



Brainerd Housing and Redevelopment Authority BOARD MEETING MINUTES

July 29, 2015

The July 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, July 29, 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 1:01 p.m.
2. **ROLL CALL:** Present at the meeting were Chair Rick Fargo, Commissioners Nathan Steffenson, Dale Parks, Marlee Larson, Gabe Johnson, and Eric Charpentier. Also present were Executive Director Jennifer Bergman, Executive Assistant LeAnn Goltz, and Housing Manager Teresa Hettver, Brainerd City Planner Mark Ostgarden, and Brainerd City Councilperson Mary Koep.

3. **READING AND APPROVAL OF MINUTES FROM THE PREVIOUS MEETING:**

Commissioner Johnson made a motion to approve the minutes from June 24th, 2015.

Commissioner Larson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The minutes were approved.

4. **ANNUAL MEETING:**

- a. **Oath of Office - Eric Charpentier:** The Brainerd City Council recently appointed Eric Charpentier to serve on the Board of the Brainerd HRA. Bergman verbally conducted the Oath of Office and Charpentier was subscribed and sworn in with signatures from both. His term expires 6-6-2020.
- b. **Election of Officers:** According to the By Laws, the Chair, Vice Chair, and the Secretary/Treasurer shall be elected at the annual meeting of the HRA.

Commissioner Parks made a motion to nominate Commissioner Fargo as Board Chair and closed nominations. All Commissioners voted in favor and none were opposed. The motion passed.

Commissioner Johnson made a motion to nominate Commissioner Parks as Vice Chair. All Commissioners voted in favor and none were opposed. The motion passed.

Commissioner Larson made a motion to nominate Commissioner Charpentier as Secretary/Treasurer. All Commissioners voted in favor and none were opposed. The motion passed.

- c. **Review By Laws:** Section 3.1 of the By Laws states, “The annual meeting of the Board shall coincide with the regular meeting of July each year.” The Board discussed changing it to January as it would coincide with the new City Council elections. They also expressed interest in possibly changing the term dates so they would begin in January and expire at the end of the calendar year. Bergman offered to work with an attorney to see how to go about changing the board terms.

Commissioner Parks made a motion to change Section 3.1: Annual Meeting of the By Laws to read, “The annual meeting of the Board shall coincide with the regular meeting of January in each year.” Commissioner Johnson seconded the motion. All Commissioners voted in favor and none were opposed. The motion passed.

Commissioner Johnson made a motion to direct the Executive Director to have the City Attorney work with the City Council to change Board terms to begin in January. Commissioner Parks seconded the motion. All Commissioners voted in favor and none were opposed. The motion passed.

- d. **Review Meeting Schedule:** The Board reviewed the meeting schedule for the next year. Because the Annual Meeting will be in January moving forward, staff will update the schedule to reflect meeting dates through December 2016.

5. **BILLS AND COMMUNICATIONS:**

a. **Financial Report:**

General Fund Levy

The 2015 budgeted levy amount is \$116,550. A deposit of \$41,425 from Crow Wing County was received in June, which represents a 70% advance on estimated property tax collections for the first half of 2015. The remaining 30% of \$19,170 was received in July for total deposits of \$60,595.

Sweep Account

Staff combined the sweep account into the operating account at Wells Fargo as the sweep account was earning very little interest and moving the funds will help to offset monthly fees. Historically capped at \$50 per month, Wells Fargo can no longer cap the fees at a set amount each month. With the changes that were made, it is anticipated that our fees should stay around \$100 per month.

As a government agency we are required to be collateralized for 110% of any amounts not covered by FDIC limits. As such, we are fully collateralized through Wells Fargo, who has securities pledged and held at the Federal Reserve Bank on our behalf. Our collateralization is audited annually by CliftonLarsonAllen (CLA). Finance Director Young also monitors it on a monthly basis to ensure the HRA is fully collateralized for all accounts at Wells Fargo.

