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## Brainerd Housing and Redevelopment Authority BOARD MEETING MINUTES

**April 1, 2015**

The April meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the City of Brainerd, Minnesota, was held at 1:00 p.m., Wednesday, April 1<sup>st</sup>, 2015, at the Brainerd HRA Administrative Office, 324 East River Road, in Brainerd, Minnesota.

- 1. CALL TO ORDER:** Chair Rick Fargo called the meeting to order at 1:00 p.m.
- 2. ROLL CALL:** Present at the meeting were Chair Rick Fargo, Commissioners Nathan Steffenson, Dale Parks, Gabe Johnson, and Marlee Larson. Also present were Executive Director Jennifer Bergman, Finance Director Karen Young, Finance Assistant Roberta Piekarski, Executive Assistant LeAnn Goltz, and Brainerd City Councilperson Gary Scheeler as well as Mary Reedy of CliftonLarsonAllen.
- 3. READING AND APPROVAL OF MINUTES FROM THE PREVIOUS MEETING:**  
Amendment to the February Board Meeting Minutes, Section 5, page two, first paragraph should read:

Subbiah continued with PowerPoint slides (included in the Feb. 2015 Board Packet) that provided hotel scope and brand considerations, illustrations, benefits, and a project process overview. He explained that there would be substantial start-up costs including non-refundable franchise application fees of \$75,000–\$100,000, marketing, and land development. Expenses could be as much as \$600,000 before even breaking ground.

**Commissioner Steffenson made a motion to approve the amended minutes for February 25<sup>th</sup>, 2015. Commissioner Parks seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The minutes were approved as amended.**

- 4. PUBLIC HEARING: PROPOSED SALE OF RESIDENTIAL LOTS TO LAHFH:**

**Commissioner Parks made a motion to open the Public Hearing regarding the sale of 1504 8<sup>th</sup> Avenue and 1321 Norwood at 1:04 p.m. Commissioner Johnson seconded the motion and the public hearing was opened.**

Executive Director Bergman provided a brief background about the residential lots: in 2014, the Brainerd HRA purchased and demolished the homes at 1504 8<sup>th</sup> Avenue NE and 1321 Norwood. Grant funds from the Minnesota Housing Finance Agency (MHFA) were used and MHFA requires that the homes constructed on these lots meet their guidelines including Minnesota Green Communities building, affordability, and income requirements. The Lakes Area Habitat for Humanity (LAHFH) uses these funds annually and the homes they build meet all Minnesota Housing requirements. Bergman recommended selling each lot for \$1,000.

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Kevin Pelkey, Executive Director of LAHFH, shared that the organization has plans to build a total of four homes this summer, two of which will be built on these lots. The house to be built at 1504 8th Avenue will be house #98 in their history and the one at 1321 Norwood will be their 100<sup>th</sup> home. Pelkey also shared that the Brainerd Dispatch has agreed to do a story about the 100<sup>th</sup> home. He shared architectural plans of the homes with the public and the Board. He explained that a survey was done of the Norwood property, which revealed a three-foot encroachment of the neighbor's fence. This was brought to the neighbor's attention and the owner was very apologetic, not realizing the situation as she had recently moved there. The neighbor will correct the issue if needed. The area of the home to be constructed is approximately 1,000 sq. ft. with handicap accessibility and will take no more than four weeks to be completed.

Comments from the public were solicited: Brainerd City Councilman Scheeler stated, "Sounds good."

**Commissioner Johnson made a motion to close the Public Hearing regarding the sale of 1504 8th Avenue and 1321 Norwood. Commissioner Parks seconded the motion and the public hearing was closed at 1:11 p.m.**

**Commissioner Johnson made a motion to authorize Chair Fargo and Executive Director Bergman to close on the sale of the lots to the LAHFH for \$1,000 each. Commissioner Parks seconded the motion. All Commissioners voted in favor of the motion and none were opposed.**

**5. PRESENTATION OF BRAINERD HRA AUDIT: MARY REEDY, CLIFTONLARSONALLEN (CLA)**

Reedy presented the 2014 Brainerd HRA Audit Report. She stated that the process went smoothly with no disagreements, misstatements, or difficulties. As expected, there were no issues or findings nor were there any unusual transactions or significant adjustments needed. She informed the Board that what they are receiving each month is clean, accurate financial information throughout the year. The compliance test also showed no findings and Reedy noted that the audit and data collection forms were submitted this morning, April 1<sup>st</sup>, 2015. The Brainerd HRA is now considered a low risk auditee.

