

**Brainerd Housing and Redevelopment Authority**  
**BOARD MEETING MINUTES**  
**December 27, 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, December 27<sup>th</sup>, 2017, at the Brainerd HRA Administrative Office, 324 East River Road, in Brainerd, Minnesota.

1. **CALL TO ORDER:** Chair Patrick Wussow called the meeting to order at 1:00 p.m.
2. **ROLL CALL:** Present at the meeting were Chair Patrick Wussow, Commissioners Gabe Johnson, Rick Fargo, 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 Bruce Buxton. Absent: Commissioners Dale Parks and Krista Brodal.
3. **PRESENTATION:** River to Rails, Bruce Buxton, presented to the Board. He shared what is happening now and the possibilities for the future. He stressed that revitalization will require market-driven, private investment with public support. "Dream big, think outside the box. Start small, take pride in our community."

4. **READING AND APPROVAL OF MINUTES:**

**Commissioner Larson made a motion to approve the minutes from the November 29, 2017, board meeting. Commissioner Fargo 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 presented the financial information for November 2017.

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

- b. **HCV Programs Report:** Our Unit Months Leased (UML) through November is averaging 98% and our HAP utilization through November is at 98%. The waiting list is still at 38 families, all of which are non-preference. HUD has a proposed measurement system out for FSS and is taking comments until the end of January. Carrie Burrell will be meeting with other FSS coordinators throughout the state to discuss the proposed system and provide feedback to HUD.
- c. **Public Housing Report:** Hettver presented the Vacancy Report, Monthly Property Performance Report, and the ROSS Program Report. She also informed the Board that the REAC inspection was conducted on December 4<sup>th</sup>, 2017. We received a score of 92b, which places our Public Housing Assessment System (PHAS) points at 37 out of 40. Maintenance did a great job with pre-inspecting all of the 203 units and completing any work orders found. Hettver also reported that Shannon Fortune is planning a coloring contest for the public housing residents. The Board was asked to judge the entries.



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

**Small Business Revolution/Main Street Makeover**

The Chamber was notified that Brainerd made the cut for the top 10 in the Deluxe Corporation's Small Business Revolution program. Representatives from Deluxe Corporation will be doing a site visit on January 10<sup>th</sup>, at Roundhouse Brewery from 5:30 p.m. to 7:30 p.m.

**SCDP Application**

The Brainerd HRA was invited to submit a full application for Small Cities Development Program (SCDP) funds to the Department of Employment and Economic Development (DEED) for our rental and owner-occupied rehab program for NE Brainerd and one building in Downtown Brainerd for commercial and rental rehab. The full application is due to DEED on February 22<sup>nd</sup>.

**Iron Rail**

Sarah Hayden Shaw purchased the Iron Rail building located at 707 Laurel Street. The Crow Wing County HRA authorized a deferred loan in the amount of \$24,999 through their TIF Revolving Loan program to assist in the removal of asbestos. These funds are contingent upon the contribution from the City of Brainerd. The Brainerd EDA will be meeting on January 4<sup>th</sup> to consider this request.

**River to Rails Initiative**

On December 12<sup>th</sup>, Bruce Buxton, Sheila Haverkamp, and Bergman met with DEED to discuss the River to Rails Initiative and potential funding sources. The next step for the River to Rails Initiative is to hire Dan Frank to facilitate a community meeting. At the meeting, there will be several presentations from community partners followed by roundtable discussions with several topics. This will be held sometime in February.

**CFP Request**

Our Capital Funds were released in LOCCS on December 21<sup>st</sup>, which were submitted immediately upon request.

**VASH**

We had intended on applying for Veterans Assistance Supportive Housing (VASH) Voucher, but in order to be considered, we needed a letter of intent from the Veterans Administration (VA). The VA would not provide a letter, because there were no homeless veterans listed on the Point In Time count. At the Board's direction, a letter of intent was sent anyway and we received an automatic response from HUD stating that without a letter of support from the VA, our request would not be considered. In addition, we sent letters to our delegation informing of them of our frustration with this process.

**Organizational Chart**

As requested, Bergman provided the Board with the Brainerd HRA's organizational chart. They asked her to modify it so that Karen Young is shown as second in command.

**2017-2018 Strategic Plan**

Bergman also provided the Board with an update on the goals and tasks from the 2017-2018 Strategic Plan.



**Brainerd Hotel**

The Brainerd Hotel has been sold by a hotel developer. They closed on the property this morning.

**6. REPORTS FROM COMMITTEES:**

- a. Brainerd Riverfront Committee (BRC):** The City Council held a work session on December 11<sup>th</sup> to discuss the next steps for the Brainerd Riverfront Project, the Brainerd Lakes Area Community Foundation (BLACF) Difference Maker Grant, and the transition from the Brainerd HRA to the City.

Bergman gave a presentation to the City Council informing them of all the accomplishments and work that has been done for Year 1 and Year 2 of the BLACF Difference Maker Grant.

The National Joint Powers Alliance (NJPA) will be partnering with the City to provide a 20-hour a week Riverfront Coordinator using Year 3 of the BLACF grant. The Riverfront Coordinator will begin on January 2<sup>nd</sup> and this project will transition back to the City of Brainerd.

