



BOARD OF COMMISSIONERS MEETING

Wednesday, December 19, 2018 @ 1:00 p.m.

**Brainerd Housing & Redevelopment Authority (HRA) Administrative Office
324 East River Road | Brainerd, Minnesota**

AGENDA

- 1. Call to Order**
 - 2. Roll Call**
 - 3. Reading and Approval of Minutes** (*Attachment 1*)
 - 4. Unfinished Business**
 - 5. New Business**
 - a. Accounts Receivable Write-off (*Attachment 2*)
 - b. Fund Balance Review and Discussion (*Attachment 3*)
 - c. Approval of SCDP Grant Management Agreements and Procedural Guidelines (*Attachment 4*)
 - d. Review CWC HRA Shares Services Agreement and Crosby HRA Agreement for Services (*Attachment 5*)
 - 6. Bills and Communications**
 - a. Financial Report (*Attachment 6*)
 - b. HCV/Section 8 (*Attachment 7*)
 - c. Public Housing Report (*Attachment 8*)
 - d. Executive Director Report (*Attachment 9*)
 - e. Rehab Report (*Attachment 10*)
 - 7. Policies: Review & Approval**
 - a. Housing Choice Voucher (HCV) Program Administrative Plan (*Attachment 11*)
 - b. Admission & Continued Occupancy Policy (ACOP) (*Attachment 12*)
 - c. Bloodborne Pathogens Policy (*Attachment 13*)
 - d. Hazardous Materials Policy (*Attachment 14*)
 - e. Maintenance Policy (*Attachment 15*)
 - f. Employee Policy Manual (*Attachment 16*)
 - g. Fund Balance Policy (*Attachment 17*)
 - 8. Commissioner Comments**
 - 9. Adjourn**

Next Meeting: Wednesday, January 23, 2019
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Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
Wednesday, November 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, November 28, 2018, at the Brainerd HRA Administrative Office, 324 East River Road, in Brainerd, Minnesota.

1. **CALL TO ORDER:** Chair Marlee Larson called the meeting to order at 1:00 p.m.
2. **ROLL CALL:** Present at the meeting were Chair Larson, Commissioners Gabe Johnson, Eric Charpentier, Ashley Storm, Bekah Kent and Patrick Wussow. Others present: Executive Director Jennifer Bergman, Finance Director Karen Young, Rental Assistance Manager Tania Eller, Executive Assistant LeAnn Goltz, and Rental Assistance Specialist Ryan Barnett. Also present: Rick Fargo and Cassandra Torstenson. Absent: Commissioner Krista Broda.
3. **INTRODUCTION:** Ryan Barnett, Rental Assistance Specialist, was introduced to the Board. Barnett provided his background and the Board welcomed him.
4. **READING AND APPROVAL OF MINUTES:**

Commissioner Johnson made a motion to approve the minutes from the October 31st, 2018, board meeting. Commissioner Kent seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.
5. **UNFINISHED BUSINESS:** Nothing to report.
6. **NEW BUSINESS:**
 - a. **Approval of Family Self-Sufficiency (FSS) Program Grant Application:** The Family Self-Sufficiency Program grant application was released on November 1st. Eller explained that the grant will be submitted after today's meeting as it is recommended to submit a few days prior to the November 30th due date. The grant is for one year and covers the salary and benefits of a full-time position. We will be asking for \$67,950.00. The anticipated announcement of award will take place in December 2018. There is a possibility the receipt of the funds could be delayed due to the late submission/award date. Bergman added that the 2019 grant will be split out so that 75% of it will fund Carrie's position and the remaining 25% will go toward Ryan's position.

Commissioner Wussow made a motion to approve the submission of the Family Self-Sufficiency Program Grant Application. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.
 - b. **Discussion: Downtown Coordinator Position:** There has been a transformation of downtown Brainerd with the improvements to existing buildings, new businesses moving in, and existing businesses flourishing. There has been a new interest in locating a business downtown, which was shown when we had 73 people apply for the prize package for the Destination Downtown 2.0 program.

City Administrator Cassandra Torstenson, Brainerd Lakes Chamber President Matt Kilian, and Bergman met to discuss the potential of contributing to funds to hire a downtown coordinator.

Torstenson was present for the meeting and she, along with Bergman, had a discussion with the Board to discuss this potential initiative. The Board expressed concern about using tax payer dollars for the position. They discussed the possibility of getting grant money to fund the position, much like was done for the Riverfront Coordinator position. Torstenson and Bergman explained the hope would be that the contributing funds would serve as seed money for the first couple years and then move to a self-sustaining position. The Board requested that staff research grants that may be available, possibly through the Initiative Foundation or the Brainerd Lakes Area Community Foundation, and then they will discuss the topic again at next month's meeting.

- c. **Approval of 2019 Budget:** Young provided the Board with the 2019 budgets for the General Fund, Housing Choice Voucher Program, and Public Housing. She informed the Board that federal program funding for Housing Choice Voucher and Public Housing are not known at this time and are based on estimates. The rates for employee health insurance increased by 8.69% and a 2% annual adjustment to wages was included in the budget for all permanent, full-time positions.

Young also informed the Board that CTC is increasing their cable costs significantly and the HRA will no longer be offering it to tenants. Should residents want cable television, they will have to work with CTC directly.

Commissioner Johnson requested that staff return with an update on how the solar panels are performing at the Todd Street family unit.

Commissioner Johnson made a motion to approve the General Fund Budget, HCV Budget, and Bridges Budget as presented in addition to a 3% increase in pay for HRA staff. Commissioner Kent seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved.

Commissioner Johnson made a motion to approve the Public Housing Budget and adopt Resolution No. 2018-29 PHA Board Resolution Approving Operating Budget as presented in addition to a 3% increase in pay for HRA staff. Commissioner Kent seconded the motion. Via roll call, all commissioners voted in favor of the motion and none were opposed. The motion was approved.

- d. **Approval of Primary Bank Selection from Banking RFP:** A Request for Proposals was issued in August for banking services. We received four complete responses and a letter from Wells Fargo (our incumbent bank). Staff and Commissioner Johnson evaluated the responses and scored the proposals based on the evaluation criteria in the RFP. The rankings were as follows:

1. Bremer Bank
2. Deerwood Bank
3. US Bank
4. Frandsen Bank

Young explained that staff would like to schedule a meeting with Bremer Bank to walk through their services and products and discuss the transition process. Pending a positive meeting with Bremer Bank with no concerns or red flags, staff would recommend moving the agency banking

services to Bremer Bank. If there would be any concerns after the meeting with Bremer Bank, they would then recommend scheduling a meeting with the number two selection of Deerwood Bank to consider their services.

Staff would then establish signatories on the operating account of the executive director, finance director, and board of commissioners. The executive director and finance director would be signatories on all accounts.

Commissioner Charpentier abstained from voting.

Commissioner Johnson made a motion to approve Resolution No. 2018-30 (pending a positive meeting with Bremer Bank and staff) approving Bremer Bank as the agency's primary bank to provide banking services and other related services and that the executive director is authorized to execute any documents necessary to enter into a banking relationship consistent with the requirements of the RFP as submitted by Bremer Bank. Commissioner Kent seconded the motion. Via roll call, all commissioners (except for Commissioner Charpentier who abstained) voted in favor of the motion and none were opposed. The motion was approved.

7. BILLS AND COMMUNICATIONS

- a. **Financial Report:** Young provided the financial report for October 2018. She also reported the following:

Post Issuance Debt Compliance Policy

The Post Issuance Debt Compliance Policy was drafted by Ehlers and adopted by the Board in 2014 per IRS Code to ensure compliance with procedures and responsibilities after bond issuance. It is very timely that this policy is on our list of policies to be reviewed as the Securities and Exchange Commission has released new amendments for this policy that have an effective compliance date of February 27th, 2019. Ehlers is in the process of deciphering the changes and will provide an updated policy when they have a full understanding of the new recommendations. We will bring this before the Board once the updated policy is drafted by Ehlers.

Fraud Documentary

Young recently attended a training from the Office of the State Auditor and one of the sessions pertained to fraud. Accounting Professor Kelly Richmond Pope, who teaches Forensic Accounting at DuPaul University in Illinois, created a documentary titled *All the Queen's Horses* that investigates the largest case of municipal fraud in American history. It is now showing on Netflix and tells the story of how this fraud of over \$53 million occurred in the small town of Dixon, IL, over a 20-year period.

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

- b. **HCV/Section 8:** Eller reported that the UML through October was 99% and HAP utilization was 82%.
- c. **Public Housing Report:** Bergman presented the PH report in Hettver's absence.

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

RAD

Bergman received a letter from HUD regarding the repositioning of Public Housing. In 2012, HUD created the Rental Assistance Demonstration (RAD) program to allow PHAs to convert public housing units from their original sources of HUD financing to project-based Section 8 contracts. The primary benefit of RAD is that properties that convert under this process are no longer restricted from securing private sources of capital financing, and the owners are therefore able to address deferred maintenance issues that have caused Public Housing and other HUD rental stock to deteriorate nationwide. Staff explored this option back in 2012 and decided at the time that it would not be financially beneficial for the Brainerd HRA to convert to RAD.

However, HUD is now encouraging PHAs to consider repositioning their public housing either through RAD or the demolition disposition program. We have not fully explored these options, but Bergman wanted to make the Board aware of these HUD initiatives.

Update on Strategic Plan

The 2017–18 HRA Goals and Action Steps Status Report was provided to the Board.

Ethics Committee Representative

The newly adopted Code of Ethics and Standards of Conduct Policy states that an Ethics Review Committee shall be created, which should consist of an employee, a board member, and one neutral third party. The purpose of the committee is to review and render decisions on any matter involving ethical conduct or breach of ethical conduct by employees, vendors, or commissioners. Bergman asked the Board to appoint a member to this committee. Commissioner Johnson offered to be on the committee and Rick Fargo volunteered to be the neutral third party committee member.

Commissioner Wussow made a motion to appoint Rick Fargo as the neural third party ethics committee member. Commissioner Johnson seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

Destination Downtown

Seventy three applications were received for the Destination Downtown 2 competition. The judges reviewed the applications and narrowed the field to 11 and then down to the three finalists: Blu Paisley, Knotty Pine Bakery and Sourdough Sam's. At the Chamber Annual Event, the winner was announced and Knotty Pine Bakery was the grand prize winner for a total prize package of \$50,000. The Brainerd HRA's contribution is a rental subsidy for the first year of 50% of the rent or \$6,000, whichever is less.

Update on PDA with Paxmar-Brainerd LLC

As a part of the Purchase and Development Agreement (PDA) with Paxmar-Brainerd LLC (Paxmar), CWC HRA is required to ensure that Paxmar is complying will all of the requirements. One of the requirements is that plans are submitted to the HRA for each home and that it complies with the covenants and that Paxmar builds the homes according to the plans.

There have been some differing opinions or concerns regarding the covenants and the building products Paxmar has been using. The covenants state that homes shall have stone or brick on the front facade, but we discovered a few homes with an alternative product. This was brought to Kent

Roessler's (Paxmar) attention and he explained that the project is a V-stone (veneer). Bergman and Schommer informed Roessler that because the covenants say stone must be used and the plans specified stone, stone should be used. Paxmar indicated concerns with the building costs associated with stone and expressed that they were considering cancelling the contract.

In the meantime, staff consulted with their attorney to discuss the option of cancelling the contract. The contract cannot just be cancelled; there would have to be an event of default outlined in the PDA. Since the covenants state stone or brick must be used and an alternative product was used instead, that is considered an event of default.

Bergman spoke with Roessler and he informed her he would not be cancelling the contract and has agreed to follow the covenants at this time.

After some discussion, the CWC HRA Board made a motion to insist on compliance with the covenants in the PDA and authorized the executive director to negotiate and work with Paxmer to come up with a reasonable solution.

NAHRO Award

Bergman accepted the Award of Excellence from National NAHRO for the Revival of Tax Forfeited Residential Subdivisions at the NAHRO conference in Atlanta. National NAHRO awarded 22 Awards of Excellence from a pool of 93 Awards of Merit recipients.

Bergman shared that she and Phelps have been discussing the potential of buying the old Thrifty White building for the purpose of facilitating some development on that block, possibly using Opportunity Zone funds.

e. Rehab Report: Bergman also presented Schommer's report.

- 8. COMMISSIONER COMMENTS:** Commissioner Johnson shared that the City of Brainerd has been discussing budgets. Some council members are interested in getting a new city hall.
- 9. ADJOURN**

Next Meeting: Wednesday, December 19th, 2018

Commissioner Charpentier made a motion to adjourn the meeting. Commissioner Storm seconded the motion. All commissioners voted in favor and none were opposed. The motion passed and the meeting was adjourned at 2:27 p.m.

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To: Brainerd HRA Board Members
From: Karen Young, Finance Director
Date: December 12, 2018
Re: 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, we are requesting the approval to write off all balances outstanding at 12/31/2018 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.

Action Requested: A board motion is required to write off uncollectible Accounts Receivable for 2018.

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To: Brainerd HRA Board Members
From: Karen Young, Finance Director
Date: December 12, 2018
Re: Fund Balance Review & Discussion

The Fund Balance Policy establishes the following classifications for governmental funds:

1. **Nonspendable** - fund balance not expected to be converted to cash such as inventory or prepaid expenses.
2. **Restricted** - fund balance with constraints from an external source such as the City Revolving Loan funds.
3. **Committed** - fund balance constrained for a specific purpose by the HRA Board prior to year-end, such as the Housing Rehab (HR) and Scattered Site Replacement Program (SSRP) funds committed by the Board.
4. **Assigned** - fund balance that is intended for a specific purpose by the Board, executive director or finance director. These funds are neither restricted nor committed. Such as Downtown Redevelopment assigned by the Board.
5. **Unassigned** - General Fund balance that is available for any purpose.