Reedy acknowledged that Young has been taking on more responsibility and is doing a good job. She went over the financial statements briefly and noted that there was an increase in grant revenues and management fees earned.

**6. BILLS AND COMMUNICATIONS:**

**a. Financial Report:**

**Agency Audit**

In addition to the 2014 Agency Audit, Finance Director Young informed the Board that the unaudited financial information was due to the Real Estate Assessment Center (REAC) by February 28<sup>th</sup>. This information was submitted and approved.

**Crow Wing County HRA Audit**

The Crow Wing County HRA audit has also been finalized by CLA. CLA issued an unmodified Auditor's Report with no findings or misstatements. The audit was presented to the CWC HRA Board at their March meeting.



### **Brainerd South Compilation**

The Brainerd South compilation was also completed by CLA. The Compilation Report issued by CLA expresses an unmodified opinion with no findings or adjustments.

### **IRS Compliance Check**

This went well. The IRS informed the agency that board members should be treated as employees. Finance Assistant Piekarski will collect the necessary information from the Board following the meeting and complete the paperwork to remedy the situation.

### **Accounts Receivable Reporting**

Young reminded the Board that at the January meeting, the difference of the Accounts Receivable (A/R) information presented in the Tenant Accounts Receivable Ratio and the A/R information presented in the Monthly Property Performance Report were questioned. She went over this month's reports and explained their differences and purposes.

- b. HCV Report: The current total waiting list is at 550 applications. The waiting list will likely close in May. At last month's meeting, the Board inquired about the waiting list. Lindsay Smude, Rental Assistance Specialist, joined the meeting to answer questions and give a brief overview of the Section 8 program.

How long has the person at the top of the waiting list been there? Smude responded that the person has been on it less than a year. The length of time on the program varies depending on how many are on the list. When people are notified, the response depends on the length of the list. When we have a waiting list that's short, we expect most people to still be interested.

Once the HRA determines interest, income is verified along with the number in the household. A criminal background check is completed as well. Section 8 is a voluntary program, which means landlords do not have to work with us nor does the HRA have to work with them. The HRA requires a HAP Contract with reasonable rent, and each landlord does its own screening.

- c. **Public Housing Report:** Currently, the vacancy rate is high. Chair Fargo mentioned that it would be interesting to learn more about why people are leaving or where they're going. Brainerd HRA staff will look into this.

### **d. Executive Director Report:**

#### **BLACF Riverfront Grant**

The City of Brainerd has been awarded a grant from the Brainerd Lakes Area Community Foundation for \$33,000 with the option to renew for two more years. Bergman was contacted to see if the Brainerd HRA would be interested in administering the grant on behalf of the City should they decide that's indeed what they want. She stated she would bring the request to the HRA Board. On March 18<sup>th</sup>, a group including Alderman Koep, Alderman Borkenhagen, ISD 181, the City, BLACF, and steering committee representatives met to discuss next steps and the committee was interested in having the HRA administer the grant. The Riverfront Steering Committee gave a presentation to the City Council on March 23<sup>rd</sup>, discussed the BLACF grant, and will discuss it in more detail at their April 6<sup>th</sup> meeting.



The Board discussed this possibility and expressed concern about the cost of administering the grant and if it would be feasible. They agreed that they would need additional information before deciding.

**Commissioner Johnson made a motion to inform the City of Brainerd that the Brainerd HRA may be willing to administer the BLACF grant at the direction of the City Council. However, they would like to learn more before making a final decision. Commissioner Parks seconded the motion. All were in favor and the motion was approved.**

### **Downtown Hotel**

Bergman was contacted by the Brainerd Dispatch about details of the possible hotel project. She explained that at this point it is far too early to know if it's even possible as there are multiple properties that would need to be acquired. She told them that the HRA has not yet had the chance to contact the property owners and asked them to please not print anything until we have the opportunity to contact owners. Unfortunately, a story was published anyway. We have since sent letters to five property owners and we've heard back from three, all of whom would be interested in selling.

