,250
Staff Overhead at 5% of uses	$15,863

16630 Flagstaff Way, Rosemount	
Sources	$334,635
1st Mortgage	$245,000
Met Council LHIA funding	$50,000
TCHFH funds	$39,635

Uses	$334,635
Fair Market Value/ Purchase Price	$275,000
Carrying costs for 6 month period	$6,000
Rehab Work	$37,700
Staff Overhead at 5% of uses	$15,935

total Habitat funds	**$403,780**

Approval Of Contingent Redevelopment Incentive Grant Award For The City Of Hastings

Meeting Date:	11/16/2021
Department:	Community & Economic Development
Prepared By:	Maggie Dykes
Contact:	Lisa Alfson
Contact Phone:	651-675-4467

Fiscal/FTE Impact:
☐ None
☒ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☐ Other:

PURPOSE/ACTION REQUESTED
- Approval of a $250,000 Redevelopment Incentive Grant (RIG) project award for the City of Hastings.

SUMMARY
The Dakota County Community Development Agency (CDA) RIG program was created in 2006 to provide a flexible funding resource to Dakota County cities for the redevelopment of blighted and under-utilized areas. The RIG program supports two types of redevelopment grants: project and planning.

The City of Hastings (the City) submitted an application requesting $250,000 for demolition and certain public infrastructure costs related to the construction of Siewert Apartments, a new 32-unit market-rate apartment building to be located on two parcels at 315-317 3rd Street East in the City's downtown area (the Project). The two parcels total 0.42 acres and are the current location of a City-owned parking lot and a duplex owned by the developer of the apartment building. The duplex is occupied and the City states the developer will assist with relocation efforts for the current occupants. The requested RIG funds will be used for the demolition of the duplex and removal of the parking lot, the removal of existing sewer and water services, and the relocation of an overhead powerline and smaller utility lines. The total cost of the Project is anticipated to be nearly $7.19 million. Approximately $6.9 million of the costs will be paid by other funding sources including the City, which is writing down the acquisition cost of the parking lot ($61,599). No permanent jobs are expected to be created or retained. Property taxes are expected to increase from $2,086 per year to $63,619 upon completion of the Project. The Project is expected to begin in early 2022; the RIG-funded components will be completed within the 12-month timeframe per the RIG program guidelines. The apartment building is expected to be completed by April 2023.

The RIG program provides a maximum of $250,000 for redevelopment projects. Redevelopment projects must have a minimum leverage of 2:1 ($2 of non-RIG funding for every $1 of RIG funding), City Council approval, City support for the mission of the CDA, and the application must demonstrate other funding resources are used, the project can be completed in 12 months, the project has a defined economic benefit either through jobs or increased tax base, and/or the project improves or preserves the environment. The proposed Project meets the eligibility criteria.

Since the program began in 2007, the CDA Board has awarded over $13 million in RIG to 65 redevelopment projects and 28 planning activities. This includes $2,280,690 in RIG awards for the City of Hastings.

RECOMMENDATION
CDA staff recommends awarding the City of Hastings up to $250,000 in RIG funds for the activities related to the Siewert Apartments redevelopment project as described in the City's application. The RIG award will be contingent on the applicant meeting all program guidelines, grant conditions, and entering into a grant agreement with the CDA.

EXPLANATION OF FISCAL/FTE IMPACT
The CDA's Fiscal Year Ending (FYE) 2022 budget for RIG is $980,000; $780,000 from the CDA and $200,000 from Dakota County for projects and plans with environmental components. If approved by the Board, funding for the grant will be allocated from the CDA's portion of funding for the RIG program.

Supporting Documents:
Attachment A: FYE 2022 Hastings RIG Project Application
Attachment B: FYE 2022 RIG Program Policy and Procedures Guide

Previous Board Action(s):

Resolution No. 21-XXXX

Approval Of Contingent Redevelopment Incentive Grant Award For The City Of Hastings

WHEREAS, the Dakota County Community Development Agency (CDA) established a Redevelopment Incentive Grant (RIG) program in 2006 to assist Dakota County cities with the redevelopment of blighted and under-utilized areas; and

WHEREAS, to date, the program has awarded over $13 million for 65 redevelopment grants and 28 planning grants; and

WHEREAS, of the total awards to date, $2,280,690 has been granted to the City of Hastings (the City); and

WHEREAS, the CDA has committed $780,000 in its Fiscal Year Ending 2022 budget, and Dakota County, through its Environmental Resources Department, has committed additional $200,000 of funding for RIG projects that require environmental remediation; and

WHEREAS, Dakota County cities can apply to receive up to $250,000 per redevelopment project grant (one per local government) and up to $15,000 per planning grant (one per local government) per fiscal year; and

WHEREAS, the City submitted an application requesting $250,000 for the demolition of an existing parking lot and duplex, and certain public infrastructure costs related to the construction of Siewert Apartments, a new 32-unit market-rate apartment building to be located at 315-317 3rd Street East in the City's downtown area; and

WHEREAS, the City's application meets the eligibility criteria to receive full funding as listed in the RIG Program Policy and Procedures Guide.

NOW, THEREFORE, BE IT RESOLVED by the Dakota County Community Development Agency Board of Commissioners, That the City of Hastings is awarded a RIG project grant up to $250,000 contingent upon the grantee meeting program guidelines, and entering into a grant agreement with the CDA, in form and content acceptable to the Executive Director of the CDA.

Executive Director's Comments:
- ☒ Recommend Action
- ☐ Do Not Recommend Action
- ☐ Reviewed-No Recommendation
- ☐ Reviewed-Information Only
- ☐ Submitted at Commissioner Request

- ☐ Item Type-Consent
- ☒ Item Type-Discussion
- ☐ Item Type-Informational

Strategic Plan Priorities:
- ☐ Focused Housing Programs
- ☐ Collaboration
- ☒ Development/Redevelopment
- ☐ Financial Sustainability
- ☐ Operational Effectiveness

Executive Director

Department Director

Dakota County Community Development Agency
CDA

REDEVELOPMENT INCENTIVE GRANT PROJECT APPLICATION

I. GENERAL APPLICATION INFORMATION

Project Name: **SIEWERT APARTMENTS**

Applicant City: **City of Hastings**

Applicant Address: **101 4th Street East**

Application/Project Contact: Eric Maass

Contact Email Address: EMaass@hastingsmn.gov Click or tap here to enter text.

Phone Number: **612-269-4467**

Authorized Official(s) for Execution of Contracts (name and title): John Hinzman, Community Development Director

Amount of funding request: $250,000.00

Please list the specific Project components or activities that will be funded by the requested RIG:

Demolition, necessary infrastructure, and utility relocation

II. REDEVELOPMENT PROJECT AND ACTIVITY INFORMATION

1. Existing Project Site Information

- Project site address(es): 315/317 3rd street E Hastings MN 55033

- Legal description of Project site *(may be separate attachment)*: Lot 7 Block 15 TOWN OF HASTINGS BLKS 1 THRU 99 & Lot 8 Block 15 TOWN OF HASTINGS BLKS 1 THRU 99

Lot 8 Block 15 TOWN OF HASTINGS BLKS 1 THRU 99

- Acreage of site: .42 Number of parcels: 2

- Is the Project site publicly or privately owned? PrivatePrivate

- Current Project site owner(s): River City Investments, LLC & Hastings Economic Development and Redevelopment Authority (HEDRA)
-

- Describe the city's goals and need for the Project including anticipated businesses, housing units, and other proposed components. Please explain the public benefit of the Project. The City of Hastings adopted its Downtown Property Study in early 2021 which was geared towards putting a plan into place

that would guide investment within the downtown towards targeted redevelopment. The City has a goal of reinforcing the vitality of the downtown and views additional downtown residents as a key component to achieving that goal. This project which would consist of 32 rental units is proposed on a site that was specifically identified within that study. The project will provide needed housing within the downtown area that will provide both a great location but will also support area businesses. The site is currently occupied by a parking lot that is no longer needed as well as a duplex rental that is showing signs of blight. While not specifically deemed affordable housing; the Developer has a history of working with and accepting Housing Choice Vouchers from renters in their other properties.

- Has an end user committed to redevelopment of site? Yes
  If end user committed, attach documentation of commitment. Signed development agreement included as an attachment.

- Provide a brief history of the site including previous uses, activities, prior or existing contamination, and other attempts at redevelopment. The corner lot was once occupied by a single-family home which was moved off site to make room for a parking lot when the city acquired the property in 1985. The neighboring home has served as a rental property for the majority of its existence and is currently a duplex owned by the developer. A previous developer proposed a set of concept drawings that suggested merging the two lots and clearing the existing structures to make room for 4- two story duplexes. The project didn't get further than the concept plans.

2. Eligible Activities. Please check all activities that apply, briefly describe the activity, and provide the dollar amount requested for the activity. Please see the "***Redevelopment Incentive Grant Policy and Procedures Guide"*** for a description of the eligible activities

Eligible Activity		Description	RIG Funding Requested
☐	Acquisition	Click or tap here to enter text.	$Click or tap here to enter text.
☐	Relocation Payments	Click or tap here to enter text.	$Click or tap here to enter text.
☒	Clearance and Demolition	Remove existing home and parking lot	$58,000.00
☐	Environmental Investigation	Click or tap here to enter text.	$Click or tap here to enter text.
☐	Environmental Remediation	Click or tap here to enter text.	$Click or tap here to enter text.
☒	Necessary Public Infrastructure	Remove existing sewer and water service, move existing overhead power lines and small utilities.	$192,000.00
☐	Geotechnical Soil Corrections	Click or tap here to enter text.	$Click or tap here to enter text.

3. Redevelopment Project Information

- Describe the Project including location map, photos, and current and projected site plans. Maps should include property boundaries, north arrow, and an accurate bar scale. The proposed complex is designed to fit effortlessly into the downtown area and to provide an attractive addition to the neighborhood. It will provide tenants with upscale modern living with finishes, amenities and rents comparable to the complexes recently constructed elsewhere in the City. The community deck on the building was designed to face the Hastings bridge/main street to show off the pride of our community with hopes it will generate interest from visiting guest to return. Site maps and building elevations are attached.

- Describe the specific components or activities that are part of the Project. The Developer has entered into a Development Agreement with the City of Hastings for the developing of this proposed project. The Developer submitted its first land use applications on August 1, 2021 and City Staff continue to review that application. Following receiving land use entitlements, the Developer would officially close on the City owned parking lot and commence demolition of the existing duplex and parking lot followed by underground and overhead utility work and then ultimately construction of the apartment building itself.

- What is the end use of the Project site? Market Rate Apartments

- Is demolition of slum or blighted buildings or other structures an activity of the Project? Yes
  - If Yes, please describe. Removal of the existing home and underutilized parking lot. The exiting site for the proposed building has historically been unmaintained and problematic to neighbors and local authorities

- Describe how the Project will make more efficient use of the site. It will maximize the space to allow for newly constructed housing within the downtown district of Hastings. This project would provide an immediate economic boost to the downtown businesses and restaurants which is essential to support the continued growth of that area.

