

Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
January 25, 2017

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, January 25th, 2017, 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 Patrick Wussow, Dale Parks, 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, City Planner Mark Ostgarden, and City Administrator Jim Thoreen. Absent: Commissioners Marlee Larson and Krista Brodal.
3. **ANNUAL MEETING:**
 - a. **Oath of Office:** Krista Brodal, the new resident commissioner, was appointed by the mayor at the January 17th meeting. She was not able to attend, but we hope to conduct her official Oath of Office at the next meeting.
 - b. **Election of Officers:** According to the bylaws, the chair, vice chair and secretary/treasurer shall be elected at the annual meeting of the HRA.

Bergman asked for nominations for chair for 2017.

Commissioner Parks nominated Commissioner Wussow. Commissioner Johnson seconded the nomination.

Bergman closed nominations and asked for a motion to elect Commissioner Wussow as chair.

Moved and seconded by Commissioners Parks and Johnson, all commissioners voted in favor of the electing Commissioner Wussow as chair and none were opposed. The motion passed.

Commissioner Wussow moved to the chair seat and called for nominations for vice chair.

Commissioner Charpentier nominated Commissioner Parks.

Chair Wussow closed nominations and asked for a motion to elect Commissioner Parks as vice chair.

Moved and seconded by Commissioners Charpentier and Fargo, all commissioners voted in favor of the electing Commissioner Parks as vice chair and none were opposed. The motion passed.



Chair Wussow called for nominations for secretary/treasurer.

Commissioner Johnson nominated Commissioner Charpentier. Commissioner Parks seconded the nomination.

Chair Wussow closed nominations and asked for a motion to elect Commissioner Charpentier as secretary/treasurer.

Moved and seconded by Commissioners Johnson and Fargo, all commissioners voted in favor of the electing Commissioner Charpentier as treasurer and none were opposed. The motion passed.

- c. **Review Bylaws:** The Board reviewed the current bylaws. Staff did not propose any changes.

Moved and seconded by Commissioners Charpentier and Johnson, all commissioners voted in favor of accepting the bylaws for 2017 and none were opposed. The motion passed.

- d. **Meeting Schedule:** The Board reviewed the 2017 meeting schedule. Bergman requested to move the February board meeting to the following Wednesday, which would be March 1st. There was an error in the provided schedule with two different dates for November. November 29th is the correct date. It was also brought to staff's attention that the May date needed to be moved as the NAHRO conference occurs at the same time. The May date was moved back to May 31st.

4. **INTRODUCTION:** Bergman introduced John Schommer, Brainerd HRA's new housing rehab coordinator, to the Board.

5. **PRESENTATION: Mark Ostgarden, City Planner**

Ostgarden spoke to the Board about Downtown Brainerd acknowledging that improving downtown is one of the HRA's goals outlined in its strategic plan. He presented a map and solicited the Board's feedback about the use of the current city-owned parking lot. He suggested that part of it could be converted to public space such as a pop-up park. He suggested finding low cost ways to create a temporary space. For example, paint the pavement green, get donated items such as outdoor seating or tables, plants, etc. He explained that this wouldn't cost the City Parks Department any additional money as the space is already part of the city. The Board had a discussion about it. Bergman also mentioned that the HRA is researching the possibility of creating a Downtown TIF District. Ostgarden also reported that he spoke to the people that have the Farmer's Market and they are interested in having it Downtown at some point in the future.

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

Commissioner Fargo made a motion to approve the minutes from the December 21st, 2016, board meeting. Commissioner Parks seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.

7. **BILLS AND COMMUNICATIONS:**

- a. **Financial Report:** Young provided the financial reports for December.



2016 Levy Payment

On December 2nd, the HRA received the second half 2016 tax levy payment of \$52,195. Year to date, \$114,673 have been received in levy payments. The 2016 tax levy was estimated at \$116,940. This deposit is reflected in the December General Fund financial statements.

Year-end Financial Statements and Ratios

The December ratios and financial statements do not fully reflect all year-end entries and adjustments. The final year-end entries and adjustments will be recorded prior to the audit and REAC submission. Therefore, the financial information is subject to change due to necessary year-end adjustments.

Audit Schedule

The 2016 audit schedule has been set with CliftonLarsonAllen (CLA). The Crow Wing County HRA audit will be during the week of February 6th. The Brainerd HRA audit and Brainerd South compilation are scheduled for the week of February 13th. The Agency unaudited financial statements are due to the Real Estate Assessment Center (REAC) by February 28th, and the unaudited Brainerd South financial statements are due to REAC by March 31st.

Commissioner Johnson made a motion to approve the payments as presented. Commissioner Parks 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 December was at 102%, which is wonderful. Unit Month's leased was 98%. Bergman commended staff for a job well done.
- c. **Public Housing Report:** Hettver provided the Vacancy Report and Property Performance Reports for December. She also informed the Board that MEI continues to progress with the elevator replacement project at the North Star. The modernization of the small elevator began on December 20, 2016, all 12 of the elevator lobby doors are now installed, the drive and electronic controller were installed and are running, and electrical wiring in the hoistway is being installed at this time. The walls, floor and ceiling of the elevator were removed and the new elevator cab arrived on January 18, 2017. The HRA ended the year with a less-than-2% vacancy.
- d. **Executive Director Report:** Bergman provided the Board with the Rehab Program Update and also reported on the following items:

Downtown Brainerd Update

The Downtown Brainerd Committee will be meeting on January 30th to continue discussions on programs to incentivize a new business and existing businesses. More information will be provided when we have some draft guidelines to present. Also, on January 30th, Todd Streeter will be holding a meeting with Downtown Brainerd property and business owners. Bergman encouraged the Board to attend this meeting.