### **Brainerd Oaks**

Minnesota Housing Partnership applied for a Rural Capacity Building Grant through HUD in 2013, which included a request for \$90,000 on behalf of the Crow Wing County HRA. The intent was to use the funding to hire an engineer to re-plat the subdivision, gather input from the community, and redesign the subdivision. However, HUD reduced the grant significantly and MHP allocated \$38,000 to the Brainerd Oaks project, most of which would be used for MHP to provide technical assistance, not to hire an engineer. The CWC HRA decided at the March Board meeting that they would instead consider using their own funds to move forward on this project.

### **Housing Institute**

The Housing Institute team gathered for its second meeting on March 31<sup>st</sup> and established three main goals:

1. Create a thriving downtown
2. Improve Downtown Brainerd's image
3. Support existing businesses and recruit new ones

The team has a great mix of individuals. The next full Housing Institute with all teams will be held on April 7<sup>th</sup> and 8<sup>th</sup>.

### **Minnesota Housing Strategic Planning Session**

Bergman was invited to participate in a small group discussion with Minnesota Housing Finance Agency staff to discuss funding priorities for the agency for 2016–2019. She was honored to be included as she was the only HRA representative and was able to express the housing needs in Brainerd and Crow Wing County. The discussion focused on the need for housing rehabilitation, senior housing, and workforce housing. Bergman provided the agenda and information from the meeting.



### **Minnesota NAHRO Conference**

The spring conference will be held at Madden's May 20–22 and the early bird registration deadline has been extended. Bergman and Chair Fargo encouraged the Board to attend as there are several great sessions planned.

### **Housing Study**

Approximately 30 people including city council members, staff and, developers attended the housing study overview presentation by Maxfield Research. The group had some good discussion and questions for Maxfield. Maxfield will be making corrections and additions to the study, which will be completed by the end of April.

### **Crosby HRA**

A special board meeting was held on April 1<sup>st</sup> to discuss HRA operations. Bergman shared the memo given to the Crosby HRA Board and explained that the meeting went well. The Crosby HRA Board supported the Brainerd HRA and agreed to the recommended changes.

## **7. REPORTS FROM COMMITTEES: None**

## **8. UNFINISHED BUSINESS:**

### **a. Discussion on Board Composition:**

With Commissioner Burnett's passing in February, the Brainerd HRA Board is now at five (5) members. The Board discussed two possibilities: keep the current number of commissioners at six (6) by filling the open position – OR – increase the number to seven (7) by filling the open position plus adding another member.

**Commissioner Johnson made a motion to ask the City Council to increase the number of HRA board members from six (6) to seven (7), according to all applicable laws. Commissioner Larson seconded the motion. All Commissioners voted in favor of the motion and none were opposed.**

## **9. NEW BUSINESS:**

### **a. Consider Easement for Russel Herder Property**

An anonymous buyer is buying the Russel Herder building and will be donating the property to a non-profit organization. Russel Herder had been using the parking lot as access to the back of the building but according to Close Converse, there currently is not an existing access easement. Mr. Close is working with Brad Person at Breen and Person to create an easement for the HRA Board to consider, however, Bergman has not received the documents. Since the parties are trying to close on the property in April, Bergman brought the information to the Board.

**Commissioner Johnson moved to allow Executive Director Bergman and HRA Board Chair Fargo to negotiate a contract for easement on the Russell Herder building based on what is in the best interest of the HRA. Commissioner Larson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The motion was passed.**



**10. ADJOURNMENT:**

The next meeting is scheduled for Wednesday, April 29<sup>th</sup>, 2015.

**Commissioner Johnson made a motion to adjourn the meeting. Commissioner Parks seconded the motion and the meeting was adjourned at 3:10 p.m.**

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