

**Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
July 27, 2016**

A regular 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 27, 2016, at the Brainerd HRA Administrative Office, 324 East River Road, in Brainerd, Minnesota.

1. **CALL TO ORDER:** Chair 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, Patrick Wussow, Marlee Larson, and Gabe Johnson. Also present were Executive Director Jennifer Bergman, Finance Director Karen Young, Housing Manager Teresa Hettver, Rental Assistance Tania Eller, Executive Assistant LeAnn Goltz, and Mark Ostgarden. Absent from the meeting was Commissioner Eric Charpentier.

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

Commissioner Larson made a motion to approve the minutes from the June 22, 2016, meeting. Commissioner Parks seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.

4. **STAFF INTRODUCTIONS:** Bergman introduced Lauri Snow, housekeeper. She started with the Brainerd HRA in 2007 as a caretaker at Valley Trail and then moved into the housekeeper position in 2011. Jeff Banick, maintenance supervisor, was also introduced. He began employment with the Brainerd HRA as a temporary full-time maintenance specialist and was soon hired on as a permanent full-time employee. He was then promoted to maintenance supervisor, which he has been for the past seven years. He shared that he enjoys his job and finds it interesting.

5. **BILLS AND COMMUNICATIONS:**
 - a. **Financial Report:** Young provided the following updates to the Board:

General Fund Levy
The 2016 budgeted levy amount is \$116,940. The HRA received a deposit of \$43,254.24 from Crow Wing County in June. This represented a 70% advance on estimated property tax collections for the first half of 2016. The remaining 30% of \$19,032.96 was received in July for total levy deposits of \$62,287.20. The 2017 maximum is up to \$121,407, up almost four percent.

Commissioner Johnson made a motion to approve the payments as presented. Commissioner Larson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

 - b. **HCV Report:** Eller provided the Board with the June HCV Report and an update on the Bridges Program. For the month of June, HAP utilization was at 53%, which is great, and there were 327 average vouchers.



Commissioner Steffenson asked about the recently passed HR3700 Regulatory Reform for Small Agencies and how it will affect the HRA. Bergman stated that it is too soon to know.

- c. **Public Housing Report:** Hettver provided the Vacancy and Property Performance Reports for June. She reported that two of three vacant units at the North Star are being filled. She shared that it has been difficult filling the units in the past few months due to applicants not passing the screening process because of their criminal history. There have also been issues with a few tenants. Hettver also reported that two of the vacant family units are due to the tenants moving out to purchase their own homes.

It was suggested by the Board that some type of reward system or recognition might be a good idea for tenants who have rented with the HRA for a long time. Also, maybe recognize the ones moving on from public housing to self-sufficiency. Bergman stated she would bring that idea to HRA staff.

Hettver reported that MEI has ordered the materials for the North Star elevator upgrade. The anticipated start date for the large car is Oct. 17, 2016, and the small car seven weeks later on Dec. 5, 2016. These dates are tentative and can move forward or backward.

- d. **Executive Director Report:** Bergman reported on the following topics:

Congressman Nolan Visit

Congressman Nolan visited the Brainerd HRA on July 20th and toured the North Star Apartments and Downtown Brainerd. He spent two hours with HRA staff, board members and the residents of the North Star. Staff provided him with information about HRA funding and overall operations. They also discussed the SCDP Downtown Commercial and Rental Rehab Program, which is also federally-funded.

NAHRO Conference

Bergman attended the National NAHRO Strategic Planning Advisory Group meeting, the CR&D Committee meetings at the NAHRO conference in Portland, Oregon, from July 12–15. One of the sessions she attended was on the reform of PHAS and SEMAP. HUD discussed the proposed changes in a session and will also be having a Listening Session in Detroit. A Proposed Rule is anticipated to be released sometime within the next year. Some of the changes are significant and will include scoring on governance.

728 4th Avenue NE

The asbestos at 728 4th Avenue NE was abated last week and demolition of the house will be done within the next week (DeChantel needed to wait until the gas meters were removed).

HRA Per Diem Discussion

Bergman has responded to several emails from Jeff Czczok regarding the Brainerd HRA Board's per diems. Mr. Czczok also presented his concerns to the City Council on July 18th. She shared a copy of the emails and the Statute that references the HRA's per diems. Bergman also reported that Alderwoman Koep and Alderman Scheeler want to reduce the HRA's levy. Commissioner Wussow asked if an attorney has reviewed Minnesota Statute 469.050.



HRA Policy on Administrative Fees

There has been a discussion lately regarding the HRA not taking administrative fees for some of its projects and whether or not a policy should be established. For example, Alderwoman Koep thinks the HRA should have taken an administrative fee on the Brainerd Riverfront grant, but the Board chose not to since the project is part of their mission and because of the grant amount. The Board had a discussion and agreed that a policy is not needed. They can determine if administrative fees are taken on a project-to-project basis.

City Picnic – August 9th

The City of Brainerd will be holding an employee picnic from 5:30–8:00 p.m. at Lum Park. HRA staff and Board members are invited.

