

Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
November 18, 2015

The November 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, November 18th, 2015, 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 1:02 p.m.
2. **ROLL CALL:** Present at the meeting were Chair Rick Fargo, Commissioners Nathan Steffenson, Dale Parks, Gabe Johnson, Patrick Wussow, Marlee Larson, and Eric Charpentier. Also present were Executive Director Jennifer Bergman, Finance Director Karen Young, Housing Manager Teresa Hettver, Executive Assistant LeAnn Goltz, and Rod Osterloh.

Bergman introduced Dennis Christiansen to the Board. Chair Fargo and Bergman recognized Christiansen for his good work with the HRA's housing rehab program stating that he was instrumental in the success of the program.

Chair Fargo moved to adjust the agenda's sequence to hire the riverfront consultant first.

3. **NEW BUSINESS:**
 - a. **Authorization of Chair and Executive Director to Hire Riverfront Consultant:** Rod Osterloh, Chair of the Mississippi Riverfront Sub-Committee, introduced himself and provided the Board with a brief overview of the Sub-Committee's efforts to date and the consultant selection process. He explained that four members of the Sub-Committee were part of the interview team: Jim Roelofs, Erik Roberts, John Forrest, and Kent Montgomery. Osterloh chose not to participate due to his close working relationship with two of the firms being interviewed. Bergman, who was present for the interviews, reported that three firms were interviewed on November 17th: Confluence, SEH, and WSN. Overall, all three firms were qualified and it was not an easy decision. Bergman shared some feedback about each firm:

Confluence—Came with creativity and experience with riverfronts, but the firm was not local. Team also did not answer the first interview question. It was unclear how long the firm was in business and there was a concern about its stability.

SEH—Answered all questions and it was obvious the team worked well together. Came with a lot of experience, especially with funding and the resources that may be available for our project.

WSN—Technology presented (video taken from the river) was impressive. Local presence was positive. The Sub-Committee expressed concern for the lack of landscape architecture expertise and felt the firm didn't have the depth of experience required for this project.

Ultimately, the Sub-Committee agreed that although all three firms were qualified to do the project, SEH had the most funding experience which would be critical to its success considering the very limited budget.



Osterloh made a recommendation to the Board to hire SEH for the project. In addition, he stated that it is the goal of the Sub-Committee and the Brainerd HRA to keep the public informed of the project's progression and continue with transparency.

Commissioner Larson made a motion to authorize the Chair and Executive Director to enter into a contract with SEH. Commissioner Parks seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The motion was approved.

4. **READING AND APPROVAL OF MINUTES FROM THE PREVIOUS MEETING:** Commissioner Steffenson made a correction to the minutes from the October 28th board meeting. Section 7, Part A, second sentence should read, "Commissioner Steffenson also received an email informing him that he was one of the first 30 to complete the HUD Exchange training."

In addition, Section 3, paragraph 3 should read, "Commissioner Steffenson suggested considering renewable energy projects and bicycle parking.

He also requested the addition of the HRA property tour discussion. A third paragraph was added under Section 8: Unfinished Business and should read, "The Board also had a discussion about the HRA property tour that took place before the September 30th board meeting. They found it helpful to visit Valley View Townhomes, Trail Ridge Townhomes, and College Drive Townhomes."

Commissioner Steffenson made a motion to approve the minutes as amended from October 28th, 2015. Commissioner Parks seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The minutes were approved as amended.

5. **BILLS AND COMMUNICATIONS:**

a. **Financial Report:**

Brainerd South Tax Exemption

The HRA recently received approval from the MN Department of Revenue for Sales Tax Exempt Status for Brainerd South. This nonprofit exemption status allows up front purchases to be tax exempt, but not purchases made by our contractors. Staff is still researching whether exemption of contractor purchases could fit into the criteria. As with the government exemption that is used for the Agency, this includes both State and City sales tax and claims can be filed 3.5 years back for taxes already paid.