- After Redevelopment is complete, what portion of the Project site be publicly and privately owned?
  - Public: 0%
  - Private: 100%
- Post-redevelopment Project site owner(s): River City Investments, LLC

- Identify any other Project partners such as developers, consultants, and regulating/permitting agencies. City Of Hastings & Hastings Economic Development and Redevelopment Authority (HEDRA)

4. Acquisition/Relocation Activities

- If the project includes property acquisition, clearance and/or construction activities, describe how owners, tenants, and businesses will be temporarily or permanently relocated. Will provide tenants adequate notice to vacate and will assist with finding new housing if they need the help.

Current tenants of the duplex have been given notice of the project's timeline. The Developer will assist in finding a new home for their current tenants if needed. The Developer currently manages 200+ units in the surrounding area and will work with the individuals to see if any existing units work for their needs.

- When has/will the acquisition be completed? The Developer already owns the duplex property and has a purchase agreement with the City for the parking lot property. The City and Developer will close on the parking lot property following approval of land use entitlements which according to the development agreement shall be no later than December 1, 2021.

5. Redevelopment Project Environmental Information

- Has an environmental assessment been completed for the Redevelopment Project? No
- If so, what level of investigation was done as part of the Redevelopment Project? N/A
- Has the Redevelopment Project site been found or suspected to be contaminated? No
- Does your Redevelopment Project include the cleanup of contaminated soils, hazardous waste or materials? No
    - If yes, please describe information on type of cleanup, what measures have been taken to address the contamination, consultant reports, and/or Response Action Plan. N/A
- Describe positive environmental impacts of the activities that are part of the Project. N/A

6. Housing Affordability. Indicate the number of housing units planned in the Project, if any. *Attach separate sheet if necessary.*

	Total # of Units	# of Owner Units	# of Rental Units	Proposed Rents/ Sales Prices
Single Family	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Townhouse	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Apartments/Condominiums	32	0	32	$1,200-$1,450/month
Duplexes	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Other:	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.

- Will there be any mechanisms to ensure long-term affordability? YesYes If yes, please describe.

This property will be market rate but will accept Housing Choice Voucher participants. River City Investments, llc has worked closely with CDA since 2018.

7. Economic Benefits

- Current appraised or assessed value of the Project site: $239,900

- Projected appraised or assessed value of the site after Redevelopment: $7,000,000

Attach the appraisal or assessor's current and projected values.

- What are the current property taxes for the Redevelopment Project site? $2086 Pay Year 2021

- What will the estimated property tax be after redevelopment? $63,619 Pay Year 2021

- Project the number of new jobs on the Project site created after redevelopment. Total new jobs (FTEs only) = 0

- Number of new jobs with wages greater than $15.00 per hour = 0

- Project the number of jobs retained on the Project site after redevelopment. Total retained jobs (FTEs only) = 0

- Number of retained jobs with wages greater than $15.00 per hour = 0

8. Leverage. Itemize all other funding sources for the Project and the Activities identified as part of the Project.

Source of Funds	Amount	Committed	Pending
Merchants Financial Group	$5,500,000	☐	☒
Private Loan	$651,204	☒	☐
Personal funds	$725,000	☒	☐
City Land Write-Down	$61,599	☒	☐
Click or tap here to enter text.	Click or tap here to enter text.	☐	☐
Total:	$6,937,803		

Itemize Project expenses for each Activity. *Be as detailed as possible.*

Project Activities/Expenses	Costs	Funding Source
Site work/General Conditions	$789,100	Loan/Grant
Concrete/steel	$1,475,683	Loan
Carpentry	$1,341,566	Loan
Doors, Windows, Glass and Siding	$456,136	Loan
Finishes	$578,560	Loan
Mechanical and Electrical	$1,170,030	Loan/Grant
other	$1,376,728	Loan/Personal Funds
Total:	$7,187,803	

- List other sources of funds requested or considered but not obtained for the Project, and explain why they were not obtained, to the best of your knowledge. (The purpose of this question is to ensure all other funding sources have been exhausted.) The City considered possible DEED funding sources however the matching component was not viable given the lack of available funds from the Developer to service as a match due to their 10% equity already injected into the project. Additionally, the project is not able to service additional debt service making the City of Hastings Revolving Loan Fund not a viable funding source.

9. Readiness To Proceed.

- Please provide detailed timeline of the Project with all actions, phases, and anticipated dates for completion.

August 2021
– Aug 1st – Submittal of Land Use Application (see site plan handout and plat handout for detailed requirements). This has been completed.

September/October 2021
– Planning Commission Meeting – Review of Plat, Rezoning, and Site Plan.
– City Council Meeting – 1st Reading and Order Public Hearing for Rezoning.

October/November 2021
– City Council Meeting – 7pm – Public Hearing and action on rezoning.
– City Council Meeting – 7pm – Approval of Site Development Agreement and Stormwater Agreements

March 2021
– Demolition of existing structure and parking lot. Utility work

April 2021 - March 2022
– Construction of building

April 2022
– Opening of new building.

Click or tap here to enter text.

- Please indicate whether any of the following entitlement or due diligence actions are required or have been completed for the Project:
  - Comprehensive plan amendment: ☐ Status: Not Required
  - Environmental review: ☐ Status: Not Required
  - Market or feasibility study: ☐ Status: Completed by Developer
  - Zoning amendments or variances: ☐ Status: Application has been submitted to the City for Plat, Site Plan, and Rezoning. No variances required as proposed.

- If the activity that is to receive RIG funding will not be completed in 12 months, please explain why. (NOTE: The RIG program requires all RIG-funded activities to be completed within a 12-month period) All of the activities that would utilize RIG funding will be completed within 12 months if the grant is awarded.

HASTINGS CITY COUNICL
RESOLUTION NO. 07-10-21

A RESOLUTION SUPPORTING AN APPLICATION FROM RIVER CITY INVESTMENTS, LLC FOR A REDEVELOPMENT INCENTIVE GRANT THROUGH THE DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY FOR THEIR 2022 FISCAL YEAR

Council member Folch introduced the following Resolution and moved its adoption:

WHEREAS, the City Of Hastings has identified a proposed project within the City that meets the Dakota County Community Development Agency (CDA) Redevelopment Incentive Grant program's purposes and criteria; and

WHEREAS, the City has established a Redevelopment Plan entitled the Downtown Property Study of which the proposed project is a component; and

WHEREAS, on April 19th, 2021 the City Council approved sale of City property in support of the proposed redevelopment; and

WHEREAS, on June 10th, 2021, the Hastings Economic Development and Redevelopment Authority (HEDRA) adopted Resolution 2021-07 Approving the Purchase and Development Contract between HEDRA and River City Investments, LLC; and

WHEREAS, the City has the capability and capacity to ensure the proposed project be completed and administered within the Redevelopment Incentive Grant program guidelines; and

WHEREAS, the City has the legal authority to apply for financial assistance; and

WHEREAS, the City is supportive of affordable housing and of the CDA's mission, to improve the lives of Dakota County residents through affordable housing and community development.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HASTINGS AS FOLLOWS:
That the City of Hastings approves the application for funding from the Dakota County CDA Redevelopment Incentive Grant program.

BE IT FURTHER RESOLVED that upon approval of its application by the Dakota County CDA, John Hinzman, the Director of Community Development, is hereby authorized to execute such agreements as are necessary to receive and use the funding for the proposed project.

Council member Fox moved a second to this resolution and upon being put to a vote it was adopted by the Council Members present.

Adopted by the Hastings City Council on July 19, 2021, by the following vote:
Ayes: 5.
Nays: 1 - Vaughan.
Absent: Leifeld.

ATTEST:

Kelly Murtaugh,
City Clerk

Mary Fasbender, Mayor

(City Seal)

I HEREBY CERTIFY that the above is a true and correct copy of resolution presented to and adopted by the City of Hastings, County of Dakota, Minnesota, on the 19th day of July 19, 2021, as disclosed by the records of the City of Hastings on file and of record in the office.

Erica Henderson,
Deputy City Clerk

(SEAL)

Addendum to Application (costs included in $1,376,728 noted under “other”).

OTHER:

Equipment:	$82,500
Conveying Systems	$112,723
Specialties	$37,600
Architectural Plans/Civil Plans	$264,000
Permit/City Fees	$263,150
Bank Fees	$60,000
Contractor Fee	$263,755
Contingency	$293,000

Merchants Bank

July 15, 2021

Lucas Siewert
15717 Highview Dr
Apple Valley, MN 55124

Dear Mr. Siewert,

Merchants Bank, National Association, hereafter referred to as Bank, is pleased to offer the following Commercial Loan Proposal to you or and Entity TBN, hereafter referred to as Borrower. **Please note that this is a proposal for discussion purposes only and is not a commitment to lend.**

REQUEST ONE:

AMOUNT:	$5,500,000
RATE:	Federal Home Loan Bank – Des Moines 5 year rate Plus 2.35% - Today would be 3.50%, with a floor of 3.50%
TERM:	60 months
PAYMENTS:	Interest only for 24 months followed 36 months of principal & interest payments based on a 28 year amortization
PURPOSE:	Construction of apartment complex
SECURITY:	First Place real estate mortgage on property to be constructed
GUARANTOR:	Lucas Siewert Neal Siewert
FEES:	0.50% Origination ($27,500) plus all third party costs

In addition to the foregoing, the following items would be applicable:

Title Insurance - The Borrower will provide Title Insurance to the Bank that indicates subject property is free and clear of all encumbrances and that title is properly vested in the name of Borrower and that the newly established mortgage is a first real estate mortgage on property securing the loan. The cost for Title Insurance is the responsibility of the Borrower.

Insurance - The Borrower will provide the Bank with adequate insurance coverage on the real and personal property securing this loan for the period in which this loan is outstanding.

Purchase Agreement - The Borrower will provide the Bank with a copy of the fully executed Purchase Agreement.

Plans and Specifications - The Borrower will provide the Bank with sufficient plans and specifications for the proposed project. Furthermore, the Borrower will submit to the Bank satisfactory evidence on all applicable laws, ordinances, regulations, additions, and restrictions to comply with lawful construction of this project.

Merchants Bank

Loan Advances - The Borrower will provide the Bank with a written draw request for each loan advance signed by the Borrower. Furthermore, a prior advance of set funds, a receipt and waiver of mechanics lien rights will be provided to the Bank.

Appraisal – An appraisal will be ordered by the Bank from an independent appraiser. To meet the terms provided in this proposal, the subject property would need a minimum appraised value of $6,875,000.

Closing Costs - The Borrower will pay all closing costs incurred in connection with the loan including but not limited to attorney's fees, appraisals, other inspection fees, recording and closing fees and all necessary expenses.

