

**Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
February 28, 2018**

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, February 28th, 2018, at the Brainerd HRA Administrative Office, 324 East River Road, in Brainerd, Minnesota.

1. **CALL TO ORDER:** Executive Director Jennifer Bergman called the meeting to order at 1:00 p.m.
2. **ROLL CALL:** Present at the meeting were Commissioners Patrick Wussow, Gabe Johnson, Rick Fargo, Marlee Larson (via teleconference), and Eric Charpentier. Also present were Executive Director Jennifer Bergman, Finance Director Karen Young, Rental Assistance Manager Tania Eller, Rehab Coordinator John Schommer, Housing Manager Teresa Hettver, and Executive Assistant LeAnn Goltz. Absent: Krista Brodal.

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

Commissioner Fargo made a motion to approve the minutes from the January 24, 2018, board meeting. Commissioner Charpentier seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.

4. **BILLS AND COMMUNICATIONS:**

- a. **Financial Report:** Young presented the financial information for January 2018. Auditors from CliftonLarsonAllen (CLA) were at our offices during the week of February 12th for the Brainerd HRA audit and Brainerd South compilation. Mary Reedy will be at the April board meeting to present the Brainerd HRA audit. No findings, clean audit.

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.

Young also reported that a wire transfer was made to Wells Fargo on February 8th in the amount of \$96,240.55 to pay off the General Fund mortgage on the office building.

Commissioner Johnson made a motion to approve the January payments as presented. Commissioner Fargo 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) for January is 103% and HAP utilization for January is 90%.

Eller informed the Board that for 2018, we have \$17,212 in HAP reserves and \$127,412 in admin reserves. She explained that we anticipate getting \$1,304,271 in HAP, but we won't know for sure until HUD notifies us in May 2018. To lease up to 98%, we anticipate having to spend \$1,381,142. This is a difference of \$59,660.



The HRA doesn't have enough money to pay for the anticipated amount to lease up to 98% in 2018 and HUD also sees we don't have enough to pay for what we anticipate using. As a result, we are now required to have shortfall calls with our field office rep and two reps from Washington, DC. HUD can't mandate yet, only make recommendations on, how to run our program to stay out of shortfall. After appropriations have been made, HUD can step in and start mandating.

When we are officially in shortfall, they can tell us we can't issue vouchers, lease anyone up, allow moves to higher cost units (including ports) and absorb ports. They can also tell us to start taking leased vouchers away and remove people from the program.

We opened our waiting list on February 26th, 2018. We will find out more in May.

The Board had a discussion about this.

Commissioner Wussow made a motion to state that the Board supports the decision to lease up as much as possible, seconded by Commissioner Larson. Commissioner Fargo abstained from the vote, while the remaining commissioners were in favor. The motion passed.

“What Home Means to Me” Poster Contest

The Brainerd HRA is participating in the NAHRO-2019 “What Home Means to Me” poster contest. We have given the opportunity to our Public Housing and HCV families to take part in telling us what their housing means to them. The age category is K-12 and the Brainerd HRA will be sending their poster along with a short essay to Regional NAHRO. Regional NAHRO will then select nine from each region, which then will be forwarded to National NAHRO for final judging. The national winner's poster and essay will be featured in the 2019 calendar. They will also receive an iPad and attend the awarding ceremony in Washington D.C. All Brainerd HRA entries receive a \$5.00 gift card for participating and the Brainerd HRA will also select two winners to receive a \$25.00 gift card.

Staff asked for volunteers from the Board to judge the posters and select the two winners. Commissioners Charpentier, Johnson, and Fargo offered to be available and Commissioner Larson would vote via email.

- c. **Public Housing Report:** The format of the monthly ROSS report has been changed so that it more closely follows the reporting required for HUD. Fortune will be supplying numbers monthly and then at the conclusion of each quarter (April, July, October) and will provide to the Board a narrative of her agency contacts, projects, plans, and success stories.
- d. **Executive Director Report:** Bergman reported on the following items:

Small Business Revolution/Main Street Makeover

Brainerd did not make the top 5 of the Small Business Revolution program. The cities that were selected for the top 5 are Alton, IL; Bastrop, TX; Amesbury, MA; Siloam Springs, AR; and Martinez, CA, and the final, first place winner was Alton, IL. Although Brainerd did not win, momentum will continue through the River to Rail Initiative. The River to Rail Community Event that was held on February 26th was a success with more than 250 community members in attendance.



Administration of the City of Brainerd’s Revolving Loan Program

The City of Brainerd asked the HRA for assistance in creating program guidelines and administering a revolving loan program on their behalf. The City of Brainerd has approximately \$145,000 in an old Community Development Block Grant (CDBG) and would like to establish guidelines for the use of those funds). The Personnel and Finance Committee discussed the proposed guidelines at their February 5th meeting. The City will hold an EDA meeting to discuss the program. After consent of the EDA, the City and the HRA will consider a Memorandum of Agreement (MOA) for the administration of the program. Bergman anticipates the MOA being on the March Brainerd HRA agenda.

