

Pursuant to due call and notice thereof Mayor Alan Skramstad and Chair Greg Ardner called to order the joint meeting of the Mora City Council and Public Utilities Commission at 5:00 PM on Tuesday, November 17, 2020 in the city hall council chambers.

2. **Roll Call:** City Council Present: Mayor Skramstad, Anderson, Mathison, Pioske, and Treiber
Absent: None
Public Utilities Commission Present: Chair Ardner and Christianson
Absent: Baldwin
Staff Present: City Administrator Crawford, City Accountant King, and Deputy City Clerk Yoder
3. **Adopt Agenda:** COUNCIL MOTION made by Mathison, seconded by Anderson, and unanimously carried to approve the agenda as presented.
PUC MOTION made by Christianson, seconded by Ardner, and unanimously carried to approve the agenda as presented.
4. **Business Items:**
 - a. **HRA/Eastwood Senior Living Sustainability Discussion:** Crawford reported staff learned on September 3, 2020 that the Mora Housing and Redevelopment Authority (HRA) had two urgent but separate issues:
 - The HRA was unable to meet its financial obligations due to loss of revenue from Eastwood Senior Living (ESL) for the past two years, as well as funding \$55,000 for its new management company, Walker Methodist.
 - ESL would be unable to meet its financial obligations around November. That included general obligation (GO) bond payments involving the city for over \$3M of debt issued, pledging the city's full faith and credit.Crawford recapped previous meetings regarding the council's discussion and efforts to ensure ESL remained open and the management of the HRA; the City Council agreed to take action to keep ESL open to avoid the City's inability to pay over \$3 million in bond payments that would be due if ESL closed.

Crawford expounded the HRA requested financial support from the City in the amount of \$200,000. The City Council, by consensus, approved to convert ESL to a 100% memory care facility.

Crawford reported the HRA had since received CARES Act grant funds, enabling ESL to remain open through December 2020. WM reported to staff of having a housing study completed for the Pine City area and was confident in the proforma recently provided; Skramstad commented that the needs in Mora would be similar to the Pine City study and elaborated on the shortage of memory care in the surrounding area. It was reported the HRA would retain ownership of ESL and retain the management contract with WM.

Discussion ensued regarding the City Council taking over as the HRA board. Ardner referenced a 2009 decision by the City Council that retained the council's ability to take over management of the HRA if financial issues arose in the future.

Crawford reported the City Council could take over as the HRA board by amending the enabling resolution at the earliest of 45 days and wouldn't dissolve the current HRA staff. The City would need a finance director and housing department over the

current HRA staff and the HRA board would be responsible for supervision of the HRA staff.

It was declared the structure of the loan would be the electric utility fund lending to the city general fund, and then the city general fund to the HRA. Both the PUC and City Council identified the estimated \$175,000 requested but needed a definite number; the City Council would recommend a disbursement of funds on a monthly basis upon approval of an expenditure list. Based on the WM summary budget showing a loss of \$95,000 cash in year one and a gain of \$104,000 in year two, staff projected very little revenue to be generated after two years.

Discussion ensued around the CARES Act monies appropriations and if used for lost revenues could have additional negative results. The ESL was losing approximately \$10-12,000 per month.

Because the PUC had concerns over the management of funds, the PUC consensus was for any policy and management decisions to be made by the City Council and not the current HRA board, in addition, during the interim period, the City Council would safeguard the monies.

PUC MOTION made by Christianson, seconded by Ardner and unanimously carried to approve a loan to the City Council in the amount of \$200,000, at the interest rate of 3%, for the term of five years once payments begin after a two-year payment deferral, no early pay-off penalty, and any prepayments before the payment process began would be on principal only; in addition to the City Council becoming the HRA board.

COUNCIL MOTION made by Anderson, seconded by Treiber, and unanimously carried to accept the offer of the PUC as presented to the council.

Crawford explained a needed finance director could oversee the HUD reporting. Crawford proposed a shared staff position of the City and Utility; Council needed to find approximately \$55,000 in the 2021 budget for half of the position. The PUC requested to refrain from a decision until Commissioner Baldwin was in attendance and part of the decision process. The PUC directed staff to add the finance director position to the next PUC meeting agenda and to the 2021 budget.

Discussion ensued around the need for a housing study. The council consensus was since WM was comfortable with the Pine City study, and while a study was valuable, funds were not available to fund it, the ESL would move forward with a conversion to 100% memory care.

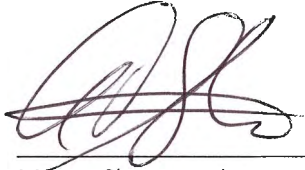
The City Council directed staff to revise the budget for the council portion of the finance director position to be reviewed at the December 15 meeting.

5. Reports: *All members moved straight to adjournment and passed over individual reports.*

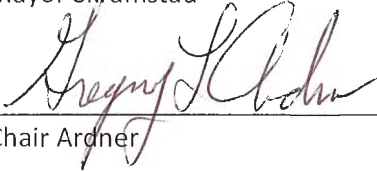
- a. City Administrator/General Manager
- b. Public Works Director
- c. Commissioner Baldwin
- d. Commissioner Christianson
- e. Chair Ardner
- f. Councilmember Anderson
- g. Councilmember Mathison
- h. Councilmember Pioske

- i. Councilmember Treiber
- j. Mayor Skramstad

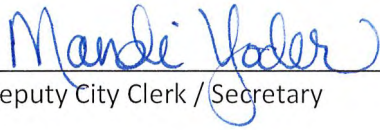
6. **Adjournment:** Council MOTION made by Treiber, seconded by Mathison, and unanimously carried to adjourn at 6:10 PM. PUC MOTION made by Christianson, seconded by Ardner, and unanimously carried to adjourn at 6:10 PM.



Mayor Skramstad



Chair Ardner



Deputy City Clerk / Secretary