



Brainerd Housing and Redevelopment Authority BOARD MEETING MINUTES

April 29, 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 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 1:02 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, Executive Assistant LeAnn Goltz, as well as Brainerd City Administrator Patrick Wussow and Brainerd City Councilperson Mary Koep.

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

Amendment to the March Board Meeting Minutes: Item number four, page four, should read:

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.

Commissioner Larson made a motion to approve the minutes from April 1, 2015, as amended. Commissioner Johnson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The minutes were approved as amended.

4. BILLS AND COMMUNICATIONS:

a. Financial Report:

Trail Ridge II Limited Partnership

The 15-year tax credit compliance period for Trail Ridge II Limited Partnership (Valley View Townhomes) has expired and Columbia Housing Corporation, the Limited Partner (LP), would like to exit the partnership. Per the Partnership Agreement, the LP is allowed annual investor services fee payments that are cumulative and increase 3% annually. Per the 2014 audit, Columbia Housing Corporation has \$29,847 in cumulative fees owed to them. As such, they are requesting a payment of \$29,850 to transfer the ownership to the Brainerd HRA. Columbia Housing Corporation owns 99.99% as the LP and the Brainerd HRA owes .01% as the General Partner. The Brainerd HRA would then be the sole owner of the property. Columbia Housing Corporation legal counsel will draft the Assignment Agreement in time for

the May board meeting for approval. There will not be any out-of-pocket fees for the Brainerd HRA. Since the investor services fees were not paid out annually, there is more than \$60,000 operating cash available from the property to buy out the LP. The HRA will have an attorney review the documents prior to the May meeting.

- b. HCV Report:** Executive Director Bergman informed the Board that the HCV waiting list total is currently at 599. The HRA would like to close the waiting list for Section 8 on May 15th, 2015.

Bergman shared that while in training at the NCRC Conference, she learned that HUD recently did an administration fee study which determined not enough money has been given to HRAs to operate the HCV program. They will be evaluating the 2014 fees and using a new formula to make adjustments to how administration fees are calculated. They anticipate a proposed rule in late 2015 with implementation for FY 2017.

- c. Public Housing Report:** The Board reviewed the vacancy report and monthly property performance report for March 2015.

Bergman informed the Board that REAC visited on April 10th and spent over eight hours on inspections. She was pleased to share that the Brainerd HRA was given a 99/100 score, which means we'll be getting the full 40 (out of 40) points toward our PHAS score. Staff members were commended for keeping the units in great condition and for keeping up on the many work orders.

Executive Director Report:

Board Composition

Effective July 1st, the City Council increased the HRA Board from six (6) to seven (7) members at the April 20th meeting. Minnesota State Statute 469.003 states that the Mayor appoints and the Council confirms HRA Board members. The City will advertise for the two openings and appoint members in June. Our hope is that we can do an oath of office at our June 24th board meeting.

Lots Sold to LAHFH

The closing for the lots at 1321 Norwood and 1504 8th Avenue NE took place on April 14th. LAHFH plans on having homes built on the lots by the end of the summer. The home on 8th Avenue will be LAHFH's 100th house! Bergman noted the HCP Housing Task Force had a significant impact on the success of these.

Downtown Motel

Since letters were sent to the five property owners on Norwood Street to see if there's interest in selling to the HRA, we have received calls from two who are interested. Bergman received a price from one of them. She also had a discussion with the owner of Exhaust Pros and apologized for the article in the Brainerd Dispatch. She explained that she had asked the reporter not to publish anything until she could speak to the owners, but unfortunately they published an article anyway. The owner indicated he would be willing to have further discussions.



NCRC NAHRO Board

Bergman was elected as the Vice President of Community Revitalization and Development (CR&D) for the North Central Regional Council of NAHRO. She will take office in October and serve a two-year term.

Housing/Commercial Rehab Update

The SCDP Housing/Commercial Rehab update was presented. We'll find out mid-May if we get funded from Small Cities DEED.

5. Reports of Committees

NAHRO Commissioners Committee: On behalf of the committee, Chair Fargo reminded the Board that they are invited to the conference in May at Madden's. Goltz will send an email reminder prior to the NAHRO conference.

- 6. Unfinished Business:** The Board inquired about the status of the Russell Herder easement. Bergman explained the HRA gave them an access easement. The buyer requested a parking easement. Bergman stated we would not be able to grant access due to the parking requirements for the North Star Apartments. However, we would be willing to negotiate a swap for additional parking spots at our office lot.

7. New Business

a. Consider Administering the BLADC Riverwalk Coordinator Grant

Jennifer gave the background of the Difference Maker Grant that was awarded to the City of Brainerd to hire a Riverfront Coordinator for the implementation of the design and development or redevelopment along the Mississippi River. At the April 20th City Council meeting, the Council passed a resolution accepting the \$33,000 grant (awarded for the first year of the grant with an opportunity to renew for an additional two years) and requested that the Brainerd HRA administer the grant. The motion passed on a 6-1 vote. Bergman put together a draft proposal for the Board's consideration and went through it in detail, including the HRA's recommendation that any administration fees will be covered in-kind as part of the HRA's mission.

Brainerd City Council Alderwoman Mary Koep expressed disagreement with how the resolution was understood. She believes the council was simply wanting assistance from the HRA but the City was still administering it, ultimately having the final authority over it. She shared concern about the lack of clarity and defined structure of how the HRA would be involved.

Bergman and Commissioner Johnson both understood that the City Council asked the HRA to administer the grant and requested that they return to the May 4th council meeting with a proposal that would outline the HRA's conditions. The council would then vote to accept the proposal.



Redevelopment is a part of the HRA's strategic plan; however, the Board expressed concern about administering the grant if the City Council does not agree. They concurred that they would like to see the Riverfront come to fruition regardless of who administers the grant. It is the City's grant and the HRA would be willing to assist at the Council's direction.

The discussion continued with Koep asking the HRA to reword the proposal to ensure there isn't confusion leaving the two entities feeling they're each administering the grant. Bergman reminded Koep and the Board that this proposal is still in draft form and the purpose of bringing it to the HRA board meeting was to get feedback. Brainerd City Administrator Patrick Wussow suggested making sure the proposal clarifies how the subgrantee agreement will work and then making sure they work with an attorney to draft the final agreement.

Commissioner Johnson made a motion to inform the Brainerd City Council that the HRA is willing to manage/administer the grant and that they send this proposal as framework and designate Executive Director Bergman to work with the City Administrator and Attorney. Commissioner Parks seconded the motion. All voted in favor and the motion carried unanimously.

- b. Consider Closing the HCV/Section 8 Waiting List:** The HRA would like to close the waiting list for Section 8 on May 15th, 2015. An ad will be placed in the Brainerd Dispatch informing the public of the closure date. In addition, staff will update the HRA website and will notify Crow Wing County, LSS, and other agencies.

Commissioner Johnson made a motion to close the HCV/Section 8 waiting list effective May 15th, 2015. Commissioner Larson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The motion passed.

8. Adjournment:

The next meeting is scheduled for Wednesday, May 27th.

Commissioner Larson made a motion to adjourn the meeting. Commissioner Parks seconded the motion and the meeting was adjourned at 2:20 p.m.