Opportunity Zones

The Minnesota Department of Employment and Economic Development (DEED), in partnership with Minnesota Housing and the Minnesota Department of Revenue, is accepting Opportunity Zone proposals from cities of the first class, counties, and tribal governments.

Opportunity Zones use tax incentives in low-income urban and rural communities nationwide to draw long-term investment to areas that are in the most economic need by creating a fund for these investments. In Minnesota, Governor Dayton can recommend 123 census tracts out of a possible 491 that meet the law’s low-income requirements for Opportunity Zone designation. Of the 123, nine are located in Crow Wing County.

The Governor must make recommendations to the Department of Treasury by March 21st, with the possibility of an extension granted until April 20nd. This could mean a substantial level of new investment in selected communities across the state. Priority for these resources would be areas that are currently underserved or underinvested.

The Brainerd HRA, CWC HRA, BLAEDC, the City of Brainerd, the City of Baxter and Crow Wing County are discussing the nine qualified census tracts in Crow Wing County and preparing a recommendation to the County Board to submit to the Governor by the deadline of March 8th.

Brainerd SCDP Application

We submitted a Small Cities Development Program (SCDP) application to the Department of Employment and Economic Development (DEED) on behalf of the City of Brainerd for a rental and owner-occupied rehab program for NE Brainerd. In addition, we requested funds for the Iron Rail. The application is for a total of \$692,000, which includes six owner-occupied homes, 10 rental units, one commercial and nine rental units above the commercial property. The application was due on February 22nd, and we will be notified of funding in a June with funds available in July.

MHFA Rehab Loans

We have had several requests from homeowners for the Minnesota Housing Rehab Loan program from outside of Crow Wing County, specifically in Pillager. The Board had a discussion about the potential of offering this program outside of Crow Wing County. They thought we should put a limitation on how far to offer the program. They discussed keeping it to southern Cass County, possible northern Morrison. Schommer offered to do some research to find out what limitations they are able to make. Commissioner Wussow asked for reports of this activity.



HCP Housing Task Force

The Board had a discussion about the future of the HCP Housing Task Force and whether the group should continue to meet. There was a consensus among staff and the Board that the group has accomplished its purpose and there isn't a need to continue. They will have one last group meeting to recognize the members.

Bergman informed the Board that the HRA now needs approvals from HUD and MMB to continue its cell tower leases. Staff members are working through those requirements.

5. UNFINISHED BUSINESS:

a. Review Assigned Fund Balance: Young requested that the Board review the assigned fund balance and what they had assigned. The Board had funds assigned for:

- » Housing - \$10,000
- » Matching Grant - \$10,000
- » Downtown Redevelopment - \$15,000
- » Downtown TIF Funding - \$12,000
- » Budgeted Stabilization from Prior Year Fund Balance - \$23,640

The Fund Balance Policy recommends 8–10 months of expenses. Staff recommended that the Board reflect the following assigned fund balance at 12/31/17:

- » Budgeted Stabilization from Prior Year Fund Balance - \$23,640
- » Retirement of General Fund Mortgage - \$98,100

Commissioner Johnson made a motion to change the assigned fund balance amounts to \$23,640 for budgeted stabilization from prior year fund balance and \$98,100 for retirement of general fund mortgage plus the \$15,000 for Downtown Redevelopment. Commissioner Fargo seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

b. Consider Tax Forfeited Property Policy: After the approval of the Tax Forfeit Policy in January, Bergman worked with attorney Martha Ingram to draft Crow Wing County's companion policy, which was approved at the County Board Committee of the Whole meeting on February 20th.

As a result, there were several changes to the Brainerd HRA policy and since the changes were more than just administrative, Bergman provided the Board with a revised policy.

The Board noted a needed correction to the first sentence of the fifth paragraph on the policy provided: "Properties that the Brainerd HRA ~~does not~~ desires to acquire will be made available to developers..."



Commissioner Charpentier made a motion to approve the revised Brainerd HRA Tax Forfeit Hold Policy and Sales Procedure as amended. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

6. NEW BUSINESS: Nothing to report.

7. POLICY REVIEW AND APPROVAL:

a. Criminal, Drug Treatment, and Registered Sex Offender Records Management Policy:

Commissioner Charpentier made a motion to approve Resolution No. 2018-01 adopting the Criminal, Drug Treatment, and Registered Sex Offender Records Management Policy. Commissioner Fargo seconded the motion. Via roll call vote, all commissioners voted in favor of the motion and none were opposed. The motion passed.

b. Code of Ethics and Standards of Conduct Policy:

The Board had a discussion about the Code of Ethics and Standards of Conduct Policy and decided not to take action at this month's meeting.

c. EIV Security Policy and Procedures:

Commissioner Johnson made a motion to approve Resolution No. 2018-02 adopting the EIV Policy. Commissioner Charpentier seconded the motion. Via roll call vote, all commissioners voted in favor of the motion and none were opposed. The motion passed.

8. COMMISSIONER COMMENTS: Commissioner Johnson shared that Brainerd Restoration is part of placemaking initiative. The City of Brainerd donated \$3,000 toward it.

9. ADJOURN:

Commissioner Johnson 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 2:32 p.m.