Brained Oaks Update

At the Crow Wing County (CWC) HRA Board meeting on July 7th, the Board made a motion to accept Paxmar's offer. The Crow Wing County Board then passed a resolution at their July 12th meeting authorizing the transfer of the tax forfeited lots at Brainerd Oaks, Serene Pines and Dal Mar Estates to the CWC HRA. Bergman met with the homeowners at Brainerd Oaks to discuss the potential development on July 11th.

Bergman explained the next step is to present a resolution to the City Council on August 1st agreeing to not re-certify the assessments permanently. Bergman presented a draft of that resolution to the Board. If the resolution is approved, she will meet with Brainerd Oaks residents on August 4th. In addition, the CWC HRA will begin to negotiate the Purchase and Development Agreement with Paxmar and it will be discussed at the August 16th CWC HRA board meeting.

The Brainerd HRA Board had a discussion about Brainerd City Council President Gary Scheeler's email and personal attack on Bergman. The Board felt it was out of line, uncalled for, very unprofessional, and stated they did not approve of the lies. They revisited the censure suggestion from last month's meeting.

Commissioner Wussow made a motion to have Brainerd HRA Board Chair Rick Fargo draft a letter to the Brainerd City Council that states the Board would like to see the City Council censure Mr. Scheeler related to his actions in regards to the Brainerd Oaks deal and his email about Bergman. Commissioner Larson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved.

The Board discussed what the letter should say and wanted to be sure it makes mention of the June board meeting and how they had talked about Scheeler's inappropriate behavior then but chose not to do anything. They agreed that the situation was getting worse and they needed to support the Brainerd HRA staff. They wanted to send a message that his behavior is not acceptable nor typical of the Brainerd City Council.

Downtown Brainerd

The group that applied for the Small Business Revolution grant reconvened to discuss a potential partnership with Deluxe Corporation for Downtown Brainerd on July 25th. She learned that Brainerd had the most nominations—over 3,000—and although they weren't selected for the grant, Deluxe would like to work with Brainerd by providing \$50,000–\$75,000 worth of services. It has not been determined exactly how that money will be used.



6. **REPORTS OF COMMITTEES:**

- a. **Riverfront Committee:** The next meeting is scheduled for 3:00 p.m. on July 28th and will be held at the Chamber Building in the CTC Room. Bergman provided an agenda to the Board.

7. **UNFINISHED BUSINESS:** Nothing to report.

8. **NEW BUSINESS:**

- a. **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. The estimated amount for 2017 is \$121,407, which is up by about \$4,500 from 2016. This levy is outside the Brainerd City budget.

Bergman informed the Board that she is preparing a letter to be sent by the HRA Chair to the City Council making a formal request.

Commissioner Johnson made a motion to authorize staff to prepare a letter to the Mayor and City requesting the full HRA levy of .0185 percent of the Estimated Market Value. Commissioner Parks seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

- b. **Approve Amended and Restated Trail Ridge II Partnership Agreement:** In 2015, the Limited Partner in the Trail Ridge II Limited Partnership exited the Partnership. After working with attorney Jacob Bean at Winthrop & Weinstine, Minnesota Housing and Wells Fargo, it was determined that a new Limited Partner was needed to replace the exiting partner and that the non-profit Brainerd Lakes Area Housing Development Corporation (BLAHDC) was the best partner to bring into the Partnership.

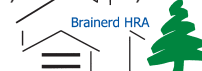
As a result of the Limited Partner exiting the Partnership, the current ownership structure is the Brainerd HRA as General Partner with .01% ownership and the BLAHDC as Limited Partner with 99.99% ownership. HRA staff worked with attorney Jacob Bean at Winthrop & Weinstine to update the existing Partnership Agreement as it is over 70 pages long and very complicated.

Young provided the Board with the Amended and Restated Agreement, which assigns all but 1% of its Partnership Interest to the General Partner (Brainerd HRA). Under this Agreement, the ownership interest will be the Brainerd HRA as General Partner with 99% ownership and the BLAHDC as Limited Partner with 1% ownership. It provides better representation of the ownership interests and falls in line with IRS guidance.

Commissioner Larson made a motion to authorize the Executive Director to execute the Second Amended and Restated Agreement of Limited Partnership of Trail Ridge II Limited Partnership. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

9. **ADJOURNMENT:**

Commissioner Wussow made a motion to adjourn the meeting to the August 1st Brainerd City Council meeting to be held at 7:30 pm in the Council Chambers, 501 Laurel Street, Brainerd, MN



56401, the August 9th City of Brainerd Employee Picnic at 5:30 pm at Lum Park, the August 15th Brainerd City Council meeting to be held at 7:30 pm in the Council Chambers, 501 Laurel Street, Brainerd, MN 56401, and the CWC HRA board meeting on August 16th at 5:00 pm held on the first floor of the Historic Courthouse, 326 Laurel Street, Brainerd, MN. Commissioner Steffenson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved and meeting was adjourned at 3:20 pm.