Environmental Audit - The Borrower will provide the Bank with an Environmental Audit indicating that the property is environmentally clean

Corporate Documentation - The Borrower will provide the Bank with the following documentation:

A. Articles of Incorporation and By-Laws
B. Corporate Borrowing Resolution

Financial Statements - The Borrower will provide the Bank with the following financial statements:

A. Business Tax Returns on an annual basis
B. Personal Financial Statement on an annual basis
C. Personal Tax Returns on an annual basis
D. Annual Rent Roll

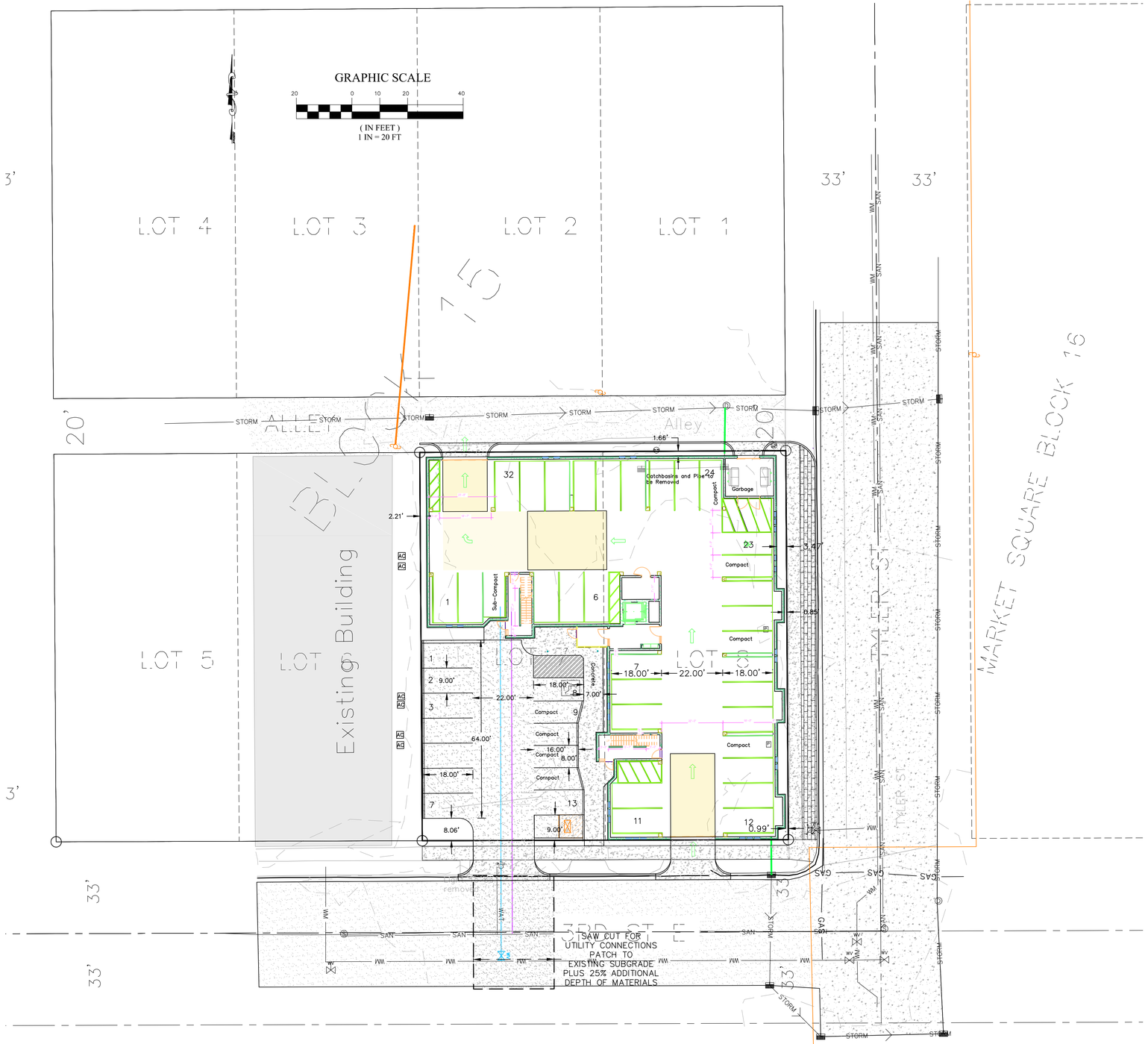
Debt Service Coverage Ratio – The borrower will maintain a global debt service coverage beginning in year three.

If this proposal is acceptable to you please the enclosed Intent to Proceed and return it to me. If we do not receive the signed Intent to Proceed within 90 days from the date of the letter, this proposal shall become null and void.

I appreciate the opportunity to provide this proposal and I look forward to speaking with you about it soon!

Sincerely,

Michael Swanson
Commercial Banking Officer
Ph. (651) 438-7320
Em. MJSwanson@merchantsbank.com



LEGEND

- WATER HYDRANT & GATE VALVE
- SANITARY MANHOLE
- STORM MANHOLE & CATCHBASIN
- SIGNS
- GAS VALVE
- COMMUNICATIONS BOX
- ELECTRIC POLE
- LIGHT POLE
- TREE
- MAJOR CONTOUR
- MINOR CONTOUR
- WATERMAIN
- SANITARY SEWER
- STORM SEWER
- OVERHEAD ELECTRIC LINES
- UNDERGROUND ELECTRIC LINES
- UNDERGROUND COMMUNICATIONS LINE
- RAILING, CHAINLINK FENCE
- GAS LINE
- WATER SERVICE
- PROPOSED MAJOR CONTOUR
- PROPOSED MINOR CONTOUR
- BITUMINOUS SURFACING
- CONCRETE SURFACING
- PROPOSED BITUMINOUS SURFACING
- PROPOSED CONCRETE SURFACING
- SILT FENCE
- GRADING LIMITS
- X 1060.00 EXISTING SPOT ELEVATION
- X 1060.00 PROPOSED SPOT ELEVATION
- 2.00% PROPOSED SLOPE
- INLET BARRIER

TRASH WILL BE LOCATED INSIDE THE BUILDING WITH CANISTERS SET OUTSIDE ON PICKUP DAYS

SERVICE DISCONNECTION NOTE:
EXISTING SERVICES SHALL BE REMOVED TO THE RESPECTIVE MAIN AND STREETS PATCHED UNLESS A UTILITY ABANDONMENT FORM IS COMPLETED AND APPROVED BY PUBLIC WORKS DEPARTMENT. WITH APPROVAL, SERVICES MAY BE PLUGGED AN ABANDONED NEAR THE PROPERTY LINE. CURRENT PLAN IS FOR NEW SERVICES AND STREET PATCHING TO ALIGN WITH EXISTING SERVICES. FINAL MECHANICAL WITHIN THE BUILDING MAY DICTATE A DIFFERENT LOCATION FOR NEW SERVICE CONNECTIONS.

STORM SEWER REMOVALS:
CATCHBASINS AND PIPES THAT REQUIRE REMOVAL SHALL BE REMOVED WITH CARE TO ALLOW RECONNECTION OF NEW PIPES.

STREET SURFACING CONSTRUCTION NOTE:
DISTURBED PUBLIC SURFACING SHALL BE REPLACED WITH LIKE MATERIALS. AGGREGATE SECTIONS SHALL BE A MINIMUM OF 2" THICKER THAN EXISTING UNLESS APPROVED BY THE CITY ENGINEER/INSPECTOR. INTERFACES SHALL BE SAW CUT PRIOR TO PATCHING. CONCRETE PANELS SHALL BE DOWELED AND BITUMINOUS SECTIONS MILLED FOR THE WEAR COURSE TO OVERLAP THE BASE COURSE AND EXISTING SURFACING.

WATER SERVICE CONNECTION NOTE:
NEW WATER SERVICE SIZE SHALL BE CONFIRMED BY THE BUILDING MECHANICAL ENGINEER. A 6" OR 8" WET TAPPING SLEEVE AND VALVE IS ANTICIPATED. PUBLIC WORKS SHALL BE CONTACTED PRIOR TO CONNECTION TO ALLOW FOR INSPECTION.

SANITARY SEWER CONNECTION NOTE:
NEW SEWER SERVICE SIZE SHALL BE CONFIRMED BY THE BUILDING MECHANICAL ENGINEER. A 6" SADDLE TO THE MAIN IS ANTICIPATED. CLEANOUTS OUTSIDE THE BUILDING SHALL BE LOCATED IN CONCRETE OUTSIDE THE SIDEWALK WITH INTEGRATED COVERS. MINIMUM SLOPE SHALL BE 2%.

STORM SEWER CONNECTION NOTE:
NEW STORM SEWER CONNECTIONS WILL BE LIMITED TO DRAINS WITHIN THE BUILDING. CONNECTIONS ARE AVAILABLE TO THE EXISTING STORM SEWER SYSTEM IN THE ALLEY OR CORNER OF 3RD STREET AND TYLER STREET. PIPE SIZING SHALL BE CONFIRMED WITH THE BUILDING MECHANICAL ENGINEER BUT ARE ANTICPATED TO BE 10 INCHES IN SIZE AND OF PVC MATERIALS.

DATE: 6/28/2021
Prepared For:
Luke Siewert
925 Hwy 55 Suite 203
Hastings, MN 55033

G-Cubed
ENGINEERING
SURVEYING
PLANNING

DESIGNED MRW
DRAWN TML

REVISED	BY	DATE
SUBMITTAL	MRW	7/29/2021

CITY OF HASTINGS
DAKOTA COUNTY

Siewert Apartments
SITE PLAN

NILE

DRAFT DESIGN: 07.29.2021

BUILDING MASSING STUDY:
VIEW OF ENTRY FROM 3rd STREET

DRAFT DESIGN: 07.29.2021

BUILDING MASSING STUDY:
ARIAL FROM TYLER STREET

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY

REDEVELOPMENT INCENTIVE GRANT PROGRAM

POLICY AND PROCEDURES GUIDE

FISCAL YEAR ENDING 2022

I. PROGRAM PURPOSE

The Redevelopment Incentive Grant Program (the RIG Program) was created and funded by the Dakota County Community Development Agency (CDA) in September 2006. Additional funds for environmental assessments and site clean-up/remediation are provided by Dakota County Environmental Assessment Program for eligible activities. The goals of the RIG Program are to increase the tax base and improve the quality of life in Dakota County through redevelopment.

The CDA focuses on redevelopment because blighted and under-utilized areas do not maximize their potential economic value and can negatively impact the livability of a community. These areas often require additional service costs, especially for those sites that may require environmental remediation due to the presence or potential presence of a hazardous substance, pollutant or contaminant. The responsibility for creating redevelopment activities rests primarily with the cities. Although Dakota County cities have been proactive in promoting redevelopment, they may lack sufficient resources to adequately plan for and implement redevelopment activities. The RIG Program is intended to assist Dakota County cities with those redevelopment projects that may not be undertaken by the private market without some assistance from the public sector.

II. DEFINITIONS

Activity – Those components that will be completed as part of the Project. Activities do not in and of themselves comprise the Project for which Redevelopment Project Grant funds are requested.