- b. **HCV Report:** Total vouchers for June went down to 308. HAP payments were \$100,598, we have 25 FSS participants, and eight on the Homeownership Program. The waiting list is at 648. Bergman informed the Board that Tania Eller (current Resident Programs Specialist) is



the new Rental Assistance Manager. Four applications for the position were received and two were interviewed on July 7th. Eller begins the new position on July 27th. She will attend the HCV Specialist Certification Training from August 3–7 in Minneapolis. Bergman explained that Eller’s previous position will be filled but the role will be changed. There’s a need for a social worker, one who can help the ever increasing population with mental illnesses. The job description will be revised to meet the needs of Public Housing and HCV. The FSS grant and salary will remain the same, so the budget will not be affected.

- c. **Public Housing Report:** The Board reviewed the vacancy report and monthly property performance report for June 2015. Commissioner Parks inquired about the vacancy rate and why it has increased at Brainerd South. Housing Manager Hettver explained that it has been difficult to find tenants for Brainerd South because there are many other rental options available such as units with garages and laundry facilities in the units. Also, the split level can make it difficult for elderly or disabled tenants.

The three-bedroom waiting list is now open with nobody on it currently. Applications will be accepted until 72 have been received, which is three times the number of units.

- d. **Executive Director Report:**

Housing Institute

Our team continues to meet monthly for the Downtown Brainerd Housing Institute. On July 7th and 8th, all teams met for the Housing Institute quarterly workshop to hear presentations on the Low Income Housing Tax Credit program, Minnesota Main Street Programs, and participate in a developer roundtable. The roundtable was an opportunity to discuss downtown Brainerd and potential redevelopment opportunities with five different developers. We have invited Jamie Thelen from Sand Companies (a for-profit developer) to meet with the team in mid-August.

Brainerd Oaks

The Crow Wing County HRA hired the Urban Land Institute to facilitate a meeting with elected officials, board members, and staff regarding potential redevelopment opportunities at Brainerd Oaks. Bergman will be meeting with Gordon Hughes on July 31st to discuss the details.

Update on SSRP Lots

1504 8th Avenue: Framing began on July 13th and Lakes Area Habitat for Humanity (LAHFH) anticipates completing construction by early August.

1321 Norwood: LAHFH is preparing the land for construction and will begin framing the house on August 10th.

614 Tamarac: The HRA and LAHFH closed on this property in June. LAHFH was notified that since this property is zoned B-4, they will not be able to build a single-family home. They are planning to request a rezoning from the City Council.



HRA Board Member Online Training

HUD is offering a 90-minute video to HRA board members and staff on the responsibilities in providing effective governance and oversight of a PHA. Bergman encouraged the Board to take part in it.

Commissioner Steffenson shared that he participated in the training and learned that it is management's responsibility for signing checks as it is considered day-to-day operations. Bergman brought this information to our auditors, CliftonLarsonAllen, and it was not recommended. Best practices suggest that board members shall sign to ensure that fraud or significant errors are not occurring and remaining undetected.

Bridges Program

Bergman received a call from Tami Lueck with Crow Wing County asking if the Crow Wing County HRA would be interested in administering the Bridges Program. Currently, Morrison County is administering the program on behalf of Region 5 Plus. A conference call is planned to learn more information. Bergman will provide an update at the next meeting.

ROSS Grant

The Brainerd HRA will be applying for the ROSS Grant and will request authorization from the Board to apply at the August meeting.

6. Reports of Committees:

- a. **NAHRO:** Chair Fargo reported that he's been working with the Minnesota NAHRO Commissioners Committee to bring more resources and classes for Commissioners to their conferences. They are having specialized training for commissioners at the fall conference, which will be held Sept. 23-25 in Duluth.

7. Unfinished Business:

- a. **Select Riverfront Sub-Committee:** One of the responsibilities of the Brainerd HRA in managing the Difference Maker Grant through the Brainerd Lakes Area Community Foundation (BLACF) is to appoint a Riverfront Sub-Committee of seven to nine members to oversee the Riverfront Coordinator. The Coordinator will be responsible for implementing the design and development of redevelopment along the Mississippi River.

The HRA received 15 applications for the sub-committee. After reviewing the applications, the Board had a discussion and decided on a nine-member sub-committee.