- b. **HCV Report:** As requested, the Housing Choice Voucher Program Report now includes a section for Unit Months Leased (UML). As of 10/31/15, UML was 97% and HAP Utilization was 81%. The total vouchers for October was 301. Staff is working diligently to get that number above 320.

c. **Public Housing Report:**

Vacancy Report for October 2015



Hettver provided the Board with the Vacancy Report. She explained that the vacancy rate may temporarily increase due to some of the residents moving to the Housing Choice Voucher Program.

She also reported that there was an incident at the North Star Apartments in early November. An individual visiting a resident used a stick to jam the small elevator's door, which was caught on security cameras. This individual was arrested, released, and then arrested again for violation of the conditions of his release. Due to this incident, the elevator was down for four days and cost the HRA more than \$4,000 to repair.

Hettver also informed the Board of a recent Minnesota Court of Appeals decision that required federally-subsidized LLPs to have attorneys represent them when they go to court. This will include PHAs. Hettver has to appear in court on Friday and is not sure if the judge will allow her to continue to represent the HRA. She made an inquiry with Crow Wing County but they were not aware of the decision. She decided that at this point she will continue representing the HRA in court unless she is told otherwise.

d. Executive Director Report:

Housing Institute

The Downtown Brainerd Housing Institute Team will meet on November 30th to discuss their final goals and intend to present them to the Board, City Council, BLAEDC, Brainerd Restoration, and Region 5 Development Commission in January.

CWC HRA Veterans Housing Project

The Task Force consisting of Mary Jetland, Cheryal Hills, Deanna Hemmesch, and Jennifer Bergman will be meeting on November 19th to conduct the charrette exercise. The purpose of the charrette is to brainstorm about the project, specific program elements and ultimately to prepare sketch concept plans and generate a summary of ideas for the development/redevelopment of the four sites.

Brainerd Oaks

The Urban Land Institute – Minnesota has scheduled the Navigating Your Competitive Future and a Technical Assistance Panel for January 13th, 2016. This will consist of a panel of seven professionals including a financial analyst, commercial and housing Realtors, developer, planner, and an engineer. This is geared towards elected officials, HRA Board members and staff, and is used to assist in informing us of the current market and the redevelopment potential for Brainerd Oaks. The HRA will be sending a “Save the Date” via mail and email. Bergman requested the Board attend.

Strategic Planning

Since the agenda was full for this board meeting, the strategic planning exercise will take place at the December board meeting. Materials will be sent in advance of the meeting.

City Council Retreat

Bergman attended the City Council Retreat on Monday, November 9th. The purpose of the Retreat was to discuss the 2013 goals and accomplishments and to identify goals for 2016. There were four goals identified, generally:



- 1) Financial (stabilizing the City's finances, reduce debt)
- 2) Increase the tax base through redevelopment (Downtown Brainerd/Riverfront)
- 3) Increase housing opportunities for Brainerd residents and employees
- 4) Talent management - recruiting, training

City Administrator Jim Thoreen and Finance Director Connie Hillman will be summarizing the goals from the meeting. A couple of City Council members requested that the HRA be the lead on the second and third goals. Bergman informed the group that the Brainerd HRA Board would conduct their strategic planning and goal setting at the December Board meeting.

Bergman added that she will be attending the December 7th City Council Meeting to request a change in the HRA's annual meeting from July to January.

SCDP Pre-Application Downtown Brainerd Rental and Commercial Rehab

The City Council authorized the submission of the Small Cities Development Program (SCDP) Pre-Application to the Department of Employment and Economic Development (DEED) for a rental and commercial rehab program. The HRA is requesting a total of \$690,005 for nine commercial rehab and 17 rental loans. Those who are asked to submit a full application should be notified by DEED by mid-December. The full application will be due in February.

Housing/Commercial Rehab Update

Bergman shared a copy of the monitoring report from Pat Armon from DEED on the SE Brainerd Housing and Commercial Rehab program as well as the SCDP Housing/Commercial Rehab update from Dennis Christenson.

Bergman also reported that there is a property at 728 4th Avenue NE in Brainerd that is for sale. There is funding assistance available through Minnesota Housing, but it would have to be purchased and demolished by March 1st, which is not likely but the HRA may try to purchase it anyway.