Environmental Assessment – The assessment or evaluation of a property to identify potential environmental contamination and assess potential liability coming from that contamination and costs to clean up the site. It includes conducting due diligence to determine who previously owned the site and how it was used, assessing the current conditions at the property, and determining if those uses or conditions present an environmental concern.

Phase I Environmental Site Investigation - A historical review of the property's use, previous ownership and current conditions.

Phase II Environmental Site Investigation - A subsurface site investigation that includes sample collection and analysis of soil, soil gas, and surface and groundwater, as appropriate.

Housing Affordability - "Affordable" is defined as: (a) rental – available to households at/below 50% of the area median income; (b) owner – available to households at/below 80% of the area median income.

Infill Development – Residential or non-residential development that occurs on vacant sites scattered throughout more intensely developed areas of municipalities. These sites may have been undeveloped due to size, configuration, or access to other more easily developable land.

Higher Wage Jobs – Employment that pays $15 per hour or more in wages.

Project – The redevelopment component for which Redevelopment Grant funds are requested.

Redevelopment – The reconstruction, re-use or change in use of any developed property that improves the economic use and value of property. Redevelopment is usually characterized by the clearance of existing structures and new construction, and the clean-up and remediation of a contaminated site. Redevelopment may also include infill development when such sites are part of a redevelopment area. The new use may be residential, commercial, retail, industrial or other use that the city supports.

Response Action Plan - The detailed plan to remediate and/or manage contamination at a brownfield site. Background information on site history, environmental conditions, and the planned property use is required to present the context and rationale for the proposed response actions.

III. GENERAL PROGRAM INFORMATION

A. Types of Grants: The RIG program funds two types of grants:

- Planning/Technical Assistance Grants
- Project Grants

B. Eligible Activities: Only those activities specifically listed below will be funded.

1. Planning/Technical Assistance Grants – Grant funding is restricted to activities directly related to a future redevelopment project such as market analysis, financial feasibility studies, concept development, site design, zoning studies, engineering studies, and environmental studies, environmental assessments including Phase I assessments, and development of Response Action Plans.

2. Project Grants – Grant funding is restricted to the following activities that are often required in preparation for redevelopment:

   a. Property acquisition (see Property Acquisition Requirements elsewhere in this document).

   b. Relocation payments to occupants of property acquired with program funds.

   c. Clearance and demolition expenses related to site assemblage for redevelopment.

   d. Environmental investigation and/or remediation activities on the impacted site. These may include Phase II environmental site assessments, hazardous building materials survey, contaminated soil excavation and disposal, ground water remediation, contaminated soil remediation, soil vapor remediation and mitigation. Please see the Dakota County Environmental Assessment Program website for additional activities that could be funded. The website can be found here: https://www.co.dakota.mn.us/Environment/ContaminatedSites/RedevelopingBrownfields/Pages/default.aspx

e. Necessary public infrastructure improvements required for and directly connected to the redevelopment project, limited to utilities such as sanitary or storm sewer, water connections, stormwater (pipes or ponds), or fiber optic lines.

f. Geotechnical corrections to soil conditions that require extraordinary expense to remediate.

C. Ineligible Activities: Grant funds cannot be used toward the following activities:

1. Public facilities such as city halls, city parks, city water treatment facilities, etc.
2. Streets, parking lots, parking ramps, streetscape (planters, streetlights, benches, etc.), sidewalks, wayfinding signage, and other similar public or private improvements
3. Building construction and associated soft costs related to the project to be built on the redeveloped site
4. Costs not included in the application, including those incurred prior to the award date
5. Rehabilitation of either historic or non-historic buildings, or house moving
6. Administration expenses

D. Eligible Applicants: Eligible applicants for this program are any statutory or home rule cities in Dakota County. Townships are not eligible to apply.

E. Funding Available: Up to a maximum of $980,000 is available for grants provided under the RIG Program during this funding cycle (July 1, 2021 – June 30, 2022). The CDA will reserve up to $100,000 for Redevelopment Planning/Technical Assistance Grants. The maximum RIG Planning/Technical Assistance Grant amount is $15,000. The remaining funds will be used for Redevelopment Incentive Project Grants. For those plans and projects that require an environmental assessment and/or environmental remediation and/or site clean-up, $200,000 is reserved. The maximum RIG Project Grant amount is $250,000. Funding will be awarded on an open pipeline basis until all funding is exhausted.

IV. PLANNING/TECHNICAL ASSISTANCE GRANTS

Planning/Technical Assistance grants must meet the following requirements:

1. Submittal of a completed application form labeled “RIG Planning Application”.
2. The application must be approved by the respective city council by resolution that includes the Required Resolution Provisions (attached to the application).
3. There must be a minimum leverage rate of 1 to 1 ($1 of other funds for every $1 of Redevelopment Planning/Technical Assistance Grant). Applicants may use non-public funds as local match.

4. The city must be supportive of affordable housing and the CDA's mission, as demonstrated by the city's adoption of the Required Resolution Provisions (attached) and the city's history of supporting affordable housing developments.
5. The completed application form must be submitted according to "Section VI – Grant Application Instructions".

V. PROJECT GRANTS

Project Grants must meet the following requirements:

1. The application must be approved by the respective city council by resolution that includes the Required Resolution Provisions.
2. Cities must demonstrate a minimum leverage rate of 2 to 1 for cities with populations 10,000 and over ($2 of other funds for every $1 of Redevelopment Grant); and 1 to 1 for cities with populations under 10,000 ($1 of other funds for every $1 of Redevelopment Grant). Applicants may use non-public funds as local match.
3. A letter of support for the redevelopment project from the current property owner must be included unless the property is owned by the city submitting the application.
4. The city must be supportive of affordable housing and the CDA's mission, as demonstrated by the city's adoption of the Required Resolution Provisions (attached to the application) and the city's history of supporting affordable housing developments.
5. The completed application form must be submitted according to "Section VI – Grant Application Instructions".
6. The proposed project must meet the eligibility criteria listed below.
    a. Leverage. Applications should include a variety of other funding sources committed to the project. Other funding sources could include CDBG, TIF, DEED, Metropolitan Council grants, or other public and private resources. Evidence of funding commitments must be submitted with application. In addition to identifying leverage, the applicant shall also explain in a narrative how they have exhausted other resources for the project.

    a. Readiness to Proceed. The applicant should be ready to proceed with the identified project upon funding award, e.g. zoning approvals in place, site control secured, financing commitments in place. Activities that are funded through the RIG program must be completed within 12 months from the date of the award agreement.

    b. Economic Benefit. The project should have a defined impact on the local economy. This impact is measurable through growth in property taxes and new and/or retained Higher Wage Jobs.

    c. Environmental Improvement. Projects that will protect, preserve or enhance the environment are encouraged. Projects should facilitate the investigation and/or cleanup of sites to promote public health and safety, and protect and improve the

environment in addition to providing economic and community benefits. Applicants should work with Dakota County Environmental Resources Department and State agencies to identify the optimum remedy.

The CDA will also consider whether an Applicant successfully used any previously awarded RIG funds. In its comments to the CDA Board, staff will include the Applicant's past use of RIG funds (if any), whether the Applicant utilized all awarded funds, if the 12-month timeframe was met, and if funds were returned to the CDA.

VI. GRANT APPLICATION INSTRUCTIONS

RIG applications are accepted throughout the year on an open pipeline basis. **Applicants may only apply for one (1) RIG project grant and one (1) RIG planning/technical assistance grant per fiscal year (July 1- June 30).**

The City must submit the appropriate application for the plan or project by the first of the month. CDA and County staff, including the Joint CDA/County Economic Development Group, will review the application for completeness, eligible activities, and readiness, and to determine if the proposed plan or project aligns with Dakota County objectives and goals for workforce development, transportation, housing, and environmental issues. CDA and County staff may take up to 60 days to review the application, and will inform applicants if there are any concerns about the application. If the application is deemed eligible and funding is available, CDA staff will then forward the application and staff comments to the CDA Board of Commissioners to be reviewed at the next available CDA Board meeting. It is expected that it will take approximately 90 days from the day of submittal for a completed application to be moved to the CDA Board for consideration. The CDA Board meeting schedule can be found on the Dakota County CDA website: https://www.dakotacda.org/about/leadership/cda-board-of-commissioners/

Please note that applications submitted after the first of the month will not be reviewed until the first day of the following month. For example, if an application is submitted August 4th, the review process for that application will not begin until September 1st.

Upon review of the application and staff comments, the CDA Board will determine if the plan or project should receive funding. There is no appeal process of the CDA Board's determination.

It is incumbent upon the applicant to choose which potential projects align with the goals of the RIG Program outlined in the Program Guidelines. It is the applicant's responsibility to be aware of the submission requirements needed to prepare an application for the Planning/Technical Assistance Grants or Project Grants in accordance with this guide. The award of RIG funding is based on the information provided in the application.

Applicants shall submit one (1) paper copy of the original application and all supporting documents to the CDA, and email the application and all attachments to the following:

Dakota County CDA
Attn: Margaret Dykes
Assistant Director, Community & Economic Development
1228 Town Centre Drive
Eagan, MN 55123
mdykes@dakotacda.state.mn.us

In lieu of emailed attachments, an applicant may provide the attachments on a flashdrive or other similar data storage devices to the CDA.

Applications determined by the CDA to be incomplete or not legible will not be accepted and will be returned to the applicant. Applications will not be accepted by facsimile. The CDA retains the right to reject in whole or in part any application for any reason.

Contact Margaret Dykes, (651) 675-4464 or mdykes@dakotacda.state.mn.us if you require assistance with submitting your application.

All application forms are available on the Dakota County CDA website:
https://www.dakotacda.org/community-development/redevelopment-incentive-grant-program/

VII. PROPERTY ACQUISITION REQUIRMENTS

Property acquisition may be undertaken by a public, private or non-profit entity as part of a redevelopment project. In all instances, the CDA will provide the Redevelopment Incentive Project Grant to the city as grantee, which in turn, will provide those funds to another acquiring entity if necessary. The corresponding grant agreement will specify conditions whereby the acquiring entity will have no recourse to the CDA in matters related to the acquisition of real property.

If federal funds are used in whole or in part for a project, including property acquisition, clearance and/or construction, all provisions of 49 CFR 24.101 (the Uniform Relocation Act or URA) must be followed. With all funding sources, the cost of property acquisition must be based on a determination of fair market value as derived from an independent appraisal and/or county assessed value. If the final acquisition price exceeds the appraised value, the Redevelopment Incentive Grant must be less than this value with the additional cost being paid by public or private matching funds.

Minnesota Statutes 117.50 et. seq. and related case law also require that in all acquisitions undertaken by an acquiring entity without federal participation, the authority must provide relocation assistance as a cost of acquisition. Additionally, the Minnesota Supreme Court held in In Re Wren, 699 N.W.2d 758 (Minn. 2005) that an authority may be responsible for certain relocation costs when property is acquired by a private developer if the activities of the authority and the developer are so intertwined to produce a joint acquisition of the project.

