STEELE COUNTY
STEELE COUNTY BOARD WORK SESSION
MINUTES

Steele County Board Room - 630 Florence Avenue - Owatonna, MN 55060

Steele County's Mission:
Driven to deliver quality services in a respectful and fiscally responsible way.

TUESDAY, MAY 12, 2026 at 4:00 PM
County Boardroom, Steele County Administration Center

Agenda

1. Call to Order

The meeting was called to order by Commissioner Glynn at 4:00 pm. Members present were James Brady, John Glynn, Joshua Prokopec, James Abbe, Greg Krueger. Also present were Robert Jarrett, and Renae Fry.

2. Business

a. South County Health Alliance Presentation
 - Scott Schufman, CFO (Virtual)
  2025 YE Financials
 - Leota Lind, CEO
  Program Update

Leota Lind, CEO and Scott Schufman, CFO, South Country Health Alliance provided the Board with a mid-year update on the financial health of the organization and update regarding the status of legislative requests currently under consideration by the members of the state house and senate. Overall, financial performance exceeded expectations and the Risk-Based Capital ration for 2025 was higher than the ratio for 2024. Increased memberships in 2027 as a result in the implementation of the single plan status across all member counties was cited as a key reason for higher revenue estimates going forward.

b. City of Owatonna/UWSC Affordable Housing Aid Proposal Update

Renae Fry reported that Owatonna's request for affordable housing support for the UWSC 10 lot development has been under consideration by the Board since last October. Troy Klecker, Annette Duncan and Tery Smith were present to answer any remaining questions the Board had regarding the plans for the development, the timing of the County's cash infusion and the plan to recapture extra equity should any of the properties be sold within the first 10 years of initial ownership. Following additional discussion, the Board, by consensus, indicated that it was ready to formally consider the request for funding and the matter was moved to the Board's regular meeting for formal action.

c. 2027 CIP Process Overview

Ashley Jergenson provided the Board with a proposed timeline for CIP and budget development and requested input regarding a CIP session to be held on June 9. The Board members indicated that they would be willing to hold a special budget meeting on June 9 at 3:00 pm to consider the preliminary draft of the CIP for 2027.

3. Other Business

None.

Adjourn

Commissioner Glynn adjourned the meeting at 4:59 p.m.

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CHAIRMAN

ATTEST: __________________________
ADMINISTRATOR

UWSC Affordable Homeownership Initiative Program Outline

Program Outline: UWSC Affordable Homeownership Initiative (2027–2030)

1. Program Overview

United Way of Steele County (UWSC), with HUD CPF funding and local investment, will acquire and prepare land for up to 10 affordable single-family homes in Owatonna between 2027–2030.

2. Long-Term Affordability Strategy

A. Deed Restrictions (30-year affordability covenant)

B. Land Trust Model (optional)

C. Right of First Refusal (ROFR)

D. Habitat resale affordability controls

3. AMI & HUD Compliance

- AMI will range between 50% and 80% up to 115% on an as needed basis.
- Income verification procedures
- Documentation requirements per 2 CFR 200
- Mirroring Rice County Affordable Housing Model

4. Builder RFP Process

A. RFP components

B. Minimum builder requirements

C. Scoring rubric

5. Homebuyer Pathway

A. Outreach

B. Pre-screening

C. Full application

D. Eligibility determination

E. Loan & funding pathway

F. Homebuyer education

G. Unit matching

H. Closing & move-in

6. Monitoring & Compliance

- HUD grant requirements
- Environmental review
- Partner monitoring

7. Communication Plan

- Quarterly meetings
- Annual report
- Community-facing communication

8. High-Level Implementation Timeline

- 2024–2026 land acquisition & prep
- 2026 builder RFP
- 2027–2030 construction & buyer placement

9. Risk & Contingency Plan

The UWSC Affordable Homeownership Initiative incorporates proactive risk identification and clear mitigation strategies to ensure project continuity, timely execution, and compliance with HUD CPF regulations.

