



Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
February 25, 2015

The February meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the City of Brainerd, Minnesota, was held at 10:00 a.m., Wednesday, February 28, 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 9:59 a.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 Former Commissioner Lucy Nesheim, Executive Director Jennifer Bergman, Finance Director Karen Young, Finance Assistant Roberta Piekarski, Executive Assistant LeAnn Goltz, and Brainerd City Planner Mark Ostgarden, as well as Downtown Brainerd Motel Owner Julian Jaysuriya and his business partner Arun Subbiah.
3. **READING AND APPROVAL OF MINUTES FROM THE PREVIOUS MEETING:**

Commissioner Steffenson made a motion to approve the minutes for the January 28th, 2014 meeting. Commissioner Johnson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The minutes were approved as presented.
4. **RECOGNITION OF SERVICE & DEDICATION - LUCY NESHEIM:** Bergman presented a plaque to Former Commissioner Nesheim in recognition of her service and dedication to the Brainerd HRA from August 16, 2010, to February 2, 2015.
5. **PRESENTATION: POTENTIAL REDEVELOPMENT PROJECT DOWNTOWN**
Bergman gave a brief introduction of those presenting to the Board: Julian Jaysuriya has owned properties in the Brainerd Lakes Area since 2001 including the Downtown Brainerd Motel, the Downtown Mall, and former owner of Days Inn. Business Partner Arun Subbiah of Presidium Services, St. Paul, is a Software Engineer and owner of several hotels. The two partners are considering assembling property around the motel to develop a middle- to upper-end hotel. The majority of the investors with Presidium Services are hotel owners and managers.

The presentation began with Jaysuriya explaining that he purchased the motel property because of his interest in redeveloping the area. He has lived in the community for the past 14 years and feels Brainerd needs a hotel downtown for those traveling on business. He approached Subbiah based on his hotel development and ownership expertise, and the two now hope to move forward, possibly with the HRA's help.

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 \$75–100,000, marketing, and land development. Expenses could be as much as \$600,000 before even breaking ground.

Subbiah also stated that as the project moved forward, they would be looking for GAP financing where they would obtain 50% bank financing and the remaining 50% through GAP. Bergman explained that all of the parcels being considered for redevelopment are located in the HRA's Downtown TIF District and there may be grant opportunities for the project. These might include the Clean-up Grant (Super Fund) or the Redevelopment Grant programs, which could assist in the clean-up and demolition of the structures.

It was discovered as the presentation was being made that there may not be enough land available to the north to accommodate a 40+ room hotel unless further land could be acquired to the south of the current motel. It might be worth a conversation with the owners to the south to see if they'd be interested in a partnership.

The Board inquired as to what the next steps would be—what should be done to proceed? It was decided that property acquisition would be needed before moving forward with the project. Bergman will send letters to current property owners to find out if they're willing to sell and Subbiah will put together a generic site plan.

6. BILLS AND COMMUNICATIONS:

a. Financial Report:

2015 Capital Fund Award

The 2015 Capital Fund Program (CFP) grant award recently became available from HUD in the amount of \$206,905, which is up one percent from last year.

Audit Schedule

Auditors from CliftonLarsonAllen (CLA) were at the Brainerd HRA offices the weeks of February 9th for the Crow Wing County HRA audit and Brainerd South compilation and February 16th for the Brainerd HRA audit. Young stated that audit preparation went smoothly and Crow Wing County Audit is currently in review.

Young informed the Board that the unaudited financial information for the Brainerd HRA, due February 28th, was completed and sent to the Real Estate Assessment Center (REAC) on February 24th. Brainerd South's information is due March 31st.

She also stated that CLA will now be conducting the Crosby HRA's audits, which will result in a new schedule. At this time, the hope is that it will be in May.



- b. HCV Report:** The current total waiting list is at 501 applications. Twenty-four applications were received during the month of January. The Board inquired about the waiting list: how long have those on the list been there and how many go off the list? Also, how long did it take for those on the top of the list to get there? Staff will look into those questions.

Young reported to the Board that there is a shortage of staffing in the HCV Program as one staff member is out on medical leave. The Board suggested possibly seeking a temp service to help fill in the gaps, but Young stated the staff is currently getting by.

- c. Public Housing Report:** ACCRA has given a 60-day notice to terminate customized living services at the North Star and the Crosby HRA. At the North Star since February 2014, they have been unable to serve enough clients to cover operating costs. Bergman and Hettver met with ACCRA several times to try to find a resolution, but cuts in funding and the low client base have negatively impacted the business.