The Board set the recommended unassigned fund balance to be maintained at eight to 10 months of General Fund operating expenses for the year.

The Board has funds committed to Housing Rehab and Scattered Sites Replacement Program (SSRP). In order to change the funds designated as committed, the Board is required to take formal action prior to year-end but can set the amounts after year-end when fund balances are known.

At the November meeting, the Board approved the 2019 General Fund budget with a \$66,080 deficit. This deficit is caused by the restricted City Revolving Loan funds and the committed SSRP funds. The Board will not have to assign funds for the deficit budget for 2019 since these funds are already designated.

The Board also has funds assigned for Downtown Redevelopment. Changes to assigned fund balance can be made after year-end.

Action Requested: Review and Discuss Fund Balance. Approve Resolution No. 2018-29 to commit funds for Scattered Site Replacement and Housing Rehab in an amount to be determined in the subsequent period.

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HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BRAINERD

RESOLUTION NO. 2018-29

RESOLUTION COMMITTING THE BRAINERD HRA FUND BALANCE.

WHEREAS, the Governmental Accounting Standards Board (GASB) has issued Statement No. 54, establishing a hierarchy clarifying the constraints that govern how a government entity can use amounts reported as fund balance; and

WHEREAS, the Governing Board is the highest level of decision-making authority, and has the authority to commit, assign, or evaluate existing fund balance classifications and identify the intended uses of committed or assigned funds; and

WHEREAS, the committed fund balance classification reflects amounts subject to internal constraints self-imposed by the Governing Board; and

WHEREAS, once the committed fund balance constraints are imposed, it requires the constraint to be removed by the Governing Board prior to redirecting the funds for other purposes; and

WHEREAS, the Governing Board has determined to commit funds in an amount to be determined in the subsequent period for Scattered Site Replacement and Housing Rehab; and

NOW, THEREFORE, BE IT RESOLVED the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Brainerd agrees to commit funds in accordance with GASB Statement No. 54 and Board Policy as directed by the Committed classification and cannot be used for purposes other than directed above, unless the Governing Board adopts another resolution to remove or change the constraint.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Brainerd on this 19th day of December, 2018.

Chair

ATTEST:

Executive Director

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To: Brainerd HRA Board Members
From: John Schommer, Rehab Coordinator
Date: December 11, 2018
Re: Approval of SCDP Grant Management Agreements and Procedural Guidelines

On behalf of the Cities of Brainerd and Emily, we applied for and received SCDP funds to rehabilitate properties in the defined target area of each city.

Brainerd

Brainerd HRA received a total grant amount of \$638,338, \$80,838 of which will go to the Brainerd HRA for administration.

We will rehabilitate one commercial property and nine mixed-use units in the four-block core of Downtown Brainerd along with 14 units of rental and 10 units of owner-occupied housing in the NE Brainerd target area with H Street as the north boundary, Mill Ave./8th Ave. NE as the east boundary, Washington St. NE as the south boundary, and Gillis Ave. as the west boundary (see Attachment 4a).

Emily

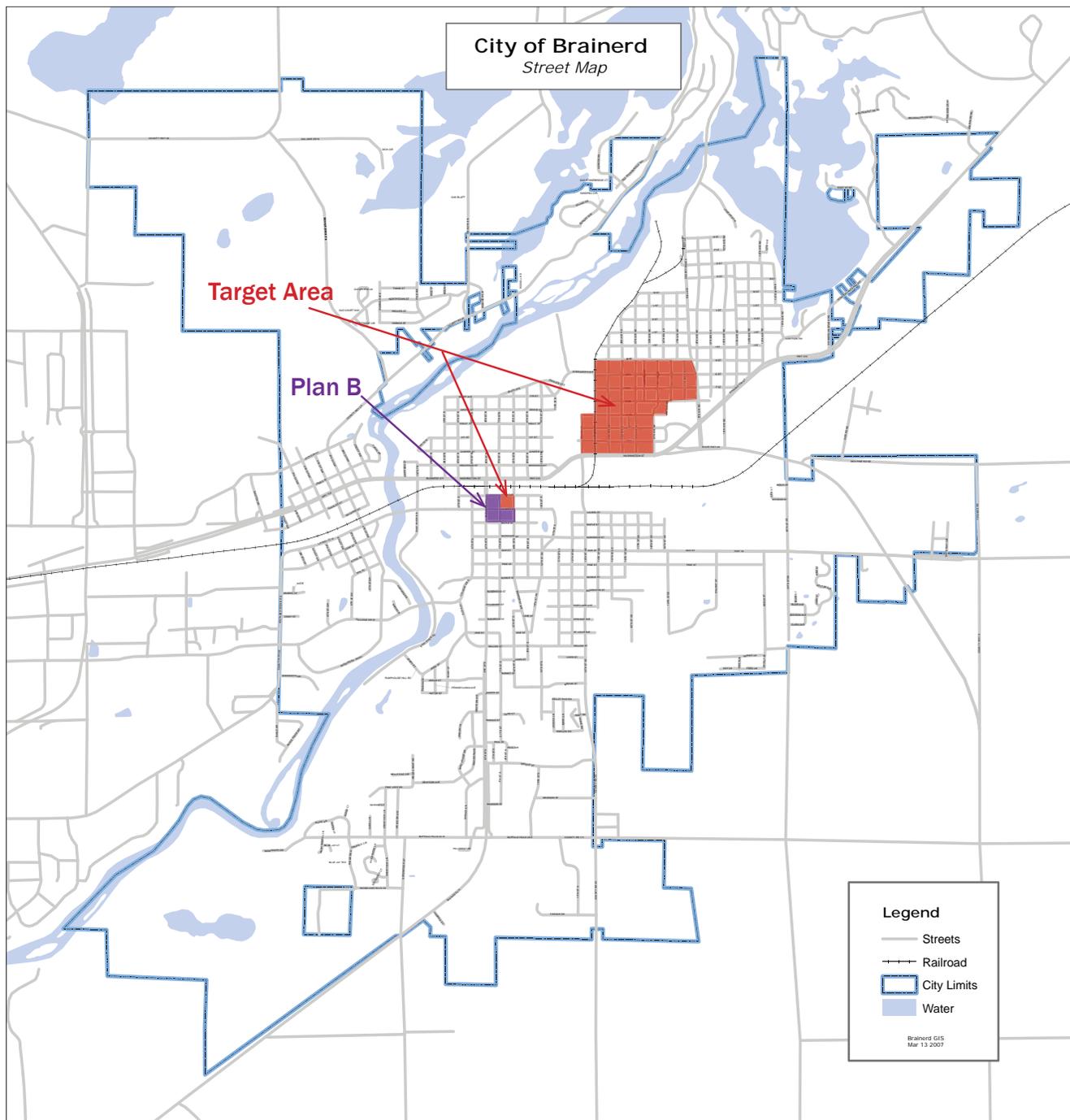
The total grant amount of \$229,000 for Emily will be used for 10 units of owner-occupied rehab with \$29,000 of that amount going to the Brainerd HRA for administration. The target area for Emily is defined by the city limits (see Attachment 4b).

We have entered into management agreements for each City, which define what we will be responsible for in administering the grant as well as what responsibilities the City will assume (see Attachment 4c). As part of the grant process, DEED requires us to establish procedural guidelines as standards to ensure we are administering the grants in a fair and equitable manner (see Attachment 4d).

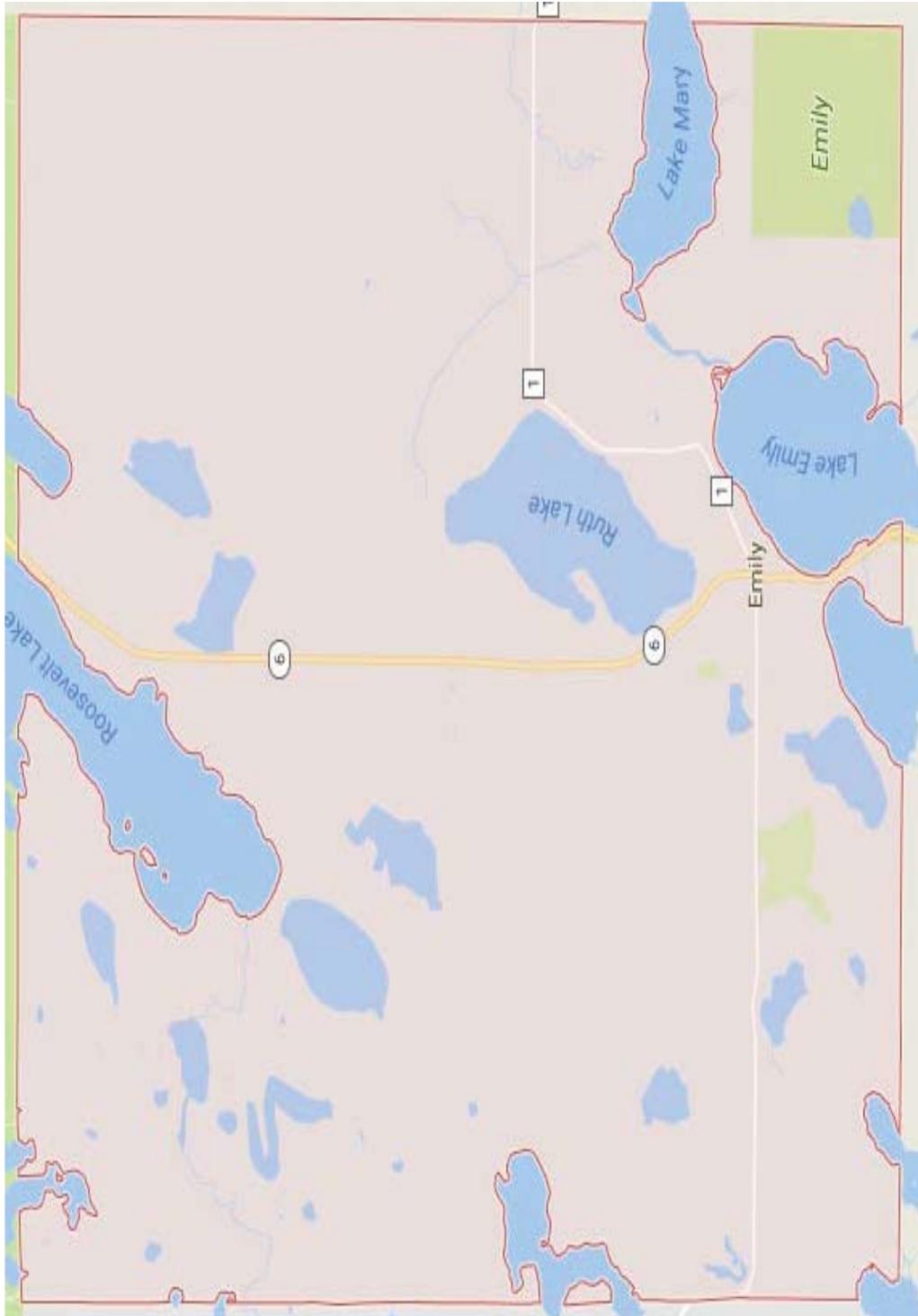
Action Requested:

- 1) Approve the grant management agreement for each city.**
- 2) Approve the procedural guidelines to be followed when administering the grants.**

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City of Emily
2018 SCDP Grant Target Area



**STATE OF MINNESOTA
DUNS NO. 804832640
GRANT CONTRACT NO. CDAP-17-0019-O-FY18**

This grant contract is between the State of Minnesota, acting through the Department of Employment and Economic Development, Business and Community Development Division, (STATE) and the City of Brainerd, 501 Laurel Street, Brainerd, MN 56401, Federal Tax Identification number: 41-6005001 ("GRANTEE").

Recitals

1. Under Minn. Stat. 116J.401 the State is empowered to enter into this grant.
2. The State is in need of units of local government to administer projects in accordance with the Small Cities Development Program (SCDP), Minnesota Rules chapter 4300.
3. The funds are intended to provide grant funds for eligible SCDP activities.
4. The Grantee represents that it is duly qualified and agrees to perform all activities and duties described in this grant contract to the satisfaction of the State.

Grant Contract

1 Terms of Grant Contract

1.1 Effective date June 27, 2018, or the date the State obtains all required signatures under Minn. Stat. §16B.98, Subd. 5, whichever is later. Per Minn. Stat. §16B.98, Subd. 7, no payments will be made to the Grantee until this grant contract is fully executed. Per 24 CFR 570.489 the Grantee may receive reimbursement for approved expenses that occurred prior to the execution of this grant contract.

1.2 Expiration date September 30, 2021, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

1.3 Survival of Terms. The following clauses survive the expiration or cancellation of this grant contract: 8. Liability; 9. Audits; 10. Government Data Practices and Intellectual Property; 12. Publicity and Endorsement; 13. Governing Law, Jurisdiction, and Venue; 15. Data Disclosure; 18. Assessments; and 30. Program Income.

2 Grantee's Duties

2.1 Duties, Deliverables, and Completion Dates. The Grantee, who is not a state employee, will: Comply with required grants management policies and procedures set forth.

The Grantee has made application to the State for the purpose of administering a SCDP project in the manner described in Grantee's "APPLICATION," which is incorporated into this agreement by reference.