As requested, Bergman drafted a resolution outlining the accomplishments of Year 1 and Year 2 of the BLACF grant.

**7. UNFINISHED BUSINESS:**

- a. Adopt Resolution No. 2017-12 to the City Council on the BLACF Brainerd Riverfront Project:**

**Commissioner Fargo made a motion to adopt Resolution No. 2017-12 to the City Council on the BLACF Brainerd Riverfront Project. Commissioner Johnson seconded the motion. Via roll call vote, all commissioners voted in favor and none were opposed. The motion was approved.**

- b. Solicit Proposals for General Fund Mortgage Renewal** The General Fund mortgage on the office building matured on 12/09/2017 with one five-year term remaining. At the November meeting, the Board made a motion approving the Board Chair and Executive Director to sign a mortgage renewal with Wells Fargo. At that time, Wells Fargo had communicated to staff that they would renew the mortgage with the same terms.

Wells Fargo has since communicated that the previous loan agreement does not meet their current business standards and real estate loan policy. They have determined that the loan documents would need to be re-documented for the renewal at an estimated cost of \$15,000. Since this is cost prohibitive on a loan of this size, we have entered into a 90-day extension to allow us to find more favorable terms with another bank.

There are a few different options available:

1. Solicit other local banks to refinance the current mortgage and pay off Wells Fargo.
2. Also solicit all of our banking services at this same time to seek better terms on this loan.
3. Use reserves to pay off the loan and not refinance for another term.

Staff made the following determinations:



1. Soliciting other local banks to refinance the current mortgage would allow us to seek more favorable terms and would make sound financial sense.
2. Soliciting our entire banking services may be something we should consider in the future, but the timing of this over the next 90 days would not be opportune. We will have multiple audits and year-ends during this time and it is a scoring year for Brainerd. It goes against better judgement to go out for proposals to seek better terms on a loan of this size at this time of year.
3. Using reserves to pay off the loan at this time would reduce the unassigned fund balance below the Board's recommended 8-10 months of General Fund operating expenses. Given the uncertainty of the timing and funding levels of our federal programs, staff did not recommend this option.

**Commissioner Larson made a motion to authorize staff to solicit proposals from three local banks for the refinancing of the General Fund mortgage. Commissioner Johnson seconded the motion. All commissioners voted in favor and none were opposed. The motion passed.**

## 8. NEW BUSINESS:

- a. **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 Commissioner's to write-off those accounts. As such, we are requesting the approval to write-off all balances outstanding at 12/31/2017 in Public Housing Accounts Receivable that remain unpaid 90 days following the tenant's move out date. 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 Charpentier made a motion to write-off uncollectible Accounts Receivable for 2017. Commissioner Fargo seconded the motion. All commissioners voted in favor and none were opposed. The motion passed.**

- b. **Assets 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 from the official asset listing in the amount of \$44,303.

Per the Disposition Policy, the Board is also required to approve the disposal of the following assets. The induction lighting and water heaters were disposed of previously this year when the assets were replaced. The refrigerators have outlived their useful lives and are disposed of and replaced as they fail.

**Commissioner Larson made a motion for the removal of obsolete assets from the official asset listing and for the disposal of the assets as they are replaced for 2017. Commissioner Johnson seconded the motion. All commissioners voted in favor and none were opposed. The motion passed.**



- c. Fund Balance Review and Discussion:** The Fund Balance Policy that the Board approved in 2011 established classifications for governmental funds. The Board set the recommended unassigned fund balance to be maintained at 8–10 months of General Fund operating expenses for the year.

At the November meeting, the Board approved the 2018 General Fund budget with \$23,640 assigned as Budgeted Stabilization from Prior Year to utilize current fund balance to offset the 2018 budget shortfall.

The Board currently has funds committed to Housing Rehab and Scattered Sites Replacement Program (SSRP). The Board also has funds assigned for Housing, Matching Grant, Downtown Redevelopment and Downtown TIF Funding.

Young informed the Board that in order to change the funds designated as committed, they would be required to take formal action prior to year-end but could set the amounts after year-end when fund balances are known.

The Board chose to leave things as-is and take no action.

- 9. COMMISSIONER COMMENTS:** Commissioner Larson shared that she attended the CWC HRA Board meeting this past month. Commissioner Johnson informed the Board that the Jaycees Fishing Tournament will be happening the week before the Super Bowl. There will be several media outlets here visiting. Commissioner Fargo continues to hear that we need workforce housing. Chair Wussow will be sending a letter to the editor to discuss what the HRA does. He also shared that Dale Parks will not be seeking reappointment. He will attend the January meeting. The Board will also need to select a new chair at the January meeting. Wussow suggested Commissioner Larson, who was willing should the Board choose her.
- 10. Performance Evaluation:** The Board performed Executive Director Jennifer Bergman’s performance evaluation. She met and exceeded expectations on all categories.
- 11. Adjourn:**

**Commissioner Charpentier made a motion to adjourn the meeting to the January 10<sup>th</sup> Small Business Revolution meeting at Roundhouse Brewery. Commissioner Larson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved and meeting was adjourned at 3:44 p.m.**