A. Financial & Funding Risks

Potential Risks

- Delays or changes in HUD CPF fund disbursement

- Rising construction costs or unexpected site-preparation expenses
- Appraisal gaps impacting homebuyer financing

Contingency Strategies

- Maintain a 10–15% contingency reserve within project budgets
- Conduct annual cost recalibration prior to each build cycle
- Leverage local philanthropic partners to fill small gaps when needed

B. Regulatory & Compliance Risks

Potential Risks

- Changes to HUD AMI thresholds
- Noncompliance findings during monitoring

Contingency Strategies

- Re-evaluate AMI eligibility requirements annually
- Conduct quarterly internal compliance reviews aligned with 2 CFR 200

C. Land & Construction Risks

Potential Risks

- Delays in permitting or inspections
- Contractor performance issues
- Supply chain disruptions

Contingency Strategies

- Develop a standardized permitting timeline with the City of Owatonna
- Include performance benchmarks and corrective-action provisions in the Builder RFP
- Maintain multiple suppliers for critical materials

D. Homebuyer Pipeline Risks

Potential Risks

- Insufficient number of income-qualified applicants
- Applicants failing to secure financing
- Unexpected buyer dropout before closing

Contingency Strategies

- Partner with community organizations to expand outreach
- Provide financial readiness coaching early in the pipeline
- Maintain a secondary waitlist of pre-qualified applicants

10. Governance & Decision Authority

Given the multi-party nature of the initiative, including UWSC, the City of Owatonna, lending partners, and Habitat for Humanity–it is essential to clearly define decision-making roles and oversight responsibilities.

A. Lead Agency

United Way of Steele County (UWSC)

- Serves as the fiscal agent for HUD CPF funds
- Holds responsibility for project coordination, grant compliance, and reporting
- Has final decision authority on budget allocations, partner selection, and timelines

B. City of Owatonna

- Provides zoning, permitting, and infrastructure coordination
- Advises on land-use strategy and municipal compliance
- Shares decision-making authority on site selection and land-preparation sequencing

C. Builder / Contractor Partners

- Responsible for construction in accordance with RFP requirements
- Must adhere to cost, timeline, and quality standards set by UWSC
- Reports progress to UWSC; corrective action determined by UWSC if performance concerns arise

D. Habitat for Humanity & Other Homeownership Partners

- Conducts buyer preparation, homebuyer education, and resale-affordability enforcement
- Advises on buyer matching and readiness
- Holds decision authority on acceptance into their specific homeownership programs

E. Homebuyer Selection Committee

- Comprised of UWSC, Habitat, lenders, and community partners
- Reviews applicant eligibility and recommends candidate selection
- UWSC reserves the right to have final approval authority

F. Issue Resolution Protocol

1. **Workgroup Review:** Issue is reviewed by project partners during standing quarterly meetings.
2. **Recommendation:** Relevant partners propose options and risk considerations.
3. **Final Decision Authority:** UWSC Executive Leadership makes the final determination, with consultation from the City when municipal processes are affected.
4. **Documentation:** All decisions documented for HUD compliance and future audit readiness.

G. Partridge Avenue Development Timeline

February – April 2026	Develop feasibility of project and program
May-June 2026	Get agreements in place
	Development agreement with UWSC & County
July – August 2026	Construction Design
September -December 2026	Zoning approvals
	Preliminary and Final Plat
	Vacate Street right of way
January – February 2027	Bid out project
March 2027	Award contract
April-August 2027	Construct public infrastructure for project
September 2027	Convey property to United Way of Steele County
	County disburses Affordable Housing Aid money to City for project
September 2027	First house begins

7.5. Shared appreciation strategy

Habitat and the homebuyer will share in the appreciation experienced during ownership.

A. A shared appreciation agreement will be used in each sale.

I. II. III. The amount will be based on a percentage of market appreciation, that is the difference between the initial sales price of the home at closing, and the Fair Market Value of the home at time of sale or conveyance.

The percentage of appreciation that Habitat is entitled to shall decrease the longer the homeowner is in the home, beginning in the 6th year after closing, and decreasing by 4% each year after until it reaches zero. (6G) This agreement may be in a separate recorded instrument or integrated within a promissory note.