



Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
Jan. 28, 2015

The January 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., Thursday, January 28, 2015, at the Brainerd HRA Administrative Office, 324 East River Road, in Brainerd, Minnesota.

1. **CALL TO ORDER:** Executive Director Jennifer Bergman called the meeting to order at 1:02 p.m.
2. **ROLL CALL:** Present at the meeting were Commissioners Rick Fargo, Nathan Steffenson, and Gabe Johnson with Commissioners Ray Burnett and Marlee Larson absent. Also present were Former Commissioners Dale Parks and Lucy Nesheim, Executive Director Jennifer Bergman, Finance Director Karen Young, Finance Assistant Roberta Piekarski, and Executive Assistant LeAnn Goltz.
3. **ELECTION OF BRAINERD HRA CHAIR:** Commissioner Parks was the Chair and the City Council liaison to the HRA Board with his term ending December 31, 2014. The expiration of his term left the Chair of the Brainerd HRA vacant. Commissioner Johnson nominated Commissioner Fargo as Chair.

Commissioner Johnson made a motion to elect Commissioner Fargo as Chair. Commissioner Steffenson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The motion passed.

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

Commissioner Johnson made a motion to approve the minutes for the December 18, 2014 meeting. Commissioner Steffenson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The minutes were approved as presented.

5. **BILLS AND COMMUNICATIONS:**

- a. **Financial Report:**

Tax Exemption Claim

In December, the agency received a tax exemption claim of \$6,968.46. This was deposited into Public Housing and is a refund of sales tax paid for construction materials and supplies used in our Public Housing properties. Total refunds received in 2014 were \$12,068.64.

Downtown TIF District

In December, the agency received the second half of tax increment for the Downtown TIF District (SEH). There was a shortfall of \$10,602.83 that was covered by the General Fund Reserves. Up to \$12,000 of Brainerd HRA levy dollars were pledged annually by the Board as gap financing for the SEH Building.

Staff is meeting with Wells Fargo on January 28th to discuss refunding and refinancing of the bonds for the Downtown TIF District for savings to reduce the shortfall.

Ratios

The December 2014 ratios presented to the Board do not fully reflect all required year-end entries and adjustments. The final year-end entries will be recorded prior to the audit and REAC submission. Therefore the financial information presented is subject to change due to necessary year-end adjustments. 2014 is a scoring year in REAC and the agency anticipates ending as a high performer.

The 2014 audit has been scheduled with CliftonLarsonAllen. The Crow Wing County HRA and Brainerd South compilation audit will be February 9th –11th. The Brainerd HRA audit is scheduled for the week of February 16th. Unaudited financials will be submitted to REAC at the end of February and physical inspections will be April 10th.

- b. HCV Report:** The agency will be finishing 2014 at 100% utilization. The current total waiting list is at 463 applications. It is anticipated that the waiting list will be closing in May.
- c. Public Housing Report:** The agency ended 2014 with a vacancy rate of 1.8 percent, which is below the two percent HUD standard. It is expected that maximum points will be obtained on the PHAS score in this category.
- d. Executive Director Report:**

Executive Assistant

Interviews were conducted for the Executive Assistant position on January 6th. The position was offered to LeAnn Goltz. She has 10 years of experience with marketing and public relations working for WSN and Nor-Son. Her first day was January 26th. One of the key responsibilities with this position is public relations and increasing awareness of the Brainerd HRA, Crow Wing County HRA, and Crosby HRA and the programs that they offer.

Crosby Small Cities Application

DEED has two types of applications: single purpose and comprehensive. The City of Crosby chose to submit the comprehensive application since it scores more points with DEED. This included a public works portion, which updates the city sanitary sewer and housing rehab for 19 homeowners both located in northeast Crosby. Because the preliminary application came back as marginally competitive, Housing Rehab Specialist Dennis Christiansen worked with the City of Crosby to modify the application reducing the requested dollar amount by \$10,000.

Bergman, Commissioner Fargo, and Crow Wing County HRA Chairman Mike Kneeland attended the January Crow Wing County Board Meeting to request \$20,000 in program income from a prior SCDD grant to use towards the project. The Crow Wing County Board approved the request.



Housing Institute

After the last Board meeting, Bergman followed up with the Minnesota Housing Partnership (MHP) to inform them that the Brainerd HRA would be interested in participating in the Housing Institute if we could specifically target downtown Brainerd for redevelopment. MHP agreed. Along with Bergman, the team members include Sheila Havercamp, BLAEDC; Cheryal Hills, Region 5 Development Commission; Mark Ostgarden, City of Brainerd; Amy Gray, Brainerd Restoration; Ed Menk, Menk Jewelers; Dave Pueringer, Pueringer Investments; and Becky LaPlante, Pueringer Investments. Kris Brogan from MN Housing Partnerships will be facilitating.