VIII. SELECTION

Applications will be reviewed by CDA and County staff, including the Joint CDA/County Economic Development Committee. All cities will be notified when a RIG application is submitted to the CDA. Those applications that include an environmental improvement component will also be reviewed by Dakota County Environmental Resources staff. Project applications meeting the eligibility criteria will be submitted to the CDA Board of Commissioners for consideration for approval. If the proposal is selected and approved by the CDA Board of Commissioners, the CDA will issue a letter of commitment and enter into a grant agreement with the city.

IX. GRANT AGREEMENT

CDA staff will work with the city and enter into a Grant Agreement. This agreement will detail the terms and conditions of the grant and allow for the release of funds to the city. The grant agreement will require funds to be spent within **12 months** of the date of the agreement. Waivers and extensions to any provision in the agreement requested by the grantee may be considered on a case-by-case basis depending on the merits of the request. Grant recipients may request one 12-month extension to be reviewed for administrative approval for those projects that are making substantial progress towards completion. *Projects that are not underway within 12 months from the award date are not eligible for an extension.*

Grants will be paid on a reimbursement basis. Grantees will be required to submit semi-annual progress reports to the CDA. Reports will consist of the progress of the project and will be due each May 31st and November 30th during the Grant Term.

Strategic Planning Discussion (Economic Development) - Informational

Meeting Date:	11/16/2021
Department:	Community & Economic Development
Prepared By:	Lisa Alfson
Contact:	Lisa Alfson
Contact Phone:	651-675-4467

Fiscal/FTE Impact:
- ☒ None
- ☐ Amount included in current budget
- ☐ Budget amendment requested
- ☐ FTE included in current complement
- ☐ New FTE(s) requested
- ☐ Other:

PURPOSE/ACTION REQUESTED
- Informational presentation on the current state of CDA economic development activities.
- Discussion of Board priorities for the agency's strategic plan.

SUMMARY

The Dakota County Economic Development Strategy (Attachment A) was reaffirmed by the CDA Board of Commissioners as part of the current CDA Strategic Plan. The Economic Development (ED) Strategy was developed with the concept of utilizing County and CDA resources in the areas of economic, workforce, and community development to support a healthy, dynamic, and sustainable economy. The goal of the ED Strategy is to have a collaborative, organized and accountable approach to economic development.

The County/CDA ED Workgroup was formed in late 2017 with the purpose to annually identify activities to implement the ED Strategy in conjunction with our partners (cities, chambers, utilities, educational institutions. etc.). This group typically meets monthly to discuss the roles and responsibilities of Dakota County and CDA in economic development.

Staff will provide a brief presentation on the ED Strategy, the County's role in economic development, and the CDA's role in economic development. Attachment B provides additional information on the 2020-2021 CDA activities, financial commitments, and outcomes associated with the ED Strategy.

Executive Director's Comments:
- ☐ Recommend Action
- ☐ Do Not Recommend Action
- ☐ Reviewed-No Recommendation
- ☒ Reviewed-Information Only
- ☐ Submitted at Commissioner Request

- ☐ Item Type-Consent
- ☐ Item Type-Discussion
- ☒ Item Type-Informational

Strategic Plan Priorities:
- ☐ Focused Housing Programs
- ☒ Collaboration
- ☐ Development/Redevelopment
- ☐ Financial Sustainability
- ☐ Operational Effectiveness

Executive Director

Department Director

Dakota County Economic Development Strategy

Vision

We envision Dakota County as a globally competitive economy that is vigorous, diversified and innovative, providing opportunity and prosperity for businesses and residents alike, while sustaining a healthy environment and a superior quality of life.

Guiding Principles

- Dakota County government will **take a collaborative approach** to economic development internally and externally, working among County departments and agencies, as well as with cities and other partners. Care will be taken to avoid duplication.
- County government will **plan for and invest in critical infrastructure** (e.g. transportation, telecommunications) and other competitive advantages that support economic growth and vitality.
- Dakota County government may choose to **be involved in economic development projects** that
  - are **highly visible and regionally significant** in the Twin Cities metro area;
  - are physically **located in more than one community**;
  - involve **county and state roads**;
  - create a **significant employment, infrastructure or tax base impact**;
  - demonstrate a **positive return on investment, OR**
  - preserve, enhance or remediate **environmental quality.**
- County government may develop economic development initiatives to **respond to the need for specialized expertise and economies of scale** (i.e. workforce housing, brownfield remediation, telecommunications, workforce development).
- Dakota County government will **use research and policy development as a framework** to guide and evaluate economic development strategies and actions.
- County government will consider workforce, employment, and tax base development to **enhance long-term plans and investment decisions.**

Strategic Initiatives

1. Invest in Transportation and transit networks
2. Coordinate strategic infrastructure and land development
3. Link workforce development and economic development
4. (a) Create prospect response capacity. (b) Enhance image, marketing, and branding.
5. Provide quality workforce housing
6. Strengthen development related-research and policy capacity

CDA/County Economic Development Strategy

July 1, 2020 - June 30, 20201 CDA Financial Commitments and Outcomes

1. Strategic Initiative: Coordinate strategic infrastructure and land development		
Activity	**Financial Commitment**	**Outcomes**
RIG (Redevelopment Incentive Grant)	$315,000 Source: Levy	* Burnsville, planning grant, $15,000 * Eagan, project grant, $50,000 * West St. Paul, project grant, $250,000
EPA Brownfields Grant	$240,921.50 Source: EPA Grant	Awarded $600,000, 3-year grant in 2019 to conduct environmental assessments <u>Outcomes 10/19 - 10/21:</u> * 8 Phase I ESAs conducted. Goal of 24. * 5 Phase II ESAs conducted. Goal of 16. Deadline is 9/30/22. Will request extension.
2. Strategic Initiative: Link workforce development and economic development		
Activity	**Financial Commitment**	**Outcomes**
County Workforce Development Board annual Employers of Excellence event	$3,500 Source: Levy	May 13, 2021, annual Employers of Excellence event with 100 attendees via Zoom. Provided awards for small employers (under 50 employees); mid-size employers (50-200 employees); and large employers (over 200 employees). 10 awardees.

CDA/County Economic Development Strategy

July 1, 2020 - June 30, 20201 CDA Financial Commitments and Outcomes

3. Strategic Initiative: Create prospect response capacity		
Activity	**Financial Commitment**	**Outcomes**
CEO Next Business Institute	$30,000 Source: Levy	2019-2020 . Sponsored three businesses (1 in BV, 1 in LV, and 1 in Eagan).
	$30,000 Source: Levy	2020-2021 . Sponsored two businesses (1 in Eagan, 1 in IGH) and businesses received additional research hours due to not sponsoring a third business.
Open To Business	$65,500 Source: Levy	Q3 report attached (1/1/21 - 9/30/21). 152 clients served. OTB staff partnered with Dakota County library to provide small business lending event. Hosting virtual Q&A w/University of MN Law School on 11/17. Focused on bank outreach (contacted 9 banks, received 4 new loan referrals).
4. Strategic Initiative: Enhance image, marketing and branding		
Activity	**Financial Commitment**	**Outcomes**
No activities this period.		

CDA/County Economic Development Strategy

July 1, 2020 - June 30, 20201 CDA Financial Commitments and Outcomes

5. Strategic Initiative: Provide quality workforce housing		
Activity	**Financial Commitment**	**Outcomes**
CDA Developments financed	$9,250,000 Includes bonds and TIF	Gateway Place . 54 units (one-bedroom and efficiencies) in West St. Paul.
	$1,495,000 Includes HOME, HOPE, and TIF	Nicols Pointe. MN Housing awarded CDA $5,000,000 of Housing Infrastructure Bonds (HIBs) for 24 units with veteran's preferred development (one-bedroom) in Eagan.
Private developments financed	$9,199,080 in 9% tax credit syndication proceeds	Lexington Flats . 50 units (one-, two-, and three-bedrooms) in Eagan.
	$750,000 in HOPE, $1,468,000 in TIF, $28,000,000 in tax exempt bonds, and $14,345,477 in 4% tax credit syndication proceeds.	Aster House. 204 units (one-, two-bedrooms) in Eagan.
	$34,650,000 in tax exempt bonds, $25,896,317 in 4% tax credit syndication proceeds.	Legacy Commons at Signal Hills . 247 units for seniors (one-, two-, and three-bedrooms) in West St. Paul.
	$24,450,000 in tax exempt bonds, $19,105,210 in 4% tax credit syndication proceeds.	The Hilltop at Signal Hills . 146 units (one-, two-, and three-bedrooms) in West St. Paul.

CDA/County Economic Development Strategy

July 1, 2020 - June 30, 20201 CDA Financial Commitments and Outcomes

6. Strategic Initiative: Strengthen Development-Related Research and Policy Capacity		
Activity	**Financial Commitment**	**Outcomes**
GREATER MSP	$100,000 Source: Levy	Developed web pages to track impact of COVID on economic measures (transit ridership, job postings, air travel, etc). Drafted Regional Economic Framework that allows us (and other local governments in the metro) to apply for US EDA funds. Such a plan is a prerequisite for EDA eligibility. Applied and awarded EDA grant. Coordinated regional effort to apply for US EDA Build Back Better Challenge Grant. Grant submitted 10/19/21.
Other		
Small Business Grants	$23,886,187 Source: CARES	Developed and implemented CARES-funded small business grant programs. 1,888 small businesses grants distributed between September 2020 and April 2021.

*July 1, 2020 - June 30, 2021 is the primary timeframe. If a different timeframe is used, it is noted in the "Outcomes" column.

Closed Executive Session: Executive Director Annual Performance Evaluation

Meeting Date:	11/16/2021
Department:	Administration
Prepared By:	Sara Swenson
Contact:	Tony Schertler
Contact Phone:	651-675-4433

Fiscal/FTE Impact:
☒ None
☐ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE(s) requested
☐ Other:

PURPOSE/ACTION REQUESTED
- Hold a closed executive session.

SUMMARY
The Dakota County Attorney has advised that prior to closing a CDA Board meeting, pursuant to the Open Meeting Law, Minn. Stat. Ch. 13D, the Board must resolve by majority vote to close the meeting.

RECOMMENDATION
The Executive Director has recommended that a closed executive session be held during the CDA Board meeting on November 16, 2021, to discuss the following:

- Conduct the annual performance evaluation of the Executive Director. The Executive Director has agreed to the closed executive session for this purpose.

EXPLANATION OF FISCAL/FTE IMPACT
None.

Supporting Documents: **Previous Board Action(s):**

Resolution No. 21-XXXX

Closed Executive Session: Executive Director Annual Performance Evaluation

WHEREAS, upon adoption of a resolution by majority vote, the CDA Board is authorized, pursuant to Minn. Stat. § 13D.05 3(a), to hold a closed executive session to discuss the performance of an individual who is subject to its authority; and

WHEREAS, the CDA Board of Commissioners desires to meet to discuss the performance of the Executive Director.