The Grantee, who is not a state employee, is awarded funds to provide financial assistance to address the need for decent, safe, affordable housing, economic development and public facility needs, and provide a suitable living environment by expanding economic opportunities, principally benefiting low to moderate income households. The activities may include: Housing Rehabilitation – (This includes owner-occupied and single family, duplex and multi-family rental units), Commercial Rehabilitation, and Public Facility Improvements: (i.e., construction or improvements to water and wastewater systems, etc.)

Specific grantee activity will be detailed and set forth in Clause 4.1(a)

2.2 Provisions for Contracts and Sub-grants.

(a) Contract Provisions. The Grantee must include in any contract and sub-grant, in addition to provisions that

define a sound and complete agreement, such provisions that require contractors and sub-grantees to comply with applicable state and federal laws. Along with such provisions, the Grantee must require that contractors performing work covered by this grant be in compliance with all applicable.

(b) Ineligible Use of Grant Funds. (Not applicable to SCDP) The dollars awarded under this grant agreement are grant funds and shall only be used by Grantee or awarded by Grantee to third parties as grant funds and cannot take the form of a loan under any circumstance. Grantee shall not use, treat, or convert the grant funds into an interest bearing loan, a non-interest bearing loan, a deferred loan, a forgivable deferred loan or any other type of loan. Further, Grantee shall include in any contract or sub-grant awarding the grant funds to a third party all the provisions and requirements of this grant agreement, including the requirement that these dollars are grant funds only and cannot be used, treated or converted into any type of loan.

(c) Job Listing Agreements. Minn. Stat. § 116L.66, subd.1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives \$200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with MinnesotaWorks.net at www.minnesotaworks.net as soon as it occurs.

(d) Payment of Contractors and Subcontractors. The Grantee must ensure that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed.

3 Time

The grantee must comply with all of the time requirements described in this grant contract. In the performance of this grant, time is of the essence.

4 Compensation and Payment

4.1 Consideration. The State will pay for all services performed by the Grantee under this grant contract as follows:

(a) Compensation

Fed. Obj.	Activity Code	Activity Title	Unit Goal	Number of households/ persons served	Number of LMI households/ persons served	SCDP Funds	Other Funds	Total
LMH	14A	Res. Owner Rehab.	10	10	10	\$200,000	\$153,000	\$353,000
LMH	14B	Rental-Mixed Use	9	9	9	\$112,500	\$42,750	\$155,250
LMH	14B	Rental Rehab - Duplex	2	2	2	\$25,000	\$9,500	\$34,500
LMH	14B	Rental Rehab - Multifamily	6	6	6	\$60,000	\$22,800	\$82,800
LMH	14B	Rental Rehab - Single Family	6	6	6	\$120,000	\$47,500	\$167,500
SBA	14E	Commercial Rehab	1	1	1	\$40,000	\$20,000	\$60,000
	21A	Administration				\$80,838	\$5,000	\$85,838
		Totals				\$638,338	\$300,550	\$938,888

(b) Travel Expense (does not apply to SCDP)

Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee as a result of this grant contract will not exceed \$0.00; provided that the Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan"

promulgated by the Commissioner of Minnesota Management and Budget (MMB). The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

(c) Total Obligation. The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract will not exceed **\$638,338**.

(i) Pre-award Costs. Grantee may incur administrative costs prior to the fully executed grant agreement. This would include work on the environmental clearance, producing rehabilitation policies and procedures, and costs associated with attending SCDP implementation training

(ii) Eligible Costs. Eligible costs include the costs identified in the Section 4(a) of this Contract that are incurred during the contract period and are also eligible for the CDBG program.

4.2 Payment

(a) Invoices. The State will promptly pay the Grantee after the Grantee presents an itemized invoice for the services actually performed, and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule:

Payment requests will be processed on a bi-weekly calendar basis with the calendar being provided by the State. The total amount of grant funds requested must be two thousand dollars (\$2,000) or more in each payment request. The final payment request, and payment requests made in the two week periods prior to June 30 and September 30 of each year, may be under \$2,000.

The State has authority to withhold payment of administrative funds if adequate progress on contractual goals is not being met.

(b) Federal Funds. Payments under this grant contract will be made from federal funds obtained by the State through CFDA number 14.228, Title 1 of the Housing and Urban Development Act of 1974. Federal Award number B-17-DC-27-0001. The Grantee is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Grantee's failure to comply with federal requirements.

Funds made available pursuant to this agreement shall be used only for expenses incurred in performing and accomplishing such purposes and activities during the grant period described above. Notwithstanding all other provisions of this agreement, it is understood that any reduction or termination of Housing and Urban Development funds provided to the State may result in a reduction to the Grantee.

Where provisions of the Grantee's Application are inconsistent with other provisions of this agreement, the other provisions of this agreement shall take precedence over the provisions of the Application.

(c) Unexpended Funds. The Grantee must promptly return to the State any unexpended funds that have not been accounted for annually in a financial report to the State due at grant closeout.

4.3 Contracting and Bidding Requirements. Per Minn. Stat. §471.345, grantees that are municipalities as defined in Subd. 1 must do the following if contracting funds from this grant contract agreement for any supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property.

(a) If the amount of the contract is estimated to exceed \$100,000, a formal notice and bidding process must be conducted in which sealed bids shall be solicited by public notice. Municipalities may, as a best value alternative, award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2)

(b) If the amount of the contract is estimated to exceed \$25,000 but not \$100,000, the contract may be made

either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. Municipalities may, as a best value alternative, award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2) and paragraph (c).

(c) If the amount of the contract is estimated to be \$25,000 or less, the contract may be made either upon quotation or in the open market, in the discretion of the governing body. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt. Alternatively, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2)

(d) Support documentation of the bidding process utilized to contract services must be included in the grantee's financial records, including support documentation justifying a single/sole source bid, if applicable.

(e) For projects that include construction work of \$25,000 or more, prevailing wage rules apply per; Minn. Stat. §§177.41 through 177.44 consequently, the bid request must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

5 Conditions of Payment

All services provided by the Grantee under this grant contract must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

6 Authorized Representative

The State's Authorized Representative is Andrew Barbes, Grants Specialist, 1st National Bank Building, Suite E200, 332 Minnesota Street, St. Paul, MN 55101-1351, (651) 259-7460, Andrew.Barbes@state.mn.us, or his/her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Project Director is John Schommer, Rehab Coordinator, Brainerd HRA, 324 East River Road, Brainerd, MN 56401, (218) 824-3232, john@brainerdhra.org or his/her successor. If the Grantee's Authorized Representative changes at any time during this grant contract, the Grantee must immediately notify the State.

7 Assignment, Amendments, Waiver, and Grant Contract Complete

7.1 Assignment. The Grantee shall neither assign nor transfer any rights or obligations under this grant contract without the prior written consent of the State, approved by the same parties who executed and approved this grant contract, or their successors in office.

7.2 Amendments. Any amendments to this grant contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract, or their successors in office.

7.3 Waiver. If the State fails to enforce any provision of this grant contract, that failure does not waive the provision or the State's right to enforce it.

7.4 Grant Contract Complete. This grant contract contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract, whether written or oral, may be used to bind either party.

8 Liability

The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract.

9 State Audits

Under Minn. Stat. § 16B.98, Subd.8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant agreement or transaction are subject to examination by the State and/or the State Auditor or Legislative Auditor, and the General Accounting Office of the U.S. Department of Housing and Urban Development as appropriate, for a minimum of six years from the end of this grant agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

Accounting methods must be in accordance with generally accepted accounting principles.

The Grantee shall comply with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). When a Grantee expends over \$750,000 in federal funds during their fiscal year, an A-133 audit is required to be submitted for that year.

10 Government Data Practices and Intellectual Property

10.1 Government Data Practices. The Grantee and State must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by the State under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant contract. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

10.2 Intellectual Property Rights.

- a) The STATE owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the works and documents created and paid for under this Contract. The "works" means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the GRANTEE, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this Contract. "Works" includes documents. The "documents" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the GRANTEE, its employees, agents, or subcontractors, in the performance of this Contract. The documents will be the exclusive property of the STATE and all such documents must be immediately returned to the STATE by the GRANTEE upon completion or cancellation of this Contract. To the extent possible, those works eligible for copyright protection under the United STATES Copyright Act will be deemed to be "works made for hire." The GRANTEE assigns all right, title, and interest it may have in the works and the documents to the STATE. The GRANTEE must, at the request of the STATE, execute all papers and perform all other acts necessary to transfer or record the STATE's ownership interest in the works and documents.
- b) Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the GRANTEE including its employees and subcontractors, in the performance of this Contract, the GRANTEE will immediately give the STATE's Authorized Representative written notice thereof, and must promptly furnish the STATE's Authorized Representative with complete information and/or disclosure thereon.
- c) The GRANTEE must perform all acts, and take all steps necessary to ensure that all intellectual property rights in the works and documents are the sole property of the STATE, and that neither GRANTEE nor its employees,

agents, or subcontractors retain any interest in and to the works and documents. The GRANTEE represents and warrants that the works and documents do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 8, the GRANTEE will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the STATE, at the GRANTEE's expense, from any action or claim brought against the STATE to the extent that it is based on a claim that all or part of the works or documents infringe upon the intellectual property rights of others. The GRANTEE will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the GRANTEE's or the STATE's opinion is likely to arise, the GRANTEE must, at the STATE's discretion, either procure for the STATE the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing works or documents as necessary and appropriate to obviate the infringement claim. This remedy of the STATE will be in addition to and not exclusive of other remedies provided by law.

11 Workers' Compensation

The Grantee certifies that it is in compliance with [Minn. Stat. §176.181](#), Subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

12 Publicity and Endorsement

12.1 Publicity. Any publicity regarding the subject matter of this grant contract must identify the State as the sponsoring agency and must not be released without prior written approval from the State's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract. All projects primarily funded by state grant appropriation must publicly credit the State of Minnesota, including on the grantee's website when practicable.

12.2 Endorsement. The Grantee must not claim that the State endorses its products or services.

13 Governing Law, Jurisdiction, and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

14 Termination

14.1 Termination by the State. The State may immediately terminate this grant contract with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for activities satisfactorily performed.

14.2 Termination for Cause. The State may immediately terminate this grant contract if the State finds that there has been a failure to comply with the provisions of this grant contract, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

14.3 Termination for Insufficient Funding. The State may immediately terminate this grant contract if:

- (a) Funding for Grant No. **CDAP-17-0019-O-FY18** is withdrawn by Department of Employment and Economic Development.
- (b) It does not obtain funding from the Minnesota Legislature [State Grant Funds Only]
- (c) Or, if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any

services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

14.4 In the event of cancellation. In the event of any cancellation under this provision, the GRANTEE shall cooperate fully with the STATE and help facilitate any transition for the provision of services by a different vendor. Failure to cooperate with or withholding any information or records requested by the STATE or a different vendor that impairs in any way the transition of the provision of services shall constitute a material breach of this grant contract, subjecting GRANTEE to liability for all damages incurred by the STATE resulting from such breach.

15 Data Disclosure

Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

16 Conflicts of Interest-Application Submittal

The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per [Minn.Stat. § 16B.98](#) and Department of Administration, Office of Grants Management, Policy Number 08-01 [Conflict of Interest Policy for State Grant-Making](#). When a conflict of interest concerning State grant-making is suspected, disclosed, or discovered, transparency shall be the guiding principle in addressing it.

In cases where a perceived, potential, or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the GRANTEE throughout the life of the grant agreement, they must immediately notify the STATE for appropriate action steps to be taken, as defined above.

The GRANTEE must complete a Conflict of Interest Disclosure agreement and attach it to their proposal.

17 Uniform Relocation Assistance and Real Property Acquisition Policies Act

Permanent easements of land required for any public facilities improvement made using SCDP funds, or in conjunction with SCDP activities, must be acquired in conformance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR 24). Budget modification, if necessary to achieve compliance, must be approved in writing by the State.

Unless otherwise approved in writing by State, use of SCDP funds to purchase real property is limited to the value established by appraisal(s) conducted in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. Reuse of real property that is acquired with SCDP funds must be approved by the State.

18 Assessments

Grantee will not assess the SCDP funds share of any public facilities project.

19 Debarment and Suspension Certification

(If applicable) The Grantee agrees to follow the President's Executive Order 12549 and the implementing regulation "Non-procurement Debarment and Suspension: Notice and Final Rule and Interim Final Rule," found at 53 FR 19189, May 26, 1988, as amended at 60 FR 33041, June 26, 1995, including Appendix B, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions;" unless excluded by law or regulation. Evidence that contractors are not debarred will be maintained over the life of the grant.

Eligible Contractors: All Grantees are required to verify that all contractors, subcontractors and sub-recipients are not listed on the Federal publication that lists debarred, suspended and ineligible contractors. Evidence of this determination must be readily available to the State throughout the life of the project.

20 Conflict of Interest Screening

The Grantee must comply with the Conflict of Interest provisions of Minn. Stat. § 471.87 – 471.88 and Subpart K of 24 CFR, Part 570.611 of the Code of Federal Regulations. Grantee will screen for conflicts of interest in any activity that involves individual assistance and exceptions for participation for individual assistance must be approved by DEED.

21 Federal Environmental Standards

Unless the State indicates otherwise and prior to release of funds, the Grantee is required to conduct an environmental review on project activities to comply with the National Environmental Policy Act of 1969 (NEPA), as amended. Disbursement of funds from the State will not occur until State has issued an environmental clearance to the Grantee.

Grantee must maintain environmental review documentation and records and make them available to the public.

