

**Brainerd Housing and Redevelopment Authority**  
**BOARD MEETING MINUTES**  
**December 21, 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, December 21<sup>st</sup>, 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 1:01 p.m.
2. **ROLL CALL:** Present at the meeting were Chair Rick Fargo, Commissioners Patrick Wussow, Nathan Steffenson, Dale Parks, Marlee Larson, Eric Charpentier, and Gabe Johnson. Also present were Executive Director Jennifer Bergman, Finance Director Karen Young, Housing Manager Teresa Hettver, Rental Assistance Manager Tania Eller, Executive Assistant LeAnn Goltz, Mark Ostgarden, and Sarah Hayden Shaw.
3. **PRESENTATION: Sarah Hayden Shaw**  
 Sarah Hayden Shaw attended the meeting to discuss her plans for the Blue Ox in Downtown Brainerd. She and her husband Ed Shaw are in the process of purchasing the property. Their plans for the building is to renovate it into a fine dining restaurant with a patio and two apartments above it on the second floor. The property has approximately \$40,000 in back taxes due and it is set to go tax-forfeited in about 18 months. The building is in very rough shape and will be completely gutted. Hoping to begin renovations before summer, they anticipate the renovation project to cost at least \$300,000. Shaw asked the Board to consider supporting the project, specifically by adding the project property to the Downtown TIF District. The Board had a discussion about possibly restructuring the current TIF District.
4. **READING AND APPROVAL OF MINUTES FROM THE PREVIOUS MEETING:**  
**Commissioner Larson made a motion to approve the minutes from the November 30<sup>th</sup>, 2016, board meeting. Commissioner Charpentier seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.**
5. **BILLS AND COMMUNICATIONS:**
  - a. **Financial Report:** Young provided the financial reports for November.

**Fund Balance Policy**

At November's Board Meeting, the Board discussed the possibility of establishing a Fund Balance Policy for the General Fund. This could include establishing a minimum fund balance to maintain and also potentially designating a portion of the fund balance for a specific purpose such as long term projects or paying down the mortgage.

Per GASB Statement No. 54, the current Fund Balance Policy that the Board approved in 2011 establishes the following classifications for governmental funds.



**Non-spendable** - fund balance not expected to be converted to cash such as inventory or prepaid expenses.

**Restricted** - fund balance with constraints from an external source such as Tax Increment Financing (TIF) funds.

**Committed** – fund balance constrained for a specific purpose by the HRA board prior to yearend. Such as the \$10,000 Scattered Site Replacement Program (SSRP) funds allocated by the board.

**Assigned** – fund balance that is intended for a specific purpose by the Executive Director or Finance Director. These funds are neither restricted nor committed.

**Unassigned** – General Fund balance that is available for any purpose.

Young explained that if the Board would like to designate funds for a specific purpose, they can take formal action for external reporting purposes to designate the funds as Committed. If they would like to constrain funds for a specific purpose without taking formal action, then the funds would be reflected as Assigned for external reporting purposes.

She informed the Board that they could amend the Policy to establish:

- » A minimum unrestricted fund balance. The Office of the State Auditor recommends at year-end for local governments to maintain an unrestricted fund balance of no less than five months of operating expenses.
- » An order of use for restricted and unrestricted funds if an expenditure could be used from either classification. Also for unrestricted fund balance, the order in which Committed, Assigned and Unassigned funds are spent. We currently use restricted resources first and then unrestricted resources as they are needed.
- » Process of committing fund balance to a specific purpose. This could include what formal action is required to commit fund balance and what specific purposes normally will require committing resources.
- » Process of assigning fund balance to a specific purpose. This could include how the amounts for assignments are arrived at and what process is followed.

The Board had a discussion about their options. Commissioner Wussow would like to see the HRA build funds up for economic development projects in the long-term but not necessarily take from the General Fund. He suggested creating a policy for 2017 so that at year-end, certain amounts could be designated for certain funds. He also requested that staff draft a minimum General Fund balance policy.

**Commissioner Wussow made a motion to commit \$10,000 for housing, \$10,000 for grant matching, and \$15,000 for downtown redevelopment using the 2016 General Fund Balance. Commissioner Johnson seconded the motion. During a roll call vote, all commissioners voted in favor of the motion and none were opposed. The motion was passed.**

**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 reported that HAP utilization through November was at 94%, which is great. The waiting list is currently at 190. She also provided the Bridges Program Report noting that 16 out of the program's 17 vouchers are leased up.
- c. **Public Housing Report:** Hettver provided the Vacancy Report and Property Performance Reports for November. She also informed the Board that MEI continues to progress with the elevator replacement project at the North Star. The State Inspector did a full inspection on Monday, December 19<sup>th</sup>, and the large car was put back into service. The small elevator is now out of service.
- d. **Executive Director Report:** Bergman reported on the following items:

**Housing Rehab Coordinator**

Bergman reported that the HRA has hired John Schommer as the Housing Rehab Coordinator. John has experience in project management, most recently working for the St. Cloud HRA. He was also the maintenance supervisor at the Brainerd HRA. He will start his position on January 3<sup>rd</sup>, 2017.

**CWC HRA Levy**

The County Board passed the levy resolution, which included the CWC HRA's request for an increase in their levy from \$56,500 to \$98,500.