NOW, THEREFORE, BE IT RESOLVED, That the Dakota County Community Development Agency Board of Commissioners hereby closes the CDA Board meeting on November 16, 2021 to discuss the performance of the Executive Director.

Executive Director's Comments:		**Strategic Plan Priorities:**
☒ Recommend Action	☐ Item Type-Consent	☐ Focused Housing Programs
☐ Do Not Recommend Action	☒ Item Type-Discussion	☐ Collaboration
☐ Reviewed-No Recommendation	☐ Item Type-Informational	☐ Development/Redevelopment
☐ Reviewed-Information Only		☐ Financial Sustainability
☐ Submitted at Commissioner Request		☒ Operational Effectiveness

Executive Director

Department Director

Finance Department

Memo

To: Tony Schertler, Board of Commissioners

From: Ken Bauer

Re: CDA Investment Register – Fiscal Year Ended June 30, 2021

Introduction

This memorandum is intended to accompany the CDA's investment register as of June 30, 2021. The investment register tracks investments as defined in the CDA's investment policy which includes both short and long-term investment holdings. The investment register excludes investments relating to the CDA's bond issues that are held by a third-party trustee.

Overview of Investment Register – June 30, 2021

As of June 30, 2021, the market value of all short and long-term investments was $152.1 million, a $2.7 million increase from the $149.4 million reported on December 31, 2020, and a $12.7 million increase from the $139.4 million reported on June 30, 2020.

Investments by Program as of June 30, 2021

	Par Value	Cost	Market Value	% of Portfolio
Federal				
Public Housing	$ 5,741,634	$ 5,741,634	$ 5,741,634	3.78%
Housing Assistance	2,462,250	2,462,250	2,462,250	1.62%
HOME	1,312,354	1,312,354	1,312,354	0.86%
Total Federal	9,516,238	9,516,238	9,516,238	6.26%
State/Local				
HD&R	11,224,407	11,224,407	11,224,407	7.38%
HOPE	5,179,034	5,179,034	5,179,034	3.41%
Levy	4,882,232	4,882,232	4,882,232	3.21%
TIF Districts	8,847,942	8,847,942	8,847,942	5.82%
Total State/Local	30,133,615	30,133,615	30,133,615	19.82%
Business Activities				
Common Bond Housing	32,613,881	32,613,881	32,613,881	21.45%
Workforce Housing LLC	1,545,246	1,545,246	1,545,246	1.02%
Real Estate Operations	57,052,565	57,052,565	56,913,073	37.43%
Disbursing Fund	21,332,849	21,332,849	21,332,849	14.03%
Internal Service Funds	5,240	5,240	5,240	0.00%
Total Business Activities	112,549,781	112,549,781	112,410,289	73.92%
Total Portfolio	$ 152,199,635	$ 152,199,635	$ 152,060,142	100.00%

The $12.5 million investment increase is primarily attributable to the repayment of the Prestwick bridge loan of $5.8 million and the receipt of $5 million of the first half 2020 tax receipts that will be used to fund budgeted expenditures in FYE 2021. As a reminder, the CDA provides construction bridge loans for Workforce Housing limited partnerships. These loans are repaid with interest with limited partner contributions.

As noted, the investment register includes both short- and long-term investments. For external financial reporting, $117.1 million of money-market funds are classified as cash equivalents. The $35 million reported as investments include certificates of deposit, mortgage-backed securities and U.S. treasury and agency securities.

Breakdown by Reporting Classification

	Par Value	Cost	Market Value	% of Portfolio
Money Market Funds	$ 117,059,635	$ 117,059,635	$ 117,059,635	77%
Investments	35,140,000	35,140,000	35,000,507	23%
	$ 152,199,635	$ 152,199,635	$ 152,060,142	100%

Cash Equivalents (Money Market Funds, 4M Fund)

Cash equivalents consist of funds held in positions in money market funds and an intergovernmental investment pool (the 4M Fund). These investment holdings generally have average maturities of thirty days or less and on June 30, 2021 yielded between one and three basis points which is largely unchanged from June 30, 2020.

Investments (Federal Agencies, U.S. Treasuries, 4M Fund Term Series)

Investments at June 30, 2021 consist of certificates of deposit, mortgage-backed securities and U.S. agency securities. These investments had an average maturity of 4.1 years and yielded about .74% compared to an average maturity of 3.7 years and a yield of about 1.00% reported on June 30, 2020.

Performance Compared to Benchmark

Per the CDA's Investment Policy, the benchmark for investment performance are U.S. Treasury securities with similar maturities. The purpose of this benchmark is to help understand portfolio performance.

The CDA's investment holdings at June 30, 2021 had a weighted average maturity of 4.1 years and a yield of .74% compared to the rolling one-year average on four- and five-year treasury securities which were .24 and .53%. respectively. The portfolio yield is above the benchmark but it should be noted that rates have been increasing in 2021.

As the CDA primarily invests in short-end of the yield curve, this has an impact on our investment returns. The CDA Investment Policy restricts investments to no more than five years. At June 30, 2021, a five-year treasury yielded .87% whereas a 7-year, 10-year and 20-year treasury yielded 1.21, 1.45 and 2.00% respectively.

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G/L No.	Financial Institution	Inv. Type	CUSIP	Issuer	Cost Value	Par Value	Market Value	Unrealized Gain (Loss)	Current Rate	YTM	Trans. Date	Maturity Date
HD&R/REO (FORMER GENERAL FUND)												
R 1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	$ 8,087,275.16	$ 8,087,275.16	$ 8,087,275.16	-	0.0100	0.0100	n/a	n/a
H 1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	1,059,118.14	1,059,118.14	1,059,118.14	-	0.0100	0.0100	n/a	n/a
H 1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	1,793,984.24	1,793,984.24	1,793,984.24	-	0.0300	0.0300	n/a	n/a
H 1312-02-000	4M Fund	LGIP-Money Mkt	n/a	n/a	8,169.49	8,169.49	8,169.49	-	0.0100	0.0100	n/a	n/a
H 1312.02-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	575.60	575.60	575.60	-	0.0300	0.0300	n/a	n/a
R 1112-20-000	Piper Sandler & Co	Fund-Money Mkt	n/a	n/a	9,563,556.45	9,563,556.45	9,563,556.45	-	0.0200	0.0200	n/a	n/a
H 1112-20-000	Piper Sandler & Co	Fund-Money Mkt	n/a	n/a	(234,604.18)	(234,604.18)	(234,604.18)	-	0.0200	0.0200	n/a	n/a
R 1115-10-000	US Bank	CD	14042TDG9	n/a	248,000.00	248,000.00	250,487.44	2,487.44	1.3500	1.3499	04/13/20	04/08/22
R 1115-10-000	US Bank	CD	14042RPL9	n/a	248,000.00	248,000.00	250,487.44	2,487.44	1.3500	1.3499	04/13/20	04/08/22
R 1115-10-000	US Bank	CD	61690UWF3	n/a	248,000.00	248,000.00	250,512.24	2,512.24	1.3500	1.3500	04/13/20	04/11/22
R 1115-10-000	US Bank	CD	05580AWL4	n/a	248,000.00	248,000.00	250,537.04	2,537.04	1.3500	1.3500	04/14/20	04/14/22
R 1115-10-000	US Bank	CD	7954506J9	n/a	248,000.00	248,000.00	250,445.28	2,445.28	1.3000	1.3000	04/15/20	04/15/22
R 1115-10-000	US Bank	Agency	3136G4E90	FNMA	2,000,000.00	2,000,000.00	2,000,040.00	40.00	0.4500	0.4500	07/30/20	01/30/24
R 1115-10-000	US Bank	Agency	3135GAAV3	FNMA	2,100,000.00	2,100,000.00	2,096,178.00	(3,822.00)	0.4100	0.4100	12/30/20	09/30/24
R 1115-10-000	US Bank	Agency	3133EMLP5	FFCB	3,000,000.00	3,000,000.00	2,969,490.00	(30,510.00)	0.3200	0.3200	12/23/20	12/23/24
R 1115-10-000	US Bank	Agency	3133EMTQ5	FFCB	4,000,000.00	4,000,000.00	4,000,760.00	760.00	0.7000	0.7000	03/17/21	03/17/25
R 1115-10-000	US Bank	Agency	3136G4E82	FNMA	4,000,000.00	4,000,000.00	3,979,120.00	(20,880.00)	0.6500	0.6500	08/14/20	08/14/25
R 1115-10-000	US Bank	Agency	3134GXBM5	FHLMC	3,900,000.00	3,900,000.00	3,881,865.00	(18,135.00)	0.6000	0.6000	12/08/20	11/12/25
R 1115-10-000	US Bank	Agency	3133EMLR1	FFCB	3,000,000.00	3,000,000.00	2,933,160.00	(66,840.00)	0.5000	0.5000	12/23/20	12/23/25
R 1115-10-000	US Bank	Agency	3130ALGJ7	FHLB	3,900,000.00	3,900,000.00	3,899,025.00	(975.00)	1.0000	1.0000	03/23/21	03/23/26
R 1115-10-000	US Bank	Agency	3130AMZA3	FHLB	4,000,000.00	4,000,000.00	3,999,320.00	(680.00)	1.0000	1.0000	06/30/21	03/30/26
R 1115-10-000	US Bank	Agency	3130AMNQ1	FHLB	4,000,000.00	4,000,000.00	3,989,080.00	(10,920.00)	1.1000	1.1000	06/16/21	06/16/26
R 1112-20-000	US Bank	Fund-Money Mkt	n/a	n/a	4,261,733.66	4,261,733.66	4,261,733.66	-	0.0100	0.0100	n/a	n/a
H 1112-20-000	US Bank Trust	Various			8,555,589.15	8,555,589.15	8,555,589.15	-	0.0100	0.0100	n/a	n/a
H 1112-20-000	US Bank Trust	Various			41,574.53	41,574.53	41,574.53	-	0.0100	0.0100	n/a	n/a
					68,276,972.24	68,276,972.24	68,137,479.68	(139,492.56)				
R REO					57,052,565.27	57,052,565.27	56,913,072.71	(139,492.56)				
H HDR					11,224,406.97	11,224,406.97	11,224,406.97	-				
Total					68,276,972.24	68,276,972.24	68,137,479.68	(139,492.56)				
HOME (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	1,312,354.48	1,312,354.48	1,312,354.48	-	0.0100	0.0100	n/a	n/a
					1,312,354.48	1,312,354.48	1,312,354.48	-				
HOPE (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	5,143,976.42	5,143,976.42	5,143,976.42	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	229.10	229.10	229.10	-	0.0300	0.0300	n/a	n/a
1112-20-000	US Bank Trust	Fund-Money Mkt	n/a	n/a	34,828.00	34,828.00	34,828.00	-	0.0100	0.0100	n/a	n/a
					5,179,033.52	5,179,033.52	5,179,033.52	-				