22 Drug-free Workplace/Drug-Free Workplace Awareness Program

The Grantee agrees to provide a drug free workplace by notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying actions that will be taken against employees for violation of such prohibition. The Grantee must have an Awareness Program, or establish a drug free workplace awareness program to inform employees about the dangers of drug abuse, the availability of drug counseling and penalties for violations of the drug free workplace policy. Prior to release of funds, Grantee will provide evidence of a drug-free workplace to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

23 Prohibition of Excessive Force Policy

The Grantee agrees to adopt and enforce a policy to prohibit the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations (P.L. 101-144, Section 519). Prior to release of funds, Grantee will provide evidence of a Prohibition of Excessive Force Policy to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

24 Residential Anti-displacement and Relocation Assistance Plan

The Grantee agrees to adopt, make public and follow a "residential anti-displacement and relocation assistance plan" in accordance with Section 104(d) of the Housing and Community Development Act of 1974, as amended. This plan must include steps to minimize displacement of residents caused by project activities. Prior to release of funds, Grantee will provide evidence of a Residential Anti-displacement and Relocation Assistance Plan to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

25 Fair Housing

Grantee agrees to abide by and promote all Fair Housing Regulations during the grant period, including conducting at least one unique activity to affirmatively further fair housing each year that the grant remains open. Activities must be reported via the State's Annual Report each year.

26 Policies and Procedures

Where applicable and prior to release of funds, Grantee must approve and maintain policies and procedures which are consistent with the Application and consistent with current SCDP guidance and policy. All policies and procedures must adhere to federal and/or state requirements.

27 Federal Labor Standards

When applicable, Grantee must comply with all federal Davis Bacon and Related Act requirements (DBRA). Grantee must follow DEED's "12 Step Instructions" that are available on the SCDP portion of the DEED website in order to comply with DBRA. Grantee must submit the DEED "Notice of Contract Award" to DEED staff within 14 days of each contract award where DBRA applies and before using grant funds to pay contractors or subcontractors. For

projects involving a public facility or rental rehabilitation of eight or more units, copies of the first payroll for each contractor and/or subcontractor working on the project will be provided to DEED staff for review before any cash disbursements for the activity are issued by the State.

28 Use of Out of State Contractors

The Grantee must comply with Minnesota Statutes, Section 290.9705 by either:

- A. Depositing with the State, eight percent of every payment made to non-Minnesota construction contractors, where the contract exceeds \$50,000; or
- B. Receiving an exemption from this requirement from the Minnesota Department of Revenue.

29 Reporting

Grantee shall submit reports annually during the grant period to the State by October 15, or the date designated by the State. All other reports must be in accordance with the reporting requirements set forth in Minnesota Rule 4300.3200. Grantee shall use the reporting forms provided by the State.

30 Program Income

Program Income is defined as any income equal to or exceeding \$35,000 in a federal fiscal year (October 1-September 30) received by the Grantee from repayments on deferred or installment loans made from SCDP grants. Any income received from these SCDP loans that total less than \$35,000 in a federal fiscal year, is not Program Income, but must be reused for an SCDP approved purpose. Total Program Income expenditures for the year must be reported on the expenditures section of the annual report. Program Income must all be used before SCDP will provide a payment request form, if applicable.

Grantee agrees to have a "SCDP Income Reuse Plan" on file that states how Program Income and other funds generated from the grant will be reused. This plan should prescribe that funds will be reused for an approved SCDP purpose and be consistent with the Grantee's Application. If the funds received by the Grantee cannot be utilized by the Grantee within a reasonable amount of time, the State may ask for the funds.

Annual Post Closeout Program Income Reporting: Following grant closeout, the Grantee must report Program Income to the state by October 15 of each year. Reporting must include Program Income:

- Funds received during the federal fiscal year,
- Expended during the federal fiscal year, and the funds
- Balance at the end of the federal fiscal year.

This reporting will be completed online using the "[Post Closeout Online Reporting](#)" and if applicable the "Post Closeout Program Income Expenditure Reporting Form" located on the DEED/SCDP website. These forms can be found on this webpage: <http://mn.gov/deed/government/financial-assistance/community-funding/>.

Grantees should track Program Income (\$35,000 or more received in a fiscal year) and other income from SCDP loans (under \$35,000 in a year) with separate accounts. These funds do not include Minnesota Investment Funds.

Refer to SCDP A-Z Guide for additional information.

31 Procurement

The Grantee must maintain documentation that shows that professional services were procured in accordance with "The Common Rule," Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, at 24 CFR, Part 85, as amended. Services obtained from an HRA, RDC, or nonprofit organization do not have to be procured by competitive negotiation, but contracts for these services must only be on a cost reimbursement basis, accounted for in accordance with "The Common Rule."

All construction contracts will require competitive bidding, unless waived by the State.

32 Equal Employment & Section 3

Grantee must include Executive Order 11246 (Standard Federal Equal Employment Opportunity Construction Contract Specifications) as well as the Section 3 Clause §135.38, notice regarding economic opportunities for low and very low income persons in all Grantee bidding and contract documents for which the construction costs exceed \$100,000. All Grantees must have a Section 3 and Women or Minority-Owned Business plan documenting how they will promote the use of Section 3 and women or minority-owned contractors and collect the SCDP Section 3 and Women or Minority-Owned Business Certification form(s) from all contractors used on the project.

33 Public Hearing

The Grantee will hold a second public hearing (first was held for submission of Application) that includes a citizen participation opportunity midway through the implementation period to solicit public feedback on grant progress and results. The public hearing must be publicly advertised and minutes from the hearing and evidence that the hearing was publicly advertised will be provided to the State, if requested. Documentation that the second public hearing was held will be made on the final report to DEED.

34 Record Retention

The Grantee will maintain all grant related records and files for six years after grant closeout. If applicable, the Grantee will maintain files for all individual, SCDP deferred or installment loans until they have expired.

35 Bid Specifications

For projects that involve construction of public facilities, new housing construction, conversion for new housing, or rehabilitation of 8 housing units or more under 1 site: Grantee will provide State with bid specifications (not maps or architectural drawings) for review and approval.

36 Rental Development Agreement

When applicable and prior to release of funds, the Grantee will provide the State with a development agreement between the Grantee and developer and, if applicable, the management company who will manage the building(s). The agreement(s) will include provisions to ensure that rents and utility costs charged for housing units meet current DEED standards and incomes of tenants are within the current HUD section 8 limits. If applicable, the agreement would also ensure against the economic displacement (rents and utilities raised to above 30% of a household's gross, monthly income) of any current housing tenants.

37 National Objectives

All activities outlined in the Grantee Application and table contained in 4.1 shall meet a National Objective as outlined by the CDBG program. In the event that any facility used for multi-family rental housing no longer meets the Benefit to Low and Moderate Income People National Objective, the SCDP construction funds used to construct or renovate the facility will be returned to the State within a reasonable time frame. This provision will expire five years after the closeout date associated with the final Grant Adjustment Notice, unless a different time period is contained in the Application.

38 Lead Based Paint

For activities that involve the renovation of housing, the Grantee will follow the DEED lead policy.

39 Monitoring

The State shall monitor grantee performance as outlined in its Action Plan to HUD. The Grantee will make all books, records, documents, and accounting procedures and practices accessible for any monitoring. Monitoring will be based on forms provided by the State. The monitor may be in person or a request for information at any time during the grant and any time after grant closeout as needed.

The grantee will monitor the activities of the sub-recipient according to 2 CFR §200.303 and 2 CFR §200.331 as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the

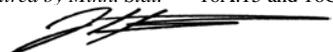
Sub-award; and that sub-award performance goals are achieved. Pass-through entity monitoring of the sub-recipient must include:

- (a) Reviewing financial and programmatic reports required by the pass-through entity.
- (b) Following-up and ensuring that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub-recipient from the pass through entity detected through audits, on-site reviews, and other means.
- (c) Issuing a management decision for audit findings pertaining to the Federal award provided to the sub-recipient 2 CFR §200.332 from the pass-through entity as required by 2 CFR §200.521 Management decision.

The State and Grantee acknowledge their assent to this agreement and agree to be bound by its terms through their signatures entered below.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. ' ' 16A.15 and 16C.05.

Signed:  _____
Date: 11/19/18

3. STATE AGENCY

By: _____
Title: _____
Date: _____

SWIFT Contract/PO No(s). 150337 PR 42562 PO 3-356987

2. GRANTEE

The Grantee certifies that the appropriate person(s) have executed the grant contract on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

Distribution:
Agency
Grantee
State ' s Authorized Representative

**STATE OF MINNESOTA
DUNS NO. 804832640
GRANT CONTRACT NO. CDAP-17-0047-O-FY18**

This grant contract is between the State of Minnesota, acting through the Department of Employment and Economic Development, Business and Community Development Division, (STATE) and the City of Emily, 39811 State Highway 6, Emily, MN 56447, Federal Tax Identification number: 41-6008803 ("GRANTEE").

Recitals

1. Under Minn. Stat. 116J.401 the State is empowered to enter into this grant.
2. The State is in need of units of local government to administer projects in accordance with the Small Cities Development Program (SCDP), Minnesota Rules chapter 4300.
3. The funds are intended to provide grant funds for eligible SCDP activities.
4. The Grantee represents that it is duly qualified and agrees to perform all activities and duties described in this grant contract to the satisfaction of the State.

Grant Contract

1 Terms of Grant Contract

1.1 Effective date: June 27, 2018, or the date the State obtains all required signatures under Minn. Stat. §16B.98, Subd. 5, whichever is later. Per Minn. Stat. §16B.98, Subd. 7, no payments will be made to the Grantee until this grant contract is fully executed. Per 24 CFR 570.489 the Grantee may receive reimbursement for approved expenses that occurred prior to the execution of this grant contract.

1.2 Expiration date: September 30, 2021, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

1.3 Survival of Terms. The following clauses survive the expiration or cancellation of this grant contract: 8. Liability; 9. Audits; 10. Government Data Practices and Intellectual Property; 12. Publicity and Endorsement; 13. Governing Law, Jurisdiction, and Venue; 15. Data Disclosure; 18. Assessments; and 30. Program Income.

2 Grantee's Duties

2.1 Duties, Deliverables, and Completion Dates. The Grantee, who is not a state employee, will: Comply with required grants management policies and procedures set forth.

The Grantee has made application to the State for the purpose of administering a SCDP project in the manner described in Grantee's "APPLICATION," which is incorporated into this agreement by reference.

The Grantee, who is not a state employee, is awarded funds to provide financial assistance to address the need for decent, safe, affordable housing, economic development and public facility needs, and provide a suitable living environment by expanding economic opportunities, principally benefiting low to moderate income households. The activities may include: Housing Rehabilitation – (This includes owner-occupied and single family, duplex and multi-family rental units), Commercial Rehabilitation, and Public Facility Improvements: (i.e., construction or improvements to water and wastewater systems, etc.)

Specific grantee activity will be detailed and set forth in Clause 4.1(a)

2.2 Provisions for Contracts and Sub-grants.

(a) Contract Provisions. The Grantee must include in any contract and sub-grant, in addition to provisions that

define a sound and complete agreement, such provisions that require contractors and sub-grantees to comply with applicable state and federal laws. Along with such provisions, the Grantee must require that contractors performing work covered by this grant be in compliance with all applicable.

(b) Ineligible Use of Grant Funds. (Not applicable to SCDP) The dollars awarded under this grant agreement are grant funds and shall only be used by Grantee or awarded by Grantee to third parties as grant funds and cannot take the form of a loan under any circumstance. Grantee shall not use, treat, or convert the grant funds into an interest bearing loan, a non-interest bearing loan, a deferred loan, a forgivable deferred loan or any other type of loan. Further, Grantee shall include in any contract or sub-grant awarding the grant funds to a third party all the provisions and requirements of this grant agreement, including the requirement that these dollars are grant funds only and cannot be used, treated or converted into any type of loan.

(c) Job Listing Agreements. Minn. Stat. § 116L.66, subd.1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives \$200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with MinnesotaWorks.net at www.minnesotaworks.net as soon as it occurs.

(d) Payment of Contractors and Subcontractors. The Grantee must ensure that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed.

3 Time

The grantee must comply with all of the time requirements described in this grant contract. In the performance of this grant, time is of the essence.

4 Compensation and Payment

4.1 Consideration. The State will pay for all services performed by the Grantee under this grant contract as follows:

(a) Compensation

Fed. Obj.	Activity Code	Activity Title	Unit Goal	Number of households/ persons served	Number of LMI households/ persons served	SCDP Funds	Other Funds	Total
LMH	14A	Res. Owner Rehab.	10	10	10	\$200,000	\$90,230	\$290,230
	21A	Administration				\$29,000	\$3,770.00	\$32,770
		Totals				\$229,000	\$94,000	\$323,000

(b) Travel Expense (does not apply to SCDP)

Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee as a result of this grant contract will not exceed \$0.00; provided that the Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Minnesota Management and Budget (MMB). The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

(c) Total Obligation. The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract will not exceed **\$229,000**.

(i) **Pre-award Costs.** Grantee may incur administrative costs prior to the fully executed grant agreement. This would include work on the environmental clearance, producing rehabilitation policies and procedures, and costs associated with attending SCDP implementation training

(ii) **Eligible Costs.** Eligible costs include the costs identified in the Section 4(a) of this Contract that are incurred during the contract period and are also eligible for the CDBG program.

4.2 Payment

(a) **Invoices.** The State will promptly pay the Grantee after the Grantee presents an itemized invoice for the services actually performed, and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule:

Payment requests will be processed on a bi-weekly calendar basis with the calendar being provided by the State. The total amount of grant funds requested must be two thousand dollars (\$2,000) or more in each payment request. The final payment request, and payment requests made in the two week periods prior to June 30 and September 30 of each year, may be under \$2,000.