6. REPORTS OF COMMITTEES:

- a. **NAHRO Commissioners Committee:** Chair Fargo is working on notes from the training.
- b. **Mississippi Riverfront Sub-Committee:** (Notes previously recorded in Section 3, New Business, Part a. Authorization of Chair and Executive Director to Hire Riverfront Consultant.)

7. UNFINISHED BUSINESS:

- a. **Authorization to Execute Construction Contract:** The North Star Apartments elevator modernization project is underway with bid proposals due on November 24th, at which time they will be opened and a the lowest responsible bidder will be selected. Rather than having to call a special meeting to receive authorization to execute the construction contract, the Brainerd HRA Board requested to give prior authorization at today's meeting.

Commissioner Johnson made a motion to authorize the Chair and Executive Director to enter into a contract with the lowest responsible bidder for the North Star Apartments elevator modernization project. A roll call vote was taken and all commissioners voted "yes" and the motion was approved.



8. NEW BUSINESS:

- a. **Section 3 Policy Approval:** Section 3 requires that, to the extent possible, employment and other economic opportunities generated by HUD funds be directed to low- and very-low income residents. Federal regulations at 24 CFR Part 135 establishes the standards and procedures to be followed by Public Housing Authorities (PHA) in order to ensure that requirements of Section 3 are met. In 24 CFR Part 135, PHA's, and contractors who work for PHA's, are required to hire residents or low- and very-low income residents to the extent possible.

The regulation states that at least 30% of all new hires at PHA's and all contractors who do work on behalf of PHA's shall be Section 3 residents, 10% of all construction contracts shall be provided to Section 3 businesses and 3% of all non-construction contracts shall be provided to Section 3 businesses "to the extent possible."

HUD requires PHA's to report annually on their Section 3 accomplishments; however, the system to report has been down since 2011. Recently, HUD has completed the online reporting system and is requiring all PHA's to report on Section 3 for 2012, 2013, and 2014.

The HRA has hired six employees since 2011, but only one qualifies for Section 3 and there's no verification of any Section 3 employees hired by our contractors.

As a result, Bergman established a Section 3 Policy that states how the HRA will make every effort to comply with the requirements in the future. Commissioner Steffenson requested that Bergman add language to the policy that states employment positions will be posted in HRA administrative offices as well as common areas.

Commissioner Parks made a motion to approve the Section 3 Policy as amended. Commissioner Steffenson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The motion were approved as amended.

- b. **2016 Budget Review and Approval:** Young provided the Board with the 2016 budgets for the General Fund, Housing Choice Voucher Program, and Public Housing. At this time, federal program funding for Housing Choice Voucher and Public Housing are not known and are based on estimates. She gave a summary of significant changes for 2016, which included a 20% increase in health insurance rates and a 2% annual adjustment to wages for all permanent, full-time positions.

Young also reported that she had just learned of a significant increase to the cost of cable for the North Star Apartments, which had not been included in the budget provided to the Board. She updated the Public Housing budget to reflect the changes related to the cable increase and also to reflect the laundry revenue that had not been included in the budget. As a result of the changes, there was approximately a \$3,600 dollar surplus to the budget. The Board recommended that \$3,000 of the surplus be added to the exterminating budget.

Commissioner Parks made a motion to adopt the 2016 Public Housing budget, Resolution No. 2015-04, as amended. Commissioner Wussow seconded the motion. A roll call vote was taken and all commissioners voted "yes" and the motion was approved as amended.

Commissioner Wussow made a motion to approve the 2016 General Fund and Housing Choice Voucher budgets. Commissioner Johnson seconded the motion. All Commissioners voted in favor of the motion and none were opposed. The motion was approved

- c. **Policy Discussion:** Commissioner Larson had expressed interest in forming a subcommittee to review HRA policies and operations at the previous board meeting. The Board had a discussion about this idea and agreed that there is a benefit in reviewing them. They decided to move forward with the policy review process beginning in February.

9. ADJOURN

Commissioner Parks made a motion to adjourn at 3:37 p.m. 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.