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G/L No.	Financial Institution	Inv. Type	CUSIP	Issuer	Cost Value	Par Value	Market Value	Unrealized Gain (Loss)	Current Rate	YTM	Trans. Date	Maturity Date
Senior Housing (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	4,879,552.56	4,879,552.56	4,879,552.56	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	2,679.38	2,679.38	2,679.38	-	0.0300	0.0300	n/a	n/a
					4,882,231.94	4,882,231.94	4,882,231.94	-				
Tax Increment (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	7,381,681.71	7,381,681.71	7,381,681.71	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	1,466,260.65	1,466,260.65	1,466,260.65	-	0.0300	0.0300	n/a	n/a
					8,847,942.36	8,847,942.36	8,847,942.36	-				
Common Bond (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	24,917,593.32	24,917,593.32	24,917,593.32	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	409,388.92	409,388.92	409,388.92	-	0.0300	0.0300	n/a	n/a
1312-21-000	4M Fund	LGIP-Money Mkt	n/a	n/a	4,302,817.17	4,302,817.17	4,302,817.17	-	0.0100	0.0100	n/a	n/a
1312-21-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	270.21	270.21	270.21	-	0.0300	0.0300	n/a	n/a
1312-26-000	4M Fund	LGIP-Money Mkt	n/a	n/a	126,233.49	126,233.49	126,233.49	-	0.0100	0.0100	n/a	n/a
1312-20-000	4M Fund	LGIP-Money Mkt	n/a	n/a	2,755,905.28	2,755,905.28	2,755,905.28	-	0.0100	0.0100	n/a	n/a
1312-20-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	101,672.47	101,672.47	101,672.47	-	0.0300	0.0300	n/a	n/a
					32,613,880.86	32,613,880.86	32,613,880.86	-				
Housing Assistance (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	1,382,641.60	1,382,641.60	1,382,641.60	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	1,053,165.31	1,053,165.31	1,053,165.31	-	0.0300	0.0300	n/a	n/a
1312-01-000	4M Fund	LGIP-Money Mkt	n/a	n/a	26,443.12	26,443.12	26,443.12	-	0.0100	0.0100	n/a	n/a
					2,462,250.03	2,462,250.03	2,462,250.03	-				
Public Housing (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	4,478,068.72	4,478,068.72	4,478,068.72	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	1,263,565.18	1,263,565.18	1,263,565.18	-	0.0300	0.0300	n/a	n/a
					5,741,633.90	5,741,633.90	5,741,633.90	-				
Workforce Housing LLC (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	70,753.11	70,753.11	70,753.11	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	9,485.30	9,485.30	9,485.30	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	1,183.51	1,183.51	1,183.51	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	242,464.25	242,464.25	242,464.25	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	347.73	347.73	347.73	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	233,723.64	233,723.64	233,723.64	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	517,795.23	517,795.23	517,795.23	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	266,193.53	266,193.53	266,193.53	-	0.0100	0.0100	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	136,625.81	136,625.81	136,625.81	-	0.0100	0.0100	n/a	n/a

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G/L No.	Financial Institution	Inv. Type	CUSIP	Issuer	Cost Value	Par Value	Market Value	Unrealized Gain (Loss)	Current Rate	YTM	Trans. Date	Maturity Date
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	66,674.33	66,674.33	66,674.33	-	0.0100	0.0100	n/a	n/a
					1,545,246.44	1,545,246.44	1,545,246.44	-				
Local Fund												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	5,239.82	5,239.82	5,239.82	-	0.0100	0.0100	n/a	n/a
Disbursing												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	21,332,849.04	21,332,849.04	21,332,849.04	-	0.0100	0.0100	n/a	n/a
					$ 152,199,634.63	$ 152,199,634.63	$ 152,060,142.07	$ (139,492.56)				

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G/L No.	Financial Institution	Inv. Type	CUSIP	Issuer	Cost Value	Par Value	Market Value	Unrealized Gain (Loss)	Current Rate	YTM	Trans. Date	Maturity Date
HD&R/REO (FORMER GENERAL FUND)												
R 1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	$ 8,086,643.21	$ 8,086,643.21	$ 8,086,643.21	-	0.0200	0.0200	n/a	n/a
H 1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	589,611.65	589,611.65	589,611.65	-	0.0200	0.0200	n/a	n/a
H 1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	1,793,634.33	1,793,634.33	1,793,634.33	-	0.0500	0.0500	n/a	n/a
H 1312-02-000	4M Fund	LGIP-Money Mkt	n/a	n/a	8,169.48	8,169.48	8,169.48	-	0.0200	0.0200	n/a	n/a
H 1312.02-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	575.60	575.60	575.60	-	0.0500	0.0500	n/a	n/a
R 1112-20-000	Piper Jaffray	Fund-Money Mkt	n/a	n/a	13,562,003.21	13,562,003.21	13,562,003.21	-	0.0200	0.0200	n/a	n/a
H 1112-20-000	Piper Jaffray	Fund-Money Mkt	n/a	n/a	(1,783,678.99)	(1,783,678.99)	(1,783,678.99)	-	0.0200	0.0200	n/a	n/a
R 1115-10-000	US Bank	CD	14042TDG9	n/a	248,000.00	248,000.00	252,039.92	4,039.92	1.3500	1.3499	04/13/20	04/08/22
R 1115-10-000	US Bank	CD	14042RPL9	n/a	248,000.00	248,000.00	252,039.92	4,039.92	1.3500	1.3499	04/13/20	04/08/22
R 1115-10-000	US Bank	CD	61690UWF3	n/a	248,000.00	248,000.00	252,064.72	4,064.72	1.3500	1.3500	04/13/20	04/11/22
R 1115-10-000	US Bank	CD	05580AWL4	n/a	248,000.00	248,000.00	252,089.52	4,089.52	1.3500	1.3500	04/14/20	04/14/22
R 1115-10-000	US Bank	CD	7954506J9	n/a	248,000.00	248,000.00	251,938.24	3,938.24	1.3000	1.3000	04/15/20	04/15/22
R 1115-10-000	US Bank	Agency	3135G05B5	FNMA	3,000,000.00	3,000,000.00	3,000,300.00	300.00	0.4500	0.4500	06/30/20	06/30/23
R 1115-10-000	US Bank	Agency	3136G4E90	FNMA	2,000,000.00	2,000,000.00	1,994,100.00	(5,900.00)	0.4500	0.4500	07/30/20	01/30/24
R 1115-10-000	US Bank	Agency	3133ELSL9	FFCB	4,000,000.00	4,000,000.00	4,003,400.00	3,400.00	1.0500	1.0500	03/12/20	03/12/24
R 1115-10-000	US Bank	Agency	3135GAAV3	FNMA	2,100,000.00	2,100,000.00	2,100,546.00	546.00	0.4100	0.4100	12/30/20	09/30/24
R 1115-10-000	US Bank	Agency	3133EMLP5	FFCB	3,000,000.00	3,000,000.00	2,995,200.00	(4,800.00)	0.3200	0.3200	12/23/20	12/23/24
R 1115-10-000	US Bank	Agency	3136G4E82	FNMA	4,000,000.00	4,000,000.00	3,998,480.00	(1,520.00)	0.6500	0.6500	08/14/20	08/14/25
R 1115-10-000	US Bank	Agency	3134GXBM5	FHLMC	3,900,000.00	3,900,000.00	3,910,335.00	10,335.00	0.6000	0.6000	12/08/20	11/12/25
R 1115-10-000	US Bank	Agency	3133EMLR1	FFCB	3,000,000.00	3,000,000.00	2,999,100.00	(900.00)	0.5000	0.5000	12/23/20	12/23/25
R 1112-20-000	US Bank	Fund-Money Mkt	n/a	n/a	9,085,693.52	9,085,693.52	9,085,693.52	-	0.0100	0.0100	n/a	n/a
H 1112-20-000	US Bank Trust	Various			8,527,371.99	8,527,371.99	8,527,371.99	-	0.0100	0.0100	n/a	n/a
H 1112-20-000	US Bank Trust	Various			42,372.23	42,372.23	42,372.23	-	0.0100	0.0100	n/a	n/a
					66,152,396.23	66,152,396.23	66,174,029.55	21,633.32				
	9085693.52				-							
R REO					56,974,339.94	56,974,339.94	56,995,973.26	21,633.32				
H HDR					9,178,056.29	9,178,056.29	9,178,056.29	-				
Total					66,152,396.23	66,152,396.23	66,174,029.55	21,633.32				
HOME (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	918,181.64	918,181.64	918,181.64	-	0.0200	0.0200	n/a	n/a
					918,181.64	918,181.64	918,181.64	-				
HOPE (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	4,167,572.72	4,167,572.72	4,167,572.72	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	229.10	229.10	229.10	-	0.0500	0.0500	n/a	n/a
1112-20-000	US Bank Trust	Fund-Money Mkt	n/a	n/a	34,828.00	34,828.00	34,828.00	-	0.01	0.01	n/a	n/a
					4,202,629.82	4,202,629.82	4,202,629.82	-				

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Senior Housing (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	9,298,561.04	9,298,561.04	9,298,561.04	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	2,679.38	2,679.38	2,679.38	-	0.0500	0.0500	n/a	n/a
					9,301,240.42	9,301,240.42	9,301,240.42	-				
Tax Increment (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	7,757,854.98	7,757,854.98	7,757,854.98	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	1,465,974.07	1,465,974.07	1,465,974.07	-	0.0500	0.0500	n/a	n/a
1115-10-000	4M Term Series	Term Series Pool	n/a	n/a	-	-	-	-				
					9,223,829.05	9,223,829.05	9,223,829.05	-				
Common Bond (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	26,190,338.57	26,190,338.57	26,190,338.57	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	409,308.57	409,308.57	409,308.57	-	0.0500	0.0500	n/a	n/a
1312-21-000	4M Fund	LGIP-Money Mkt	n/a	n/a	2,219,672.01	2,219,672.01	2,219,672.01	-	0.0200	0.0200	n/a	n/a
1312-21-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	270.21	270.21	270.21	-	0.0500	0.0500	n/a	n/a
1312-26-000	4M Fund	LGIP-Money Mkt	n/a	n/a	117,770.84	117,770.84	117,770.84	-	0.0200	0.0200	n/a	n/a
1312-20-000	4M Fund	LGIP-Money Mkt	n/a	n/a	2,576,676.17	2,576,676.17	2,576,676.17	-	0.0200	0.0200	n/a	n/a
1312-20-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	101,652.86	101,652.86	101,652.86	-	0.0500	0.0500	n/a	n/a
1317-21-000	4M Term Series	Term Series Pool	n/a	n/a	-	-	-	-				
					31,615,689.23	31,615,689.23	31,615,689.23	-				
Housing Assistance (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	4,192,987.82	4,192,987.82	4,192,987.82	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	1,052,959.11	1,052,959.11	1,052,959.11	-	0.0500	0.0500	n/a	n/a
1312-01-000	4M Fund	LGIP-Money Mkt	n/a	n/a	82,370.90	82,370.90	82,370.90	-	0.0200	0.0200	n/a	n/a
					5,328,317.83	5,328,317.83	5,328,317.83	-				
Public Housing (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	3,989,664.86	3,989,664.86	3,989,664.86	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Plus Fund	LGIP-Money Mkt	n/a	n/a	1,263,317.95	1,263,317.95	1,263,317.95	-	0.0500	0.0500	n/a	n/a
					5,252,982.81	5,252,982.81	5,252,982.81	-				
Workforce Housing LLC (Restricted)												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	70,747.80	70,747.80	70,747.80	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	9,484.46	9,484.46	9,484.46	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	1,183.51	1,183.51	1,183.51	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	260,525.11	260,525.11	260,525.11	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	347.73	347.73	347.73	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	233,706.83	233,706.83	233,706.83	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	517,757.94	517,757.94	517,757.94	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	266,174.07	266,174.07	266,174.07	-	0.0200	0.0200	n/a	n/a