The State has authority to withhold payment of administrative funds if adequate progress on contractual goals is not being met.

(b) **Federal Funds.** Payments under this grant contract will be made from federal funds obtained by the State through CFDA number 14.228, Title 1 of the Housing and Urban Development Act of 1974. Federal Award number B-17-DC-27-0001. The Grantee is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Grantee's failure to comply with federal requirements.

Funds made available pursuant to this agreement shall be used only for expenses incurred in performing and accomplishing such purposes and activities during the grant period described above. Notwithstanding all other provisions of this agreement, it is understood that any reduction or termination of Housing and Urban Development funds provided to the State may result in a reduction to the Grantee.

Where provisions of the Grantee's Application are inconsistent with other provisions of this agreement, the other provisions of this agreement shall take precedence over the provisions of the Application.

(c) **Unexpended Funds.** The Grantee must promptly return to the State any unexpended funds that have not been accounted for annually in a financial report to the State due at grant closeout.

4.3 Contracting and Bidding Requirements. Per Minn. Stat. §471.345, grantees that are municipalities as defined in Subd. 1 must do the following if contracting funds from this grant contract agreement for any supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property.

(a) If the amount of the contract is estimated to exceed \$100,000, a formal notice and bidding process must be conducted in which sealed bids shall be solicited by public notice. Municipalities may, as a best value alternative, award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2)

(b) If the amount of the contract is estimated to exceed \$25,000 but not \$100,000, the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. Municipalities may, as a best value alternative, award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2) and paragraph (c).

(c) If the amount of the contract is estimated to be \$25,000 or less, the contract may be made either upon

quotation or in the open market, in the discretion of the governing body. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt. Alternatively, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat. §16C.28, Subd. 1, paragraph (a), clause (2)

(d) Support documentation of the bidding process utilized to contract services must be included in the grantee's financial records, including support documentation justifying a single/sole source bid, if applicable.

(e) For projects that include construction work of \$25,000 or more, prevailing wage rules apply per; Minn. Stat. §§177.41 through 177.44 consequently, the bid request must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

5 Conditions of Payment

All services provided by the Grantee under this grant contract must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

6 Authorized Representative

The State's Authorized Representative is Andrew Barbes, Grants Specialist, 1st National Bank Building, Suite E200, 332 Minnesota Street, St. Paul, MN 55101-1351, (651) 259-7460, Andrew.Barbes@state.mn.us, or his/her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Project Director is John Schommer, Rehab Coordinator, Crow Wing County HRA, 324 East River Road, Brainerd, MN 56401, (218) 824-3232, john@brainerdhra.org or his/her successor. If the Grantee's Authorized Representative changes at any time during this grant contract, the Grantee must immediately notify the State.

7 Assignment, Amendments, Waiver, and Grant Contract Complete

7.1 Assignment. The Grantee shall neither assign nor transfer any rights or obligations under this grant contract without the prior written consent of the State, approved by the same parties who executed and approved this grant contract, or their successors in office.

7.2 Amendments. Any amendments to this grant contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract, or their successors in office.

7.3 Waiver. If the State fails to enforce any provision of this grant contract, that failure does not waive the provision or the State's right to enforce it.

7.4 Grant Contract Complete. This grant contract contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract, whether written or oral, may be used to bind either party.

8 Liability

The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract.

9 State Audits

Under Minn. Stat. § 16B.98, Subd.8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant agreement or transaction are subject to examination by the State and/or the State Auditor or Legislative Auditor, and the General Accounting Office of the U.S. Department of Housing and Urban Development as appropriate, for a minimum of six years from the end of this grant agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

Accounting methods must be in accordance with generally accepted accounting principles.

The Grantee shall comply with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). When a Grantee expends over \$750,000 in federal funds during their fiscal year, an A-133 audit is required to be submitted for that year.

10 Government Data Practices and Intellectual Property

10.1 Government Data Practices. The Grantee and State must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by the State under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant contract. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

10.2 Intellectual Property Rights.

- a) The STATE owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the works and documents created and paid for under this Contract. The "works" means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the GRANTEE, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this Contract. "Works" includes documents. The "documents" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the GRANTEE, its employees, agents, or subcontractors, in the performance of this Contract. The documents will be the exclusive property of the STATE and all such documents must be immediately returned to the STATE by the GRANTEE upon completion or cancellation of this Contract. To the extent possible, those works eligible for copyright protection under the United STATES Copyright Act will be deemed to be "works made for hire." The GRANTEE assigns all right, title, and interest it may have in the works and the documents to the STATE. The GRANTEE must, at the request of the STATE, execute all papers and perform all other acts necessary to transfer or record the STATE's ownership interest in the works and documents.
- b) Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the GRANTEE including its employees and subcontractors, in the performance of this Contract, the GRANTEE will immediately give the STATE's Authorized Representative written notice thereof, and must promptly furnish the STATE's Authorized Representative with complete information and/or disclosure thereon.
- c) The GRANTEE must perform all acts, and take all steps necessary to ensure that all intellectual property rights in the works and documents are the sole property of the STATE, and that neither GRANTEE nor its employees, agents, or subcontractors retain any interest in and to the works and documents. The GRANTEE represents and warrants that the works and documents do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 8, the GRANTEE will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the STATE, at the GRANTEE's expense, from any action or claim brought against the STATE to the extent that it is based on a claim that all or part of the works or documents infringe upon the intellectual property rights of others. The GRANTEE will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the GRANTEE's or the STATE's opinion is likely to arise, the GRANTEE must, at the STATE's

discretion, either procure for the STATE the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing works or documents as necessary and appropriate to obviate the infringement claim. This remedy of the STATE will be in addition to and not exclusive of other remedies provided by law.

11 Workers' Compensation

The Grantee certifies that it is in compliance with [Minn. Stat. §176.181](#), Subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

12 Publicity and Endorsement

12.1 Publicity. Any publicity regarding the subject matter of this grant contract must identify the State as the sponsoring agency and must not be released without prior written approval from the State's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract. All projects primarily funded by state grant appropriation must publicly credit the State of Minnesota, including on the grantee's website when practicable.

12.2 Endorsement. The Grantee must not claim that the State endorses its products or services.

13 Governing Law, Jurisdiction, and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

14 Termination

14.1 Termination by the State. The State may immediately terminate this grant contract with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for activities satisfactorily performed.

14.2 Termination for Cause. The State may immediately terminate this grant contract if the State finds that there has been a failure to comply with the provisions of this grant contract, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

14.3 Termination for Insufficient Funding. The State may immediately terminate this grant contract if:

- (a) Funding for Grant No. **CDAP-17-0047-O-FY18** is withdrawn by Department of Employment and Economic Development.
- (b) It does not obtain funding from the Minnesota Legislature [State Grant Funds Only]
- (c) Or, if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

14.4 In the event of cancellation. In the event of any cancellation under this provision, the GRANTEE shall cooperate fully with the STATE and help facilitate any transition for the provision of services by a different vendor. Failure to cooperate with or withholding any information or records requested by the STATE or a different vendor that impairs in any way the transition of the provision of services shall constitute a material breach of this grant contract, subjecting GRANTEE to liability for all damages incurred by the STATE resulting from such breach.

15 Data Disclosure

Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

16 Conflicts of Interest-Application Submittal

The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per [Minn.Stat. § 16B.98](#) and Department of Administration, Office of Grants Management, Policy Number 08-01 [Conflict of Interest Policy for State Grant-Making](#). When a conflict of interest concerning State grant-making is suspected, disclosed, or discovered, transparency shall be the guiding principle in addressing it.

In cases where a perceived, potential, or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the GRANTEE throughout the life of the grant agreement, they must immediately notify the STATE for appropriate action steps to be taken, as defined above.

The GRANTEE must complete a Conflict of Interest Disclosure agreement and attach it to their proposal.

17 Uniform Relocation Assistance and Real Property Acquisition Policies Act

Permanent easements of land required for any public facilities improvement made using SCDP funds, or in conjunction with SCDP activities, must be acquired in conformance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR 24). Budget modification, if necessary to achieve compliance, must be approved in writing by the State.

Unless otherwise approved in writing by State, use of SCDP funds to purchase real property is limited to the value established by appraisal(s) conducted in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. Reuse of real property that is acquired with SCDP funds must be approved by the State.

18 Assessments

Grantee will not assess the SCDP funds share of any public facilities project.

19 Debarment and Suspension Certification

(If applicable) The Grantee agrees to follow the President's Executive Order 12549 and the implementing regulation "Non-procurement Debarment and Suspension: Notice and Final Rule and Interim Final Rule," found at 53 FR 19189, May 26, 1988, as amended at 60 FR 33041, June 26, 1995, including Appendix B, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions;" unless excluded by law or regulation. Evidence that contractors are not debarred will be maintained over the life of the grant.

Eligible Contractors: All Grantees are required to verify that all contractors, subcontractors and sub-recipients are not listed on the Federal publication that lists debarred, suspended and ineligible contractors. Evidence of this determination must be readily available to the State throughout the life of the project.

20 Conflict of Interest Screening

The Grantee must comply with the Conflict of Interest provisions of Minn. Stat. § 471.87 – 471.88 and Subpart K of 24 CFR, Part 570.611 of the Code of Federal Regulations. Grantee will screen for conflicts of interest in any activity

that involves individual assistance and exceptions for participation for individual assistance must be approved by DEED.

21 Federal Environmental Standards

Unless the State indicates otherwise and prior to release of funds, the Grantee is required to conduct an environmental review on project activities to comply with the National Environmental Policy Act of 1969 (NEPA), as amended. Disbursement of funds from the State will not occur until State has issued an environmental clearance to the Grantee.

Grantee must maintain environmental review documentation and records and make them available to the public.

22 Drug-free Workplace/Drug-Free Workplace Awareness Program

The Grantee agrees to provide a drug free workplace by notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying actions that will be taken against employees for violation of such prohibition. The Grantee must have an Awareness Program, or establish a drug free workplace awareness program to inform employees about the dangers of drug abuse, the availability of drug counseling and penalties for violations of the drug free workplace policy. Prior to release of funds, Grantee will provide evidence of a drug-free workplace to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

23 Prohibition of Excessive Force Policy

The Grantee agrees to adopt and enforce a policy to prohibit the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations (P.L. 101-144, Section 519). Prior to release of funds, Grantee will provide evidence of a Prohibition of Excessive Force Policy to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

24 Residential Anti-displacement and Relocation Assistance Plan

The Grantee agrees to adopt, make public and follow a "residential anti-displacement and relocation assistance plan" in accordance with Section 104(d) of the Housing and Community Development Act of 1974, as amended. This plan must include steps to minimize displacement of residents caused by project activities. Prior to release of funds, Grantee will provide evidence of a Residential Anti-displacement and Relocation Assistance Plan to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

25 Fair Housing

Grantee agrees to abide by and promote all Fair Housing Regulations during the grant period, including conducting at least one unique activity to affirmatively further fair housing each year that the grant remains open. Activities must be reported via the State's Annual Report each year.

26 Policies and Procedures

Where applicable and prior to release of funds, Grantee must approve and maintain policies and procedures which are consistent with the Application and consistent with current SCDP guidance and policy. All policies and procedures must adhere to federal and/or state requirements.

27 Federal Labor Standards

When applicable, Grantee must comply with all federal Davis Bacon and Related Act requirements (DBRA). Grantee must follow DEED's "12 Step Instructions" that are available on the SCDP portion of the DEED website in order to comply with DBRA. Grantee must submit the DEED "Notice of Contract Award" to DEED staff within 14 days of each contract award where DBRA applies and before using grant funds to pay contractors or subcontractors. For projects involving a public facility or rental rehabilitation of eight or more units, copies of the first payroll for each contractor and/or subcontractor working on the project will be provided to DEED staff for review before any cash disbursements for the activity are issued by the State.

28 Use of Out of State Contractors

The Grantee must comply with Minnesota Statutes, Section 290.9705 by either:

- A. Depositing with the State, eight percent of every payment made to non-Minnesota construction contractors, where the contract exceeds \$50,000; or
- B. Receiving an exemption from this requirement from the Minnesota Department of Revenue.

29 Reporting

Grantee shall submit reports annually during the grant period to the State by October 15, or the date designated by the State. All other reports must be in accordance with the reporting requirements set forth in Minnesota Rule 4300.3200. Grantee shall use the reporting forms provided by the State.

30 Program Income

Program Income is defined as any income equal to or exceeding \$35,000 in a federal fiscal year (October 1-September 30) received by the Grantee from repayments on deferred or installment loans made from SCDP grants. Any income received from these SCDP loans that total less than \$35,000 in a federal fiscal year, is not Program Income, but must be reused for an SCDP approved purpose. Total Program Income expenditures for the year must be reported on the expenditures section of the annual report. Program Income must all be used before SCDP will provide a payment request form, if applicable.

Grantee agrees to have a "SCDP Income Reuse Plan" on file that states how Program Income and other funds generated from the grant will be reused. This plan should prescribe that funds will be reused for an approved SCDP purpose and be consistent with the Grantee's Application. If the funds received by the Grantee cannot be utilized by the Grantee within a reasonable amount of time, the State may ask for the funds.

Annual Post Closeout Program Income Reporting: Following grant closeout, the Grantee must report Program Income to the state by October 15 of each year. Reporting must include Program Income:

- Funds received during the federal fiscal year,
- Expended during the federal fiscal year, and the funds
- Balance at the end of the federal fiscal year.