**Redevelopment Grant Program**

Bergman is exploring the possibility of using DEED's Redevelopment Grant Program for the acquisition and purchase of 217 South 7<sup>th</sup> Street. The next deadline for the application is February 1<sup>st</sup>. In order to be funded, we would have to have an end use identified, which may be difficult to accomplish before the deadline. Bergman shared with the Board that this property may be a great Art Space project, which she suggested to them. At a minimum, this property needs a \$300,000 investment. The Board had a discussion about this property as it has been a problem with many police calls to the residences. They agreed the project it is worth exploring. Commissioner Larson suggested that Bergman speak with Lisa at Crossing Arts Alliance.

**TIF District/SEH Bonds**

Staff continues to work on possible options for restructuring the HRA's debt for the SEH building. They are working with Springsted to explore the possibilities of modifying or expanding the Downtown TIF District.

**Tax Forfeited Properties Policy**

Bergman has begun researching other policies on acquiring or marketing tax forfeited properties. The St. Paul HRA and Ramsey County have developed a policy, which she provided to the Board. Bergman offered to draft a tax forfeited property policy and will bring it to the January meeting.

**Rehab Program Update**

The HRA is required by DEED to notify the State Historic Preservation Office (SHPO) prior to any rehabilitation. They would then be notified if there was any historical significance to the properties to be rehabilitated. We received notice from them on our Downtown Brainerd grant that they would like more information on the potential historic significance of some of the buildings in downtown Brainerd. As a result, we are required to hire a qualified professional historian to evaluate the



buildings. We went out for bid and received four proposals. We will be hiring the lowest bidder (Duluth Archaeology Center LLC) to conduct this review.

The Board had a discussion about the grant program and how it could be improved so that the properties are being improved rather than simply brought up to acceptable. Staff will follow-up and find out more information.

**6. REPORTS FROM COMMITTEES:**

- a. Brainerd Riverfront Committee (BRC):** The BRC meets tomorrow, December 22<sup>nd</sup>, 2016. Bergman provided the agenda and supporting presentation.

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

**8. NEW BUSINESS:**

- a. Resident Commissioner Election Results:** The election for Resident Commissioner was held on December 14<sup>th</sup>, 2016. There were a total of 21 votes that were counted and one vote that was disqualified because more than one candidate name was checked. Hettver provided the election results:

- » Krista Brodal (Section 8) – 7
- » Nathan Steffenson (Public Housing – North Star) – 5
- » Shelley Umlauf-Stange (Public Housing – Scattered Sites) – 3
- » Dennis Roloff (Public Housing – North Star) – 2
- » Keith Sunderland (Section 8) – 1
- » Kathleen Badgerow (Section 8) – 1
- » Jean Mudderman (Public Housing – Valley Trail) – 1
- » Kathy Zettervall (Section 8) – 1

**Commissioner Parks made a motion to authorize staff to forward the election results to the Mayor for the appointment of Krista Brodal to the Brainerd HRA Board. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.**

Bergman thanked Commissioner Steffenson for serving on the Brainerd HRA Board and expressed the HRA's appreciation for representing its residents.

- b. Accounts Receivable Write-off:** Per Brainerd HRA policy, when an account remains unpaid for 90 days following the tenant's move-out date with no repayment activity, the Finance Director shall obtain approval from the Board of Commissioners to write-off those accounts. As such, HRA staff requested the approval to write-off all balances outstanding at 12/31/2016 in Public Housing Accounts Receivable that remained unpaid 90 days following the tenants' move-out date. Young explained that when feasible, these balances will be filed with the State of Minnesota for collection through the Revenue Recapture process. This process allows Housing Authorities to collect outstanding balances through any state return that the tenant is entitled.



**Commissioner Parks made a motion to direct staff to write-off uncollectible Accounts Receivable for 2016. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.**

- c. **Asset Write-off:** The Brainerd HRA currently has Public Housing assets that have outlived their useful lives and require removal from the official asset listing. As such, we require permission from the Board of Commissioners approving the removal of Public Housing assets in the amount of \$174,431.

**Commissioner Wussow made a motion to direct staff to write-off to remove obsolete assets for 2016. Commissioner Charpentier seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.**

- d. **Authorize Participation Agreement with Minnesota Housing to Administer the Rehab Loan Program:** The Rehabilitation Loan Program is a 0% deferred loan that is available to low-income homeowners to make necessary repair to their homes. This program provides a deferred loan of up to \$25,000 for items such as furnace replacement, roofs, siding, plumbing, safety, etc. The Agreement allows the Brainerd HRA to be a participating lender and offer these loans to Crow Wing County residents.

**Commissioner Wussow made a motion to authorize the Chair and Executive Director to enter into the Participation Agreement with Minnesota Housing for the Rehabilitation Loan Program. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.**

- 9. **NEXT MEETING:** Wednesday, January 25, 2017, is the next meeting and also the Brainerd HRA's Annual Meeting. The Board would like to invite Holly Holm from Community Action to attend.

**10. ADJOURNMENT:**

**Commissioner Steffenson made a motion to adjourn the meeting. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved and meeting was adjourned at 3:07 p.m.**