Dakota County Community Develoment Agency
Investment Register
12/31/2020

G/L No.	Financial Institution	Inv. Type	CUSIP	Issuer	Cost Value	Par Value	Market Value	Unrealized Gain (Loss)	Current Rate	YTM	Trans. Date	Maturity Date
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	136,615.99	136,615.99	136,615.99	-	0.0200	0.0200	n/a	n/a
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	66,669.03	66,669.03	66,669.03	-	0.0200	0.0200	n/a	n/a
					1,563,212.47	1,563,212.47	1,563,212.47	-				
Local Fund												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	5,239.82	5,239.82	5,239.82	-	0.0200	0.0200	n/a	n/a
Disbursing												
1112-10-000	4M Fund	LGIP-Money Mkt	n/a	n/a	15,777,903.48	15,777,903.48	15,777,903.48	-	0.0200	0.0200	n/a	n/a
					$ 149,341,622.80	$ 149,341,622.80	$ 149,363,256.12	$ 21,633.32				

BUILDING OPPORTUNITY
MCCD 30 YEARS
Metropolitan Consortium of Community Developers

Dakota County Quarterly Report – 9.30.2021

Open to Business
3137 Chicago Ave
Minneapolis, MN 55407
612-789-7337

Clients Served

Client Inquiry	12
Existing - Challenged	24
Existing -Opportunity	42
Pre-start planning	47
Start-up	27
Total	152

Business Owner Demographics

Low-Income Owned	37
BIPOC or Immigrant Owned	55
Woman Owned	81

Financing & Access to Capital

Approved	(YRLY Total)	$ 5,000.00
Equity	(YRLY Total)	$ 6,000.00
Facilitated	(YRLY Total)	$ 25,000.00

Program Hours

	TA	Program HRS
1st QTR	284.75	318
2nd QTR	264.27	235
3rd QTR	242.75	241
Total	**791.77**	**794**

TA: Client Meetings, Providing Resources, Client Calls, Client Deliverables, Loan Packaging

Program HRS: City Initiatives, Program Outreach, Public Events, City Meetings, Research, Client Follow Up, Data/Admin, General Inquiries

Industry Segment

Construction / Real Estate	11
Food	25
Health/Fitness	10
Manufacturing	7
Consulting	18
Retail	34
Service	35
Technology	4
Wholesale / Distribution	3
Other	2
Total	152

Referral Source

Bank Referral	8
Entrepreneur	6
Friends and Family	5
Municipality	76
MCCD Partner	17
Other	12
Web	28
Total	152

City	Business	Resident
Apple Valley	14	12
Burnsville	19	17
Eagan	20	11
Farmington	17	14
Hastings	18	13
Inver Grove Heights	6	7
Lakeville	17	16
Rosemount	9	9
Mendota Heights	4	4
South St. Paul	10	8
West St. Paul	11	8
Other Dakota Co.	4	2
Other/ No Data	7	24

Direct Financing & Access to Capital*

In 2021, there has been unprecedented opportunities for small business relief capital in the form of grants as well as low-cost and forgivable loans which has contributed to reduced demand for traditional small business lending. MCCD staff has focused our efforts on directing clients to the available relief grants and loans. We have seen traditional lending inquiries from clients and financial partners pick up again as businesses are stabilizing and shifting back into growth mode. There are several loans in our pipeline currently and we look forward to more activity in Q4.

Loan Closed - (Q2 - 2021):
Business Type: Dessert Vendor with Food Trailer
Location: Inver Grove Heights
Referred by: Partner Organization
OTB Financing: $5,000.00
Owner Equity: $6,000.00
Other Financing: $25,000.00

Overview: This 100% BIPOC-woman-owned dessert business sells sweets at festivals and pop-up events on a seasonal basis. The business owner is growing her business by investing in a fully equipped food trailer. This investment will result in new efficiencies for the business as she has been operating as a food stand and spends valuable time and resources setting up, loading equipment, traveling back and forth to events, and packing up when weather is bad. The new trailer will allow her to focus more time on her customers and give her increased flexibility.

The financing secured comes after working closely with Open to Business for approximately 24 months. In that time, the business owner has built her branding, social media presence, budgeting skills, and financial projections in preparation for the loan request with her credit union. The total funding is $36,000. OTB is directly financing the purchase of baking equipment for the build-out of the trailer, as well as working capital for the overall project.

*Does not capture relief loans/grants/funding facilitated by MCCD staff.

Q3 Highlights, Networking, & Outreach

CDFI Award

- As I mentioned in the Q2 report, MCCD received a $1.826M grant from the CDFI program in June 2021. As a direct result of this new funding, MCCD was able to offer an interest rate reduction on approximately 75 loans in our loan portfolio. Additionally, we've capped our interest rate at 7% for new loans to startup businesses. This interest rate cap and rate reduction is in sync with steps other CDFIs have taken recently. We are excited to make these changes to our loan policies as part of our commitment to provide affordable and flexible capital to the communities we serve. We are determined in the promotion of small business growth, building community wealth, and creating new economic opportunities as a CDFI. We will continue our conversations with other CDFIs locally and nationally on putting these funds to use and will be in touch with updates as additional information is available.

DEED Main Street COVID Relief Grants

- In September the Open to Business team worked diligently to get the word out about the new DEED grant opportunity, assist with applications, and troubleshoot application questions. MCCD is one of the nonprofit agencies reviewing grants as well.

Staffing Updates

- Our newest Business Advisor Vicky Gonzalez joins MCCD with a strong background in business banking and lending. Prior to joining MCCD, Vicky worked at the Latino Economic Development Center (LEDC) as a Business Advisor. Vicky is bilingual in English and Spanish and will assist OTB advisors throughout all counties (she will not be assigned a specific county and will "float") to provide technical assistance in Spanish with a focus on small business lending and outreach.

- Tina Stennes joins MCCD as the Communications & Special Projects Manager. With nearly a decade of communications experience, Tina has helped numerous organizations effectively define their vision and tell their story. Dedication to the community has led Tina to focus on working with mission-based organizations and she's held leadership roles both locally and nationally working in digital inclusion and workforce development.

Programming, Partnerships, & Trainings

- Aug. 13: MCCD staff completed the first session in a training series on shared and cooperative ownership structures with consultant Margaret Lund. The training is aimed to increase our understanding of shared ownership models and when/how to implement for small business clients.

- Aug. 18: Partnership with the Dakota County Library system the Small Business Lending / Networking event was held outdoors at the Eagan Library. I hosted the event with my colleague Tyler Hilsabeck with special guest Dan Burns from Minnwest Bank. Ron Seipp from Mouth Metro SCORE was also in attendance.

- Oct. 4 – 8: MCCD co-hosted the annual conference of the National Alliance of Community Economic Development Associations (NACEDA) which was held virtually. MCCD organized sessions spotlighting economic development in Minnesota on October 6th including a keynote address by Lt. Governor Peggy Flanagan and a session on Building a Business Advisor Pipeline.

- November 17: We are hosting another virtual Q&A with the University of MN Law School on November 17th. This is a free virtual event for business at any stage.
    - Additionally, the summer cohort of law students completed a research project for us to create an educational tool to walk clients through key aspects of organizing a business and hiring employees.

Advertising & Outreach

- Thanks to all who shared out the Q3 OTB ads emphasizing our language capabilities in Spanish, Hmong, Somali.

- Meetings, presentations, and events that occurred in Q3 and early October focused on bank outreach to build and strengthen those relationships and increase awareness around MCCD's lending program. Meetings and outreach occurred with 21st Century Bank, Frandsen Bank, Home Federal Savings Bank, Choice Bank, Think Bank, Prime Security Bank, Bremer Bank, Minnwest Bank, and Genisys Credit Union. As a direct result of this effort four new loan referrals were received!

- In addition to banker outreach, I attended the Mendota Heights Community Coffee Connection event at MH City Hall Aug 14, the recurring Business Services/Economic Development Committee meetings, and had partnership / update meetings with the Dakota County Library, the University of MN Law School, the River Heights Chamber of Commerce, Neighborhood Development Center, African Development Center, Northside Economic Opportunity Network, the City of Eagan, and the City of Farmington.

- Concerns around COVID variants prompted MCCD to change our meeting / office protocols through the end of 2021; we are back to virtual meetings and have canceled in-person events. My office hours will continue virtually. I am available to meet in person with clients and partners on a case-by-case basis.

MCCD Client Profile

Meet Claudia Gutierrez Mendez, owner of Hamburguesas El Gordo and MCCD client since 2018. Her business started in her home and has since expanded to four locations in the Twin Cites Metro area with an enthusiastic and dedicated local following. Find Hamburguesas El Gordo on Cedar Avenue in Minneapolis, Robert Street in West Saint Paul, and at the two locations which opened in 2020: Selby Avenue in Saint Paul and Payne Avenue in East Saint Paul. This business employs approximately 60 people across four locations. There is so much more to Claudia's story of perseverance, hard work, and growth. Hear her story in her own words via the video profile on MCCD's website.

- Short version (~2 minutes) is on the MCCD Homepage – www.mccdmn.org
- Full version (~5 minutes) is on the OTB Homepage – www.opentobusinessmn.org

Selected Program Feedback

"Natalie and Metropolitan Consortium of Community Developers have been so helpful with our startup that one adjective couldn't describe their impact. Every step of the way Natalie provided sound advice with logical explanations. In addition, providing contacts to individuals that specialize in such areas (recommendations to participate in the law clinic provided by the University of Minnesota to help us with legal documents). Natalie's help went beyond just concrete advice. She encouraged us to do our research because ultimately it is our company and decisions were left up to us. Essentially, it helped strengthen our critical thinking skills and boosted our confidence. "

– Apple Valley Business Owner

"We had a great experience working with your organization."

– Eagan Business Owner

"I'm not kidding when I say that I could NOT have done moving my businesses to where they are now without Natalie's guidance and grace."

– Hastings Business Owner

"HANDS DOWN Open to Business is the first place to start digging in."

– Burnsville Business Owner