This reporting will be completed online using the "Post Closeout Online Reporting" and if applicable the "Post Closeout Program Income Expenditure Reporting Form" located on the DEED/SCDP website. These forms can be found on this webpage: <http://mn.gov/deed/government/financial-assistance/community-funding/>.

Grantees should track Program Income (\$35,000 or more received in a fiscal year) and other income from SCDP loans (under \$35,000 in a year) with separate accounts. These funds do not include Minnesota Investment Funds.

Refer to SCDP A-Z Guide for additional information.

31 Procurement

The Grantee must maintain documentation that shows that professional services were procured in accordance with "The Common Rule," Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, at 24 CFR, Part 85, as amended. Services obtained from an HRA, RDC, or nonprofit organization do not have to be procured by competitive negotiation, but contracts for these services must only be on a cost reimbursement basis, accounted for in accordance with "The Common Rule."

All construction contracts will require competitive bidding, unless waived by the State.

32 Equal Employment & Section 3

Grantee must include Executive Order 11246 (Standard Federal Equal Employment Opportunity Construction Contract Specifications) as well as the Section 3 Clause §135.38, notice regarding economic opportunities for low and very low income persons in all Grantee bidding and contract documents for which the construction costs exceed \$100,000. All Grantees must have a Section 3 and Women or Minority-Owned Business plan documenting how they will promote the use of Section 3 and women or minority-owned contractors and collect the SCDP Section 3 and

Women or Minority-Owned Business Certification form(s) from all contractors used on the project.

33 Public Hearing

The Grantee will hold a second public hearing (first was held for submission of Application) that includes a citizen participation opportunity midway through the implementation period to solicit public feedback on grant progress and results. The public hearing must be publicly advertised and minutes from the hearing and evidence that the hearing was publicly advertised will be provided to the State, if requested. Documentation that the second public hearing was held will be made on the final report to DEED.

34 Record Retention

The Grantee will maintain all grant related records and files for six years after grant closeout. If applicable, the Grantee will maintain files for all individual, SCDP deferred or installment loans until they have expired.

35 Bid Specifications

For projects that involve construction of public facilities, new housing construction, conversion for new housing, or rehabilitation of 8 housing units or more under 1 site: Grantee will provide State with bid specifications (not maps or architectural drawings) for review and approval.

36 Rental Development Agreement

When applicable and prior to release of funds, the Grantee will provide the State with a development agreement between the Grantee and developer and, if applicable, the management company who will manage the building(s). The agreement(s) will include provisions to ensure that rents and utility costs charged for housing units meet current DEED standards and incomes of tenants are within the current HUD section 8 limits. If applicable, the agreement would also ensure against the economic displacement (rents and utilities raised to above 30% of a household's gross, monthly income) of any current housing tenants.

37 National Objectives

All activities outlined in the Grantee Application and table contained in 4.1 shall meet a National Objective as outlined by the CDBG program. In the event that any facility used for multi-family rental housing no longer meets the Benefit to Low and Moderate Income People National Objective, the SCDP construction funds used to construct or renovate the facility will be returned to the State within a reasonable time frame. This provision will expire five years after the closeout date associated with the final Grant Adjustment Notice, unless a different time period is contained in the Application.

38 Lead Based Paint

For activities that involve the renovation of housing, the Grantee will follow the DEED lead policy.

39 Monitoring

The State shall monitor grantee performance as outlined in its Action Plan to HUD. The Grantee will make all books, records, documents, and accounting procedures and practices accessible for any monitoring. Monitoring will be based on forms provided by the State. The monitor may be in person or a request for information at any time during the grant and any time after grant closeout as needed.

The grantee will monitor the activities of the sub-recipient according to 2 CFR §200.303 and 2 CFR §200.331 as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the Sub-award; and that sub-award performance goals are achieved. Pass-through entity monitoring of the sub-recipient must include:

- (a) Reviewing financial and programmatic reports required by the pass-through entity.

- (b) Following-up and ensuring that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub-recipient from the pass through entity detected through audits, on-site reviews, and other means.
- (c) Issuing a management decision for audit findings pertaining to the Federal award provided to the sub-recipient 2 CFR §200.332 from the pass-through entity as required by 2 CFR §200.521 Management decision.

The State and Grantee acknowledge their assent to this agreement and agree to be bound by its terms through their signatures entered below.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. ' ' 16A.15 and 16C.05.

Signed:  _____

Date: 11/19/18 _____

SWIFT Contract/PO No(s) 150366 PR 42557 PO 3-356992

3. STATE AGENCY

By: _____

Title: _____

Date: _____

2. GRANTEE

The Grantee certifies that the appropriate person(s) have executed the grant contract on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

Distribution:
 Agency
 Grantee
 State ' s Authorized Representative

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Housing Rehabilitation Guidelines

OWNER-OCCUPIED

City of Brainerd

I. PURPOSE

The City of Brainerd shall assist eligible applicants for rehabilitation of private properties with Small Cities Development Program (SCDP) funds. These funds will be used for housing rehabilitation through deferred loans. These procedures and regulations describe eligibility criteria and program distribution.

II. APPLICANT ELIGIBILITY

Applicant Selection

Those homeowners on the list of interested applicants, as submitted in the SCDP application, will be those selected first. If funds are available, any additional homeowners wanting to participate will be taken on a first-come, first-served basis.

General

Previous recipients of program benefits are ineligible.

Residence

Homes must be located within the Northeast Brainerd target neighborhood as delineated in the SCDP grant application and must be the applicant's principal place of residence.

Taxes/Insurance/Assessments/Liens

All property taxes must be paid in full prior to application approval and property owners will be expected to carry insurance that, at a minimum, covers the costs of the rehabilitation work over the life of the SCDP loan. There should be no tax liens or past-due assessments or judgments on the property.

Ownership Requirements

- A. The applicant(s) for rehabilitation assistance must possess at least a one-half interest in one of the following types of ownership in the property to be improved:
 1. Fee title
 2. Life estate
 3. Fee title or life estate subject to a mortgage or other lien securing a debt
 4. Mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments. An applicant purchasing property by Land Sales Contract must provide titleholder's written approval before proceeding.
- B. Ownership includes the titleholders and their spouses.
- C. If an applicant is separated, the spouse must also sign all forms necessary for the completion of rehabilitation.
- D. If an applicant is divorced but the spouse still holds title, the spouse must either quit claim his/her interest or a divorce decree must be provided which states sole ownership (not only occupancy) in the applicant's name.
- E. Property cannot be for sale.

Occupancy Requirements for Property to be Rehabilitated

Applicants must occupy the property as their principal place of residence. Applicants shall reside in the home at time of application and must occupy the property for at least nine months of the year. Property must be classified homestead.

Income Eligibility

- A. Annual income will be used to determine eligibility.
- B. Annual income will be based on current income.
- C. Income includes:
 - Wages or salaries, including commissions, bonuses, overtime pay and tips

- Business income for self-employed individuals
- Rental or real estate income, including payments received from properties being sold on Contracts for Deed
- Interest and dividends
- Gains from the sale of property or securities
- Estate or trust income
- Pensions and annuities, including PERA, Social Security, V
- Any financial assistance including but not limited to AFDC, SSI, Welfare, Unemployment Compensation and Worker's Compensation.

Child support, alimony, and social security received by applicant's children shall not be considered as income. Foster children will not be counted in on family size and the income received for support of foster children will not be used to compute total income.

- D. Income will be based on the primary wage earners of household, thus excluding income from dependents.
- E. If applicant is self-employed and derives income from a business that he/she owns or co-owns, an average of the net income over a two-year period will be evaluated to determine income. Any net loss average for two years will be counted as –0– for eligibility purposes but will be deducted from other income sources for affordability.
- F. If a portion of this applicant's income is from a part-time business operation, the average of the part-time income for the previous two years will be added to current income.
- G. If applicant has been self-employed for less than two years, his/her business income for one year will be used to determine income. Proration will be used for partial years.
- H. If applicant is seasonally employed, current income and any unemployment compensation will be prorated based on past two years' work history.
- I. In order to participate, applicant's annual income cannot exceed the following: Gross income limits for deferred loan assistance are the same as those income limits established by the U. S. Department of Housing and Urban Development (HUD) for low income assisted housing (80% of median income for Crow Wing County). These limits will be updated within 30 days of HUD notification of revised income limits for the area.
- J. Source of income – If an applicant has no verifiable source of income, funding cannot be approved.

Asset Limits

The asset limitation per eligible household is \$50,000.

Assets shall include the following items:

- A. Cash on hand or in checking accounts
- B. Cash in savings accounts, including accounts held in trust
- C. Cash value of securities or U.S. Savings Bonds
- D. Certificates of Deposit and money market certificates
- E. Cash surrender value of life insurance policies
- F. All interests in real estate, excluding the structure to be improved and a parcel of real property of not more than 40 acres on which the structure is located. Included in this determination is any land in which any resident of the household holds title and is selling on Contract for Deed. The value of Contract for Deed property shall be defined as 100% of the outstanding balance on the contract. The asset value of real property will be defined as the estimated market value stated on the current property tax statement minus any indebtedness.
- G. All other personal property, exclusive of household furnishings, clothing, and one automobile. The asset value of other personal property is the current market value of the items minus existing indebtedness.
- H. Real estate, equipment, supplies, and inventory used in a business shall not be considered in the asset determination.

Verification of Income and Assets

Written verification of all sources of income and assets shall be required. The following are acceptable:

- A. Third-party income verifications
- B. Previous two years' tax returns
- C. Income verification forms completed by employer, agency, institution (bank, insurance company, etc.)
- D. Visual verification form signed by program administrator
- E. Copy of current savings passbook or certificate
- F. Other documentation as appropriate
- G. Combination of the above as needed to verify all income and assets

Income and asset verification shall be current (within 90 days of the initial housing inspection for the rehab program).

III. ELIGIBLE IMPROVEMENTS

All improvements eligible for financial assistance under the City's Housing Rehabilitation Program must be physically attached to the property and be permanent in nature. The following types of improvements are eligible:

- A. Clearance of all lead hazards that are reported through the lead risk assessment done on each dwelling.
- B. Any improvement required to bring the unit up to rehabilitation standards of the county and HRA as provided by the grant application. These units will be considered "standard" when completed.
- C. Any improvement necessary to bring the property into conformance with Minnesota Energy Conservation Standards.
- D. Accessibility improvements that accommodate a resident's movement or mobility limitations. Ramps, grab bars, widened doorways, and changes in bathroom fixture types and placement are examples of accessibility improvements. The need for accessibility improvements must be justified according to the type of disability, level of benefit and necessity to meet a priority need such as a safe entry/exit or personal hygiene.
- E. Only those substandard units that can be rehabilitated within the cost guidelines of the program are eligible. If units are not suitable for rehabilitation, other alternatives will be explored by HRA staff (rental assistance, public housing, etc.).

Definition of Suitable for Rehab: It is the policy of all housing programs administered by the HRA that only those dwellings determined to be suitable for rehab will be improved. To be suitable for rehab, the cost of rehabilitating the unit to a standard condition shall not exceed the pre-rehab market value of the dwelling and the total rehab costs shall not exceed \$35,000. For those homes that do not meet the above definition, a case-by-case determination will be made as to whether other housing options are available, or if not, to proceed with rehabilitation of the existing dwelling.

- F. Each property must have at least one first priority improvement from the following priority list to be eligible:

1st PRIORITY – Homes with health or safety problems (faulty heating systems, faulty wiring, lead paint hazard, or other conditions considered hazardous to health and safety).

2nd PRIORITY – Homes in greatest need of insulation and energy conservation measures (lack of insulation, inefficient heating system, excessive infiltration).

3rd PRIORITY – Homes with basic structural deficiencies (foundation work, roofing, siding, windows and doors, inadequate plumbing, heating and electrical systems).

The following improvements are ineligible:

1. Construction or installation of garages, fireplaces, air conditioning, decks, patios, porches, fences, landscaping, sidewalks, and driveways. However, repairs to these items, which would render existing installations free from clear and imminent health or safety hazards, are eligible.
2. Additions unless the unit is overcrowded.
3. Grant funds may not be used for refinancing.

IV. DEFERRED LOANS

Assistance provided with SCDP funds will be in the form of deferred payment loans. In order for this program to be as cost-effective as possible, applicants will be required to have applied for Weatherization Assistance through the local provider. The remaining improvement costs will be funded through a deferred loan using SCDP funds up to a deferred loan maximum of \$20,000.

Repayment

All SCDP funds will be secured with a lien against the property to be rehabilitated. A recipient of a deferred loan shall sign a repayment agreement with the City of Brainerd. **If the rehabilitated property is sold, transferred, or otherwise conveyed within ten (10) years from the date upon which the loan was issued, then the recipient shall repay all or some portion of their SCDP loan.** The percentage of the loan amount that must be repaid is gradually forgiven over the appropriate lien term according to the following schedule:

- Within a period of **one (1)** year after the date of the deferred loan, owner shall repay to the City a sum equal to the **full** amount of the deferred loan;
- Within the **second** year after the date of the deferred loan; owner shall repay to the City a sum equal to **90%** of the amount of the deferred loan;
- Within the **third** year after the date of the deferred loan; owner shall repay to the City a sum equal to **80%** of the amount of the deferred loan;
- Within the **fourth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **70%** of the amount of the deferred loan;
- Within the **fifth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **60%** of the amount of the deferred loan;
- Within the **sixth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **50%** of the amount of the deferred loan;
- Within the **seventh** year after the date of the deferred loan; owner shall repay to the City a sum equal to **40%** of the amount of the deferred loan;
- Within the **eighth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **30%** of the amount of the deferred loan;
- Within the **ninth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **20%** of the amount of the deferred loan; and
- Within the **tenth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **10%** of the amount of the deferred loan.