The first workshop was held January 27 and 28. It was well attended with four groups from central Minnesota. The team reported the sessions were productive and they are optimistic that the diversity of the group will result in a collaborative effort toward the success of the project. The team will meet monthly throughout the course of the 12-month Institute duration with the first meeting set for the week of February 23rd. In addition, the next quarterly workshop is scheduled for April 7–8th.

Entrepreneur Fund

As a result of the Housing Institute, Bergman suggested that the Be Strategic program be placed on hold. The team that was put together for the Housing Institute should consider this option after determining the needs for downtown Brainerd.

Downtown Motel

Bergman received a call from the new owner of the Downtown Motel on South 6th Street between Oak and Norwood (within the HRA's downtown TIF District). They are interested in assembling additional parcels and building a 30–40 unit hotel geared towards business travelers. Bergman will be meeting with the owner and Richard Polipnick from Visit Brainerd to discuss this in more detail. They are ultimately asking for financial assistance from the HRA.

Installation of Solar Electric at Todd Street

The Rural Renewable Energy Alliance (RREAL) began installing the solar electric panels at the HRA's Todd Street property on Tuesday, January 27th. They will be completed by the end of the week. RREAL is planning to ask the Brainerd Dispatch to come to the house to view the installation and they hope to have a story in the paper. It would be good to have a few Board members there as well. Goltz will also be preparing a press release to be sent to the Dispatch.

Housing Study

Mary Bujold from Maxfield presented the most recent draft of the Comprehensive Housing Analysis to the Crow Wing County HRA Board at their January meeting. A joint meeting with all funding partners will be set up to hear the results of the study. Goltz will contact the Board regarding dates for either late February or early March.



e. Crosby HRA Update:

Housing/Commercial Rehab Update

Bergman reminded those in attendance that Housing Manager Teresa Hettver and Crosby HRA Assistant Director Deanna Heglund will be handling the Crosby HRA. Hettver will spend one day a week at the Crosby HRA. Young shared that Crosby HRA should be signing their own checks and they will have board members come to the Brainerd HRA office to sign when needed.

Bergman shared that she got a call from Dennis Reid at DEED regarding housing rehabilitation in Browerville, MN. They may ask Brainerd HRA to administer a loan in the near future. Whether we accept will depend on whether funding is awarded to Crosby.

6. REPORTS OF COMMITTEES:

Bergman reminded the Board of the Minnesota NAHRO spring conference that will be held at Madden's (May 20–22, 2015).

7. UNFINISHED BUSINESS:

a. Discussion on Brainerd HRA Board Composition:

At the December Board meeting, the Board discussed making a request to the City Council to increase the Board from six members to seven. A memo was prepared by Bergman to the City Council and presented this information at their January 20th meeting.

Prior to our agenda item, the City Council had a discussion about the Public Utility Commission. According to the City Charter, PUC members are not allowed to serve on any other Board in the City. Commissioner Nesheim is a PUC Board member. The City Council made a motion to require PUC commissioners to resign from any other boards effective immediately. As a result, Commissioner Nesheim is no longer on the Brainerd HRA Board, which reduced our Board to five members. One of the reasons for increasing our Board to seven members was to have an odd number as a result of a tie vote. In addition, with the HRA continuing to grow, the Board discussed having seven members for accountability. As a result of this change, Bergman asked the City Council to table the increase to seven members until she had the opportunity to discuss this with the Board.

During the discussion, it was expressed that six is appropriate—we could remain at six until the next commissioner's term is up and make a determination at that time.

The Board decided to remain status quo until June and revisit the discussion then.



8. NEW BUSINESS:

a. Consider Using Prior FSS Funds for HCV HAP:

With the reduction in HAP funding that has occurred over the past few years, it has been Brainerd HRA's goal to continue to fully lease all vouchers each month until our reserves were depleted. HUD recently shifted any remaining HAP reserves that were held at all HRAs to reserves held at HUD. As a result, HAP reserves are no longer physically maintained locally. With the shift of reserves to HUD and reduced funding, it is required to request additional funds out of our annual budget authority from HUD each month if necessary to cover HAP expenses.

In 2010, Brainerd HRA received \$14,068 in excess FSS funding. HUD has not recaptured the funds and the plan has been to spend the money for HAP if it became necessary. In December, HAP expenses exceeded reserves leaving the HRA with a negative reserve balance.

Young asked permission from the Board to utilize the excess FSS funding received in 2010 to cover prior or future HAP expenses as necessary.

Commissioner Steffenson made a motion to use of 2010 FSS Funds in the amount of \$14,068 for Housing Choice Voucher HAP expenses as necessary. Commissioner Johnson seconded the motion to approve.

9. ADJOURNMENT:

Commissioner Johnson made a motion to adjourn the meeting. Commissioner Steffenson seconded the motion and the meeting was adjourned at 2:45 p.m.