TIF District/SEH Bonds

Bergman and Young met with Springsted to discuss the potential to refund/refinance the SEH bonds. Springsted has reached out to a couple of investors to see if there is any interest in refinancing the bonds but has not received any responses yet. As you may recall, both Ehlers and Northland Securities also attempted this on the HRA's behalf but were unsuccessful because



there is not enough collateral to support the debt. They also discussed with Springsted the possibility of either modifying the HRA's existing Downtown TIF district or creating a new TIF district. This could provide an opportunity for incentives for expansion, rehab and creation of new properties downtown as well as an opportunity to pool some TIF funds to help with the SEH bonds. Bergman said there is a lot of possibility currently in the downtown area and she invited the Board to discuss it. They had a discussion and agreed they should at least explore TIF District possibilities and look into it. They also requested that they discuss this again at next month's meeting.

Thoreen stressed the importance of collaboration as there are many moving parts.

The Board suggested that Bergman and other key entities in Brainerd speak to downtown property owner Dave Pueringer.

City Council Retreat

The Brainerd City Council will be holding a retreat on February 11th. Bergman forwarded the HRA's 2016-2017 Strategic Plan to City Administrator Thoreen and will be attending the retreat.

Day at the Capitol

Minnesota NAHRO will be holding their Day at the Capitol on Thursday, February 9th. Chair Wussow will be attending. They plan to visit with Josh Heintzeman at noon.

The Board asked the status of Brainerd Oaks project. Bergman reported that they are waiting on the mortgage lenders.

8. REPORTS FROM COMMITTEES:

- a. **Brainerd Riverfront Committee (BRC):** The BRC meets tomorrow, January 26th, 2017. SEH is providing a draft presentation that will be given at the March 20th city council meeting. Chair Wussow expressed concern and stressed the importance of working together with the County, City, School District, and CLC.

9. UNFINISHED BUSINESS:

- a. **Consider Per Diems for 2017:** At the August 15th, 2016, meeting, the City Council passed a motion to discontinue all compensation to city-appointed boards and commissions.

However, State Statute 469.011 states that the HRA is responsible for setting their per diems. Bergman provided the Board with a legal analysis from Kevin Walli with Fryberger, Buchanan, Smith & Frederick, P.A. In addition, City Attorney Joseph Langel concurred with Mr. Walli's analysis.

The Brainerd HRA Board is responsible for overseeing a \$3.4 million budget, which doesn't include the \$870,000 budgets they manage for the CWC HRA and Crosby HRA along with the \$480,000 of Crow Wing County HRA Revolving Loan Funds. The Brainerd HRA is a separate legal entity created under State Statute 469. The City is responsible to create the HRA, appoint its board members and authorize its levy.



The HRA is not an advisory committee and board members can be sued personally. In addition, the Department of Housing and Urban Development holds a board member of a PHA (Public Housing Authority) responsible for the management of the agency. Bergman also provided the Board with a Powerpoint presentation that was prepared by HUD staff outlining the responsibilities of a board member.

The Brainerd HRA Board had a discussion about their options:

- 1) Continue to pay the \$75 per diem, as allowed by State Statute;
- 2) Reduce the amount of the per diem; or,
- 3) Eliminate the per diem.

Commissioner Johnson made a motion to set the per diem to \$75 per meeting. Commissioner Parks seconded the motion. Commissioners Johnson, Parks, and Fargo voted in favor of the motion and Commissioners Wussow and Charpentier voted against it. The motion passed with a 3:2 vote.

Bergman will forward their decision to the City Council along with a copy of the letter from Mr. Walli. The topic will be discussed at the City's Personnel & Finance Committee meeting.

Commissioner Fargo reminded the Board that they will need to amend their bylaws, which could be done at the next meeting.

- b. Fund Balance Policy:** Per GASB Statement No. 54, the current fund balance policy that the Board approved in 2011 establishes the following classifications for governmental funds.

Nonspendable – 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 Housing Rehab (HR) and 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.

The Board previously asked staff to draft a fund balance policy and to determine a recommended unassigned fund balance level. The Office of the State Auditor recommends an unrestricted fund balance in the General Fund of no less than five months of operating expenses.

As of December 31st, 2016, the HRA has an estimated unassigned fund balance of approximately \$260,868 or 8.5 months of unrestricted operating expenses. Young presented the Board with the current Fund Balance Policy that the Board approved in 2011 along with the addition of a recommended target reserve balance of 6–12 months.

The Board had a discussion and suggested that being conservative might be wise based on the uncertainty in the current federal government.



Commissioner Charpentier made a motion to accept the Fund Balance Policy with a recommended target reserve balance of 8–10 months. Commissioner Fargo seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

10. NEW BUSINESS:

- a. Brainerd Riverfront Committee Member Selection:** One of the responsibilities of the Brainerd HRA in managing the Difference Maker Grant through the Brainerd Lakes Area Community Foundation (BLACF) is to appoint members to the Brainerd Riverfront Committee (BRC). The Brainerd HRA Board chose to appoint nine members to the committee with one liaison from the Brainerd HRA Board.

The HRA advertised for the one committee member opening for 2017 and received eight applications. The Board had a discussion about the applicants and felt they were all excellent and any one of them would be a good choice. They requested that Bergman suggest to the Brainerd Riverfront Committee that they find a way to get them involved at some point in the future.

Commissioner Charpentier made a motion to appoint Ashley Storm to the Brainerd Riverfront Committee. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

11. NEXT MEETING: Wednesday, March 1st, 2017

12. ADJOURNMENT:

Commissioner Parks made a motion to adjourn the meeting. Commissioner Charpentier seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved and meeting was adjourned at 3:09 p.m.