After 10 years, no repayment shall be due and the deferred loan will be forgiven. If the recipient sells the property to an LMI household, the buyer may assume the loan and the City shall require no repayment. Income of the buyer must be verified.

Home Improvement Loans

An applicant getting a home improvement loan will arrange appropriate loan terms and conditions with a participating lender. HRA staff will provide assistance in working with local lenders to expedite all required loans. If an applicant is unable to secure the required bank loan, SCDP funds may be used to make the required loan at similar terms to the MHFA home improvement loan program. No loans have been made in the past and the HRA anticipates no need for a direct loan under this program. If such a need arises, the HRA will request approval from the Department of Employment and Economic Development.

V. STANDARD OPERATING PROCEDURES

Administration

John Schommer – Rehab Coordinator
LeAnn Goltz – Executive Assistant
Jennifer Bergman – Executive Director

City staff, under the direction of the city clerk-treasurer, will perform all accounting and financial management.

Homeowner Application

Homeowner application will consist of homeowner/HRA interview and the homeowner's submittal of a complete application, including attachments and verifications.

The interview will cover:

- A. Explanation of the SCDP Rehab Program, including rehab standards, eligible improvements, loan structuring, probable ability to repay a loan, pertinent rehab administrative and loan procedures, and applicant, contract, and City obligations.
- B. Lead-based paint poisoning warning (and signature on form) and brochures.
- C. Applicant comments and questions.
- D. Brief discussion of applicant's home improvement needs.

Data Privacy

Information on program applicants (including, but not limited to, credit reports, financial statements, income calculations, and asset information) is private data, which must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Solely for the purpose of administering the program, information may be made available to the members of the Brainerd HRA Board of Directors, HRA staff, and the staffs of participating agencies, organizations, or financing sources.

Application Review

The application will be reviewed for completeness and for income eligibility. All income and asset verifications will be completed. If the applicant is income eligible, he/she may continue with the Rehab Program. If not, the application will be filed under "Ineligible Applicants." Either way, applicants will be notified of their status and ineligibles will be asked to advise us of any future changes in income or family size that could change their income eligibility. They will also be referred to banks for possible low interest loans.

Historical Review

All homes that are to be rehabilitated will be reviewed by the State Historic Preservation Office prior to beginning of construction.

Initial Inspection/Scopes of Work

The HRA rehab coordinator will visit the applicant's property to note existing conditions and determine what improvements are needed to bring the property up to Housing Quality Standards.

For homes built prior to 1978, a risk assessment for lead will be performed prior to the work write-up. Lead clearance will be performed at completion. The property owner will sign a repayment agreement for the rehabilitation work prior to the clearance being done, which will include the costs for the risk assessment and clearance. The costs can only be waived if contractor bids do not allow for a cost-effective rehabilitation to occur.

Upon completion of the initial inspection and lead risk assessment, the rehab coordinator will draft a scope of work and go through it with the homeowner(s), get input on the recommended work, discuss possible alternatives for achieving Rehab Standards, and make any revisions necessary. The rehab coordinator will also complete a preliminary cost estimate.

If lead is found to be present, lead-certified contractors will be used to perform all lead-related work.

Securing Bids

The rehab coordinator will prepare a scope of work describing work specifications and attach a bid form. The applicant will be given the opportunity to secure bids on a competitive basis from at least two local contractors or select bidding contractors from the HRA list of approved contractors. Bids will be submitted directly to the rehab coordinator who will then review all bids with the applicant.

All bids shall relate only to improvements designated by staff in the work write-up. Any changes made in the scope of work by the homeowner after the inspection and work write-up by the rehab coordinator on the scope of work will be prohibited and ineligible for SCDP program funds. **All change orders must be approved by the**

rehab coordinator. The homeowner will be responsible for all costs associated with any extra work done by the contractor that is not in the scope of work.

Generally, the low bid will be accepted. If, for a valid reason, (irresponsible bidding, poor references, etc.) the homeowner does not wish to accept the low bid, the high bid may be accepted. If the accepted high bid is within 5% of the low bid, it will be included in the deferred loan amount. If it is more than 5% higher, the homeowner must pay the difference or the project must be re-bid. The HRA must approve all such changes and provide file documentation. If only one bid is received, it may be compared with the HRA cost estimate and if deemed reasonable, can be approved with agreement by both owner and HRA.

General Contractors

All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint work must be certified in accordance with DEED lead policy. Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully.

Repayment Agreement

A repayment agreement shall be signed by the homeowner(s) before the Proceed to Work Order is issued. The repayment agreement will be filed/recorded either after the project costs are known to be at the SCDP maximum, or after the project is completed to account for any possible change orders that may occur.

Loan Processing (Home Improvement Loan Applicants)

The applicant will visit a local lending institution participating in the program with the cost estimates and bids. The lender shall make the final determination of applicant acceptability based on credit history and repayment ability. For applicants eligible for an MHFA low-interest home improvement loan, the lender shall provide funds to pay the balance of home improvement costs not covered by the deferred loan. The loan obtained shall be payable to the City by the lending institution or the applicant at the loan closing date as indicated by the lending institution. The lending institution shall be solely responsible thereafter for servicing the loan. For applicants who are eligible for a partial deferred loan and will need financing at the current market interest rate for the balance of the rehab cost, the lender will determine appropriate loan terms with the applicant and be solely responsible for servicing the loan.

Rehab Contract

When all necessary funds to complete the rehab project have been committed, a Contractor-Owner Contract will be signed by the contractor and the homeowner. The contract specifies contractor and homeowner terms, conditions, and obligations, including start and completion dates, insurance, lead license number, termination conditions and proceed to work order will then be sent to the approved contractor. No work may begin until such order is issued.

Disbursement of Funds

After being certified as eligible to participate in the Homeowner Rehabilitation Program, the rehab coordinator shall proceed with executing the Deferred Loan Agreement and when executed by the homeowner's matching funds (if applicable) will be deposited with the City and disbursed before any SCDP funds are spent. No disbursement of funds shall be authorized until the rehab coordinator has approved that the work has been completed and all compliance requirements have been met. Approval shall be evidenced by an executed Contractor Payment Request signed by all parties including the owner.

Disbursement of funds shall be authorized by the rehab coordinator with approval by the applicant evidenced by a Contractor Payment Request signed by the applicant, HRA and contractor. Partial payments are allowed based on the amount of work completed to date. Lien waivers will be obtained for all payments made.

Change Orders

All change orders to the scope of work will require the signature of the homeowner, rehab coordinator, and contractor.

Interim Inspections

During the course of a project, the rehab coordinator will inspect ongoing work at least once every two weeks

to ensure compliance with scope of work specifications and contract terms and conditions. Inspections will be required before partial disbursement to ensure that the work, which the partial payment covers, is satisfactorily completed.

Final Inspection and Payment

When the rehab work is completed, the rehab coordinator shall conduct a final inspection to ensure that the work has been completed according to scope of work and contract and that it meets housing rehab standards for the program.

If the rehab is satisfactory, final payment to the contractor will be made. In turn, the contractor will submit to the rehab coordinator and homeowner lien waivers from himself, subcontractors, and material suppliers for the total costs of the rehab and sworn construction statements listing all subcontractors and material suppliers. Lead paint clearance inspections and testing will be done as soon as practical after all lead work is completed.

Rehab Closeout

Upon satisfactory rehab completion and lead clearance, the homeowner, contractor, and rehab coordinator shall sign a Contractor Payment Request. If lead work is involved, the lead clearance report will also be provided to the homeowner. Also, a close-out letter will be provided to the homeowner.

Appeal and Complaint Procedures

Applicants denied program participation or having other complaints concerning the housing rehab program may direct their complaint or appeal to the Brainerd HRA. The rehab coordinator who found the applicant ineligible for program participation or who is dealing with the rehab will make a written response to the complaint or appeal within fifteen (15) working days. The rehab coordinator will also contact the complainant and attempt to resolve the problem. If the complainant is not satisfied with the response, he/she may file a complaint with the HRA executive director. It will be presented to the HRA Board at its next regular meeting for a final decision. The Board's response will be made in writing to the complainant within five (5) working days. Final appeal may be made to Minnesota Department of Employment and Economic Development.

Conflict of Interest

Any potential conflicts of interest under Minnesota Statutes 471.88 shall be evaluated on the basis of a legal opinion to be requested from the City attorney. Approval must also be obtained from DEED for any and all potential conflicts. No rehab work may begin until such opinion has been made.

Affirmative Action

The HRA shall make available, advertise (through local media and door to door outreach), and disseminate information concerning the degree and forms of assistance available; the regulations governing the program; the eligibility criteria, sources and criteria of other rehabilitation loans available (Minnesota Housing Finance Agency, FHA, etc.); and other relevant information concerning programs to city residents, lenders and local realtors.

It shall be the policy of the HRA that no individual shall be discriminated against with respect to compensation, terms, conditions, or other privileges of employment, because of race, color, religion, creed, sex, familial status, national origin, disability, marital status, age, or status with respect to public assistance.

Fair Housing/Equal Opportunity

It is the policy of the City of Brainerd to work to further fair housing opportunities in its programs and to administer housing programs in a way that all residents of similar incomes have equal access to programs regardless of race, color, creed, assistance, disability, sexual orientation, or familial status.

No person or business will be denied services, contracts for project services, or access to program information and materials due to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. There will be no discrimination of persons in the administration of the rehabilitation program.

It is the policy of the City of Brainerd that marketing efforts will be such that no potentially eligible applicants or

providers of services are excluded from participation. Affirmative marketing will include efforts to reach people who have traditionally not participated in similar programs or have not been aware of available assistance. This includes, but is not limited to, single heads of households, people of color, or people with disabilities.

VI. DISPLACEMENT MINIMIZATION PLAN

Throughout Brainerd HRA's history of rehab program administration, no displacement due to rehab has ever occurred. Household disruptions from construction or from essential service interruptions have never been great enough to render the housing unit temporarily uninhabitable.

If any improvements involve lead paint surfaces (window replacement, for example), the family will be counseled with regard to vacating the unit temporarily by staying with friends or family. If no such options exist, SCDP funds will be used for temporary relocation at a local motel.

VII. FLOOD PLAIN

No homes in the current target area are located in a flood plain. A flood plain determination will be contained in each applicant file.

VIII. AMENDMENTS

These guidelines may be amended as necessary with City Council approval and will be submitted to the Department of Employment and Economic Development for review.

SCDP REHAB STANDARDS

FOUNDATION - Correct deficiencies such as settling and upheaval caused by frost, straighten crooked floors, replace any severely cracked or crumbling areas of foundation, and caulk all minor cracks.

ROOF - All roofs with wood shingles, with two or more layers of deteriorated asphalt or with leaking and water damage will be re-roofed. All existing shingles will be removed and all worn and rotted roof boards replaced. If numerous roof boards are rotted, new roof sheeting will be applied. All shingles to be at least 25-year laminated with at least 15# felt underlayment, ice and water shield and metal roof edge. Also, all fascia that is worn and rotted will be replaced.

SIDING AND TRIM - All siding and trim that is worn rotted or will no longer hold paint will be replaced, normally with vinyl siding. Siding and trim that is generally in good condition but needs paint will be thoroughly scraped and all scraped and unprimed areas will be primed with quality oil base primer and painted two coats; finish coats may be either oil base or latex.

WATER - Test all water for coliform bacteria and nitrates. If problem exists that cannot be corrected through disinfecting of well or there is no well, a 4" well will be drilled with new pump and pressure system. If existing water problems can be solved with a conditioner, then rental of same will be recommended. For wells with potable water but problems such as lack of pressure or antiquated systems, corrective measures will be taken as necessary. All abandoned wells will be capped as per state requirements.

SEWER - All non-functioning or non-existing systems will be replaced with either a two tank or one tank and drain field system as each particular case dictates. All plugged or slow drain lines will be opened or replaced

ELECTRICAL - All 30-amp systems will be upgraded to at least 100 amp with breakers. All 60-amp systems will be upgraded to at least 100 amp except small houses with few occupants and additional service is not necessary.

- All kitchens to have at least two 20-amp appliance circuits and GFCI outlets.
- All bathrooms to have GFCI outlets and vent fans.
- All floors and all bedrooms to have smoke detectors, battery or electric
- All rooms to have additional outlets as required by code.
- All existing wiring, outlets, and lights checked and corrected or replaced.
- All entrances to have switched lights.
- All knob and tube wiring to be removed and replaced.
- Wire water heater for off-peak as appropriate.

PLUMBING - Replace all inoperable or obsolete fixtures. Repair others as necessary. Install shut-off valves on all supply lines to new fixtures. Install venting in drain lines as needed. All water heaters to be checked for efficiency of operation and repaired or replaced as needed.

HEATING - All homes to be equipped with some form of central heat with at least 80% efficiency.

STAIRWAYS - All interior and exterior stairs of three or more steps will have handrails and will be reconstructed, if necessary, to as close to state building codes regarding stairways as possible.

CHIMNEYS - All chimneys venting gas or wood burning appliances will have Class A liners. All badly deteriorated chimneys will be replaced. All chimneys will be checked and tuck-pointed as necessary.

CARBON MONOXIDE DETECTORS - All units with gas, oil or wood heat to have at least one carbon monoxide detector installed.

KITCHENS - Adequate storage and food preparation space will be provided by installing or replacing cabinets and countertop.

BATHROOMS - All facilities including tub, shower, toilet, sink and vent fan will be repaired, replaced, or

installed as needed. All stools will be equipped with anti-syphon filler assemblies.