Exploring alternative options, Hettver suggested they provide mental health services, which might allow them to continue to renting office space. The Board discussed the increasing need for mental health services at the North Star since the demographics have changed in recent years and it is not feasible to continue 24-hour care. Options to help in this matter will be further explored.

d. Executive Director Report:

Housing Study Presentation

The results of the Crow Wing County Housing Study will be presented by Maxfield Research to all of our partners at the Arrowwood Lodge at 6:00 p.m. on Thursday, March 26th. Invitations are ready and will be mailed the last week of February.

POHP Award Notifications

The Brainerd HRA requested \$413,675 from the Minnesota Housing Finance Agency (MHFA) for elevator upgrades at the North Star Apartments. Notification was received that MHFA will be recommending a funding award of \$405,000.

Crosby Small Cities Application

Crosby's application for the Small Cities Development Program was submitted to DEED on February 19th. DEED will be making funding decisions in May.

Housing Institute

The Brainerd HRA is participating in the Housing Institute through the Minnesota Housing Partnership. The first workshop was held January 27th and 28th and was well attended. The team reported the sessions were productive. The team will be meeting monthly throughout the course of the 12-month Institute duration with the first meeting set for February 24th. In addition, the next quarterly workshop is scheduled for April 7th-8th.



Solar Electric

The solar panels were installed at the Todd Street property and a press release was sent to the Brainerd Dispatch and Lakeland TV. The story was printed in the Brainerd Dispatch on February 22nd and copies were handed out to the Board. We are still waiting to hear from RREAL on a date for when Lakeland TV will be filming and conducting interviews. Also, Bergman is participating on a panel with RREAL and LAHFH at an Energy Conference in Duluth on February 25th to talk about the project and solar energy.

e. Crosby HRA Update:

The Brainerd HRA Board was asked to sign paperwork from Unity Bank to update signers on the Crosby accounts after the meeting.

REPORTS OF COMMITTEES:

Commissioner Parks gave a brief recap of the February 18th Health Communities Partnership (HCP) Task Force meeting. Lakes Area Habitat for Humanity (LAHFH) shared architectural plans for the two homes that will be constructed this year on Norwood and Mill Avenue. He also reported that Small Cities Development Program (SCDP) applications are due in November and the group is considering doing another windshield study for northeast Brainerd. The Task Force will meet again in April.

Commissioner Steffenson attend Rick Nolan's transportation committee meeting in Baxter.

7. UNFINISHED BUSINESS: None

8. NEW BUSINESS:

a. Set Public Hearing for Sale of Lots:

The Brainerd HRA purchased and demolished the homes at 1504 8th Avenue NE and 1321 Norwood in 2014 using grant funds from the MHFA. MHFA requires the homes constructed on these lots meet their guidelines including Minnesota Green Communities building, affordability and income requirements. LAHFH uses these funds annually and the homes they build meet all requirements. Bergman recommends setting a public hearing to consider sale of the lots for \$1,000 each.

Commissioner Johnson made a motion to set a public hearing on March 25th to consider sale of the lots located at 1504 8th Avenue NE and 1321 Norwood to LAHFH for \$1,000 each. Commissioner Parks seconded the motion. All Commissioners voted in favor of the motion and none were opposed.

b. Consider Executive Director's Nomination to NCRC Board:

Bergman has been asked to run for Vice President of Community Revitalization and Development (CR&D) for the North Central Regional Council of NAHRO. The committee recommends actions to the NCRC Executive Board and keeps the NCRC membership informed of issues.



She is currently on the NCRC Board as Past President of Minnesota NAHRO, the National NAHRO CR&D Committee, and Minnesota NAHRO, but her term for all three ends October 1, 2015. The Board discussed and agreed that there are benefits for Brainerd including being involved in the development of new programs, the funding of a variety of programs and amendments and creations of new and existing regulations. There is a cost to the agency of approximately \$6,700, but the Board noted the benefits justify the expense. The Board also wanted to make sure there is adequate staffing for her to take on this duty if elected.

Commissioner Parks made a motion to authorize the Executive Director to accept the nomination for Vice President of Community Revitalization and Development for the North Central Regional Council of NAHRO. Commissioner Larson seconded the motion to approve. All commissioners voted in favor of the motion and none were opposed. The motion was approved.

9. ADJOURNMENT:

April's scheduled board meeting should be April 22nd. Chair Fargo would like to attend the working together conference and asked the Board to change the date to April 29th.

Commissioner Johnson made a motion to adjourn the meeting. Commissioner Larson seconded the motion and the meeting was adjourned at 11:45 a.m.