Commissioner Parks made a motion for the sub-committee to consist of nine members. Commissioner Johnson seconded the motion. All Commissioners voted in favor and none were opposed. The motion passed.

Commissioner Johnson offered to serve as non-voting liaison and attend all meetings on behalf of the HRA and the City of Brainerd.



Each member of the board then voted for nine applicants from the 15 received. The results were tallied and the following individuals were chosen: Holly Holm, John Forrest, Erik Roberts, Kent Montgomery, Merritt Bussiere, Don Gorham, Rod Osterloh, Richard Politnick, and Jim Roelofs.

8. New Business:

- a. Approve Assignment & Assumption Agreement for Trail Ridge II:** Valley View Townhomes is a Low Income Housing Tax Credit project currently owned by the Trail Ridge II Limited Partnership. The Trail Ridge II Limited Partnership is comprised of the Brainerd HRA as the General Partner and Columbia Housing Partners Corporate Tax Credit IV as the Limited Partner.

Valley View Townhomes reached the end of its 15-year compliance period in February of 2012. In April, a representative from PNC (who represents the Limited Partner) informed the HRA that they would like to exit the partnership now that the compliance period has ended.

The Brainerd HRA hired attorneys from Winthrop & Weinstine who have negotiated the terms of the Assignment and Assumption Agreement on our behalf.

Currently there are two mortgages on this property: 1) An amortized loan with Wells Fargo with a balance of \$59,797; and, 2) A deferred loan of \$450,000 with the Minnesota Housing Finance Agency, which comes due in January of 2028.

Originally, we had hoped to transfer 100% of the ownership to the Brainerd HRA; however, in order to remain in good standing with our lenders, it is necessary to maintain a partnership. As a result, we need to bring in another Limited Partner. After discussing this with Attorney Jacob Bean, we believe the best partner is our non-profit organization (Brainerd Lakes Area Housing Development Corporation). Since BLAHDC has not had any activity in several years, we asked Attorney Bean to review BLAHDC's By Laws and Articles of Incorporation to make sure we were in good standing.

Bergman provided an Assignment and Assumption Agreement to transfer the 99.99% of the Limited Partnership's interest from Columbia Housing Partners Corporate Tax Credit IV Limited Partnership to BLAHDC. She requested authorization from the Board to execute the agreement.

Commissioner Larson made a motion to authorize the Executive Director to execute the Assignment and Assumption Agreement. Commissioner Johnson seconded the motion. Commissioner Parks abstained from voting to avoid any conflicts of interest due to his position on the board of BLAHDC. All other Commissioners voted in favor and none were opposed. The motion passed.

- b. Consider Levy Request to the City of Brainerd:** Minnesota State Statute allows Housing and Redevelopment Authorities to levy a tax upon all taxable property within a taxing jurisdiction subject to the consent by resolution of the City Council. The amount cannot exceed .0185 percent of the estimated market value. In 2016, this is approximately \$116,941, which is about the same as 2015.



Bergman prepared a letter to be sent by the HRA Chair to the City Council making a formal request to the Mayor and City for the full HRA levy of .0185 percent of the estimated market value. Since its preparation, Bergman was asked to present the Brainerd HRA's budget on August 20th. The Board suggested that in addition to the presentation, she send the letter with a closing statement of, "We look forward to presenting our budget on August 20th."

c. Consider GMHF Catalyst Grant:

The Greater Minnesota Housing Fund (GMHF) has created a Catalyst Grant for HRAs who are fostering collaboration with other HRAs. Bergman received an email from GMHF asking if we would be interested in using this program for the Brainerd HRA and the Crow Wing County HRA.

The purpose of the program is to provide resources to research mergers or consolidation of agencies. The Brainerd HRA is currently staffing the Crow Wing County HRA and the Crosby HRA.

Bergman asked the Board if there is any interest in exploring this funding program. If so, a letter of interest is due to GMHF by July 31st, 2015.

The Board discussed the benefits of having a city HRA and chose not to pursue it.

9. Adjournment: The next meeting is scheduled for Wednesday, August 26th.

Commissioner Johnson made a motion to adjourn the meeting. Commissioner Parks seconded the motion and the meeting was adjourned at 3:08 p.m.