LEAD-BASED PAINT - Any interior or exterior paint which is chipped and peeling and which may contain lead will be scraped and repainted or the material will be removed and replaced. Also, lead-safe work practices will be adhered to by all contractors.

NOTE: Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.

REHABILITATION PROGRAMS for LOW-MODERATE INCOME HOMEOWNERS

ENERGY EFFICIENCY STANDARDS

All homes will receive a preliminary inspection relating to energy conservation improvements. Upon completion of rehabilitation, all homes will meet or exceed state energy standards.

Also, for all homes inspected that do not qualify for rehabilitation under this program, the homeowner will receive a report so that he may pursue energy conservation improvements on his own.

All homes will be rehabilitated to the following standards:

- I. **HEATING SYSTEMS**
 - A. All heating systems upgraded to at least 80% efficient systems.
- II. **CAULKING**
 - A. Caulking of all points of possible air infiltration.
 - B. Caulking or otherwise insulating of all points of exfiltration into attic.
- III. **WATER HEATER**
 - A. Replace with an energy efficient heater, install insulation jacket, and insulate hot water pipes throughout basement or cellar area.
- IV. **WINDOWS - DEPENDING UPON CONDITION**
 - A. If any sign of deterioration exists, replace with double pane insulated glass units.
 - B. If replacement is not needed, completely weatherstrip windows, install sash locks, replace broken or cracked glass, and re-glaze.
- V. **DOORS - DEPENDING UPON CONDITION**
 - A. Replace all hollow or panel type doors with metal clad insulated pre-hung doors (complete assembly).
 - B. If replacement is not needed, tighten or replace weatherstripping and threshold.
- VI. **ELECTRICAL BOXES**
 - A. Install gaskets on all boxes located in exterior walls.
- VII. **STORM WINDOWS AND DOORS - DEPENDING UPON CONDITION**
 - A. If any deterioration exists, replace windows with combinations and doors with lifetime insulated storm doors.
 - B. If replacement is not necessary, tighten and re-glaze.
- VIII. **ATTIC INSULATION**
 - A. Insulate entire attic space including any access doors with minimum of R-40 with R-50 wherever possible.
- IX. **VENTILATION**
 - A. Install ventilation to code.
- X. **KNEE WALLS**
 - A. Insulate to R-19 (5 ½" fiberglass)
- XI. **EXTERIOR WALLS**
 - A. Insulate to highest R-factor possible.
- XII. **CRAWL SPACE OR CELLAR AREA**
 - A. Insulate entire perimeter to two feet below ground level to R-19.

*NOTE: *Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.*

Housing Rehabilitation Guidelines

RENTER-OCCUPIED

City of Brainerd

I. PURPOSE

The City of Brainerd shall assist eligible applicants for rehabilitation of private properties with Small Cities Development Program (SCDP) funds. These funds will be used for housing rehabilitation through deferred loans. These procedures and regulations describe eligibility criteria and program distribution.

II. APPLICANT ELIGIBILITY

Applicant Selection

Selection will be based on a priority system of need for a number of basic safety and livability improvements. A selection rating system will be used based on those needs.

General

Previous recipients of program benefits are ineligible.

Residence

Rental units must be located within the Northeast Brainerd target neighborhood as delineated in the SCDP grant application.

Ownership Requirements

- A. The applicant(s) for rehabilitation assistance must possess at least a one-half interest in one of the following types of ownership in the property to be improved:
 1. Fee title
 2. Life estate
 3. Fee title or life estate subject to a mortgage or other lien securing a debt
 4. Mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments. An applicant purchasing property by Land Sales Contract must provide titleholder's written approval before proceeding.
- B. Ownership includes the titleholders and their spouses.
- C. If an applicant is separated, the spouse must also sign all forms necessary for the completion of rehabilitation.
- D. If an applicant is divorced but the spouse still holds title, the spouse must either quit claim his/her interest or a divorce decree must be provided which states sole ownership (not only occupancy) in the applicant's name.
- E. Property cannot be for sale.

Occupancy Requirements for Property to be Rehabilitated

A minimum of 51% of the rental units must be occupied by low-moderate income tenants as determined by HUD (80% of Crow Wing County median income). Income of tenants must be verified and must remain throughout the term of the loan.

Income Eligibility

- A. Annual income will be used to determine eligibility.
- B. Annual income will be based on current income.
- C. Income includes:
 - Wages or salaries, including commissions, bonuses, overtime pay and tips
 - Business income for self-employed individuals

- Rental or real estate income, including payments received from properties being sold on Contracts for Deed
- Interest and dividends
- Gains from the sale of property or securities
- Estate or trust income
- Pensions and annuities, including PERA, Social Security, V
- Any financial assistance including but not limited to AFDC, SSI, Welfare, Unemployment Compensation and Worker's Compensation.

Child support, alimony, and social security received by applicant's children shall not be considered as income. Foster children will not be counted in on family size and the income received for support of foster children will not be used to compute total income.

- D. Income will be based on the primary wage earners of household, thus excluding income from dependents.
- E. If the tenant is self-employed and derives income from a business that he/she owns or co-owns, an average of the net income over a two-year period will be evaluated to determine income. Any net loss average for two years will be counted as -0- for eligibility purposes but will be deducted from other income sources for affordability.
- F. If a portion of this applicant's income is from a part-time business operation, the average of the part-time income for the previous two years will be added to current income.
- G. If tenant has been self-employed for less than two years, his/her business income for one year will be used to determine income. Proration will be used for partial years.
- H. If tenant is seasonally employed, current income and any unemployment compensation will be prorated based on past two years' work history.

Verification of Income

Written verification of all sources of income shall be required. The following are acceptable:

- A. Third-party income verifications
- B. Previous two years' tax returns
- C. Income verification forms completed by employer, agency, institution (bank, insurance company, etc.)
- D. Visual verification form signed by program administrator
- E. Copy of current savings passbook or certificate
- F. Other documentation as appropriate
- G. Combination of the above as needed to verify all income and assets

Income verification shall be current (within 90 days of the initial housing inspection for the rehab program).

III. ELIGIBLE IMPROVEMENTS

All improvements eligible for financial assistance under the City's Housing Rehabilitation Program must be physically attached to the property and be permanent in nature. The following types of improvements are eligible:

- A. Clearance of all lead hazards that are reported through the lead risk assessment done on each dwelling.
- B. Any improvement required to bring the unit up to rehabilitation standards of the county and HRA as provided by the grant application. These units will be considered "standard" when completed.
- C. Any improvement necessary to bring the property into conformance with Minnesota Energy Conservation Standards.

- D. Accessibility improvements that accommodate a resident's movement or mobility limitations. Ramps, grab bars, widened doorways, and changes in bathroom fixture types and placement are examples of accessibility improvements. The need for accessibility improvements must be justified according to the type of disability, level of benefit and necessity to meet a priority need such as a safe entry/exit or personal hygiene.
- E. Only those substandard units that can be rehabilitated within the cost guidelines of the program are eligible. If units are not suitable for rehabilitation, other alternatives will be explored by HRA staff (rental assistance, public housing, etc.).

Definition of Suitable for Rehab: It is the policy of all housing programs administered by the HRA that only those dwellings determined to be suitable for rehab will be improved. To be suitable for rehab, the cost of rehabilitating the unit to a standard condition shall not exceed the pre-rehab market value of the dwelling and the total rehab costs shall not exceed \$35,000. For those homes that do not meet the above definition, a case-by-case determination will be made as to whether other housing options are available, or if not, to proceed with rehabilitation.

- F. Each property must have at least one first priority improvement from the following priority list to be eligible:

1st PRIORITY – Homes with health or safety problems (faulty heating systems, faulty wiring, lead paint hazard, or other conditions considered hazardous to health and safety).

2nd PRIORITY – Homes in greatest need of insulation and energy conservation measures (lack of insulation, inefficient heating system, excessive infiltration).

3rd PRIORITY – Homes with basic structural deficiencies (foundation work, roofing, siding, windows and doors, inadequate plumbing, heating and electrical systems).

IV. DEFERRED LOANS

After determining eligibility, the applicant will be eligible for a deferred loan of the lesser of \$20,000.00 per unit for single-family rehab, \$12,500 per unit for mixed-use/duplex rehab, \$10,000 per unit for multi-family, or 70% of the rehab cost. The remaining improvement costs will be financed by the owner through a bank loan or personal funds.

Repayment

All SCDP funds will be secured with a lien against the property to be rehabilitated. A recipient of a deferred loan shall sign a repayment agreement with the City of Brainerd. **If the rehabilitated property is sold, transferred, or otherwise conveyed within ten (10) years from the date upon which the loan was issued, then the recipient shall repay all or some portion of their SCDP loan.** The percentage of the loan amount that must be repaid is gradually forgiven over the appropriate lien term according to the following schedule:

- Within a period of **one (1)** year after the date of the deferred loan, owner shall repay to the City a sum equal to the **full** amount of the deferred loan;
- Within the **second** year after the date of the deferred loan; owner shall repay to the City a sum equal to **90%** of the amount of the deferred loan;
- Within the **third** year after the date of the deferred loan; owner shall repay to the City a sum equal to **80%** of the amount of the deferred loan;
- Within the **fourth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **70%** of the amount of the deferred loan;
- Within the **fifth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **60%** of the amount of the deferred loan;
- Within the **sixth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **50%** of the amount of the deferred loan;
- Within the **seventh** year after the date of the deferred loan; owner shall repay to the City a sum equal

- to **40%** of the amount of the deferred loan;
- Within the **eighth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **30%** of the amount of the deferred loan;
- Within the **ninth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **20%** of the amount of the deferred loan; and
- Within the **tenth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **10%** of the amount of the deferred loan.

After 10 years, no repayment shall be due and the deferred loan will be forgiven.

Program Rent Limits

All rental units must be within the fair market rent limits established by HUD for Crow Wing County. Rents must stay within these limits for the repayment term of the program. Rent limits are adjusted annually by HUD and incremental annual rent increases are allowed with HRA approval as long as they do not exceed program rent limits. For any low-moderate income tenants, rents cannot be raised if they are paying more than 30% of their income for gross rent (rent plus tenant paid utilities).

V. STANDARD OPERATING PROCEDURES

Administration

John Schommer – Rehab Coordinator
 LeAnn Goltz – Executive Assistant
 Jennifer Bergman – Executive Director

City staff, under the direction of the city clerk-treasurer, will perform all accounting and financial management.

Owner Application

Owner application will consist of homeowner/HRA interview and the owner's submittal of a complete application, including attachments.

The interview will cover:

- Explanation of the SCDP Rehab Program, including rehab standards, eligible improvements, loan structuring, probable ability to repay a loan, pertinent rehab administrative and loan procedures, and applicant, contract, and City obligations.
- Lead-based paint poisoning warning (and signature on form) and brochures.
- Applicant comments and questions.
- Brief discussion of applicant's home improvement needs.

Data Privacy

Information on program applicants (including, but not limited to, credit reports, financial statements, income calculations, and asset information) is private data, which must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Solely for the purpose of administering the program, information may be made available to the members of the Brainerd HRA Board of Directors, HRA staff, and the staffs of participating agencies, organizations, or financing sources.

Application Review

The application will be reviewed for completeness and for income eligibility. If the applicant is eligible, he/she may continue with the Rehab Program. If not, the application will be filed under "Ineligible Applicants." Either way, applicants will be notified of their status and ineligible will be asked to advise us of any future changes in income or family size that could change their income eligibility.

Historical Review

All homes that are to be rehabilitated will be reviewed by the State Historic Preservation Office prior to beginning of construction.

Initial Inspection/Scopes of Work

The HRA rehab coordinator will visit the applicant's property to note existing conditions and determine what improvements are needed to bring the property up to Housing Rehab Standards.

For properties built prior to 1978, a risk assessment for lead will be performed prior to the work write-up. Lead clearance will be performed at completion. The property owner will sign a repayment agreement for the rehabilitation work prior to the clearance being done, which will include the costs for the risk assessment and clearance. The costs can only be waived if contractor bids do not allow for a cost-effective rehabilitation to occur.

Upon completion of the initial inspection and lead risk assessment, the rehab coordinator will draft a scope of work and go through it with the homeowner(s), get input on the recommended work, discuss possible alternatives for achieving Rehab Standards, and make any revisions necessary. The rehab coordinator will also complete a preliminary cost estimate.

If lead is found to be present, lead-certified contractors will be used to perform all lead-related work.

Securing Bids

The rehab coordinator will prepare a scope of work describing work specifications and attach a bid form. The applicant will be given the opportunity to secure bids on a competitive basis from at least two local contractors or select bidding contractors from the HRA list of approved contractors. Bids will be submitted directly to the rehab coordinator who will then review all bids with the applicant.

All bids shall relate only to improvements designated by staff in the work write-up. Any changes made in the scope of work by the homeowner after the inspection and work write-up by the rehab coordinator on the scope of work will be prohibited and ineligible for SCDP program funds. **All change orders must be approved by the rehab coordinator. The homeowner will be responsible for all costs associated with any extra work done by the contractor that is not in the scope of work.**

Generally, the low bid will be accepted. If, for a valid reason, (irresponsible bidding, poor references, etc.) the owner does not wish to accept the low bid, the high bid may be accepted. If the accepted high bid is within 5% of the low bid, it will be included in the deferred loan amount. If it is more than 5% higher, the owner must pay the difference or the project must be re-bid. The HRA must approve all such changes and provide file documentation. If only one bid is received, it may be compared with the HRA cost estimate and if deemed reasonable, can be approved with agreement by both owner and HRA.

General Contractors

All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint work must be certified in accordance with DEED lead policy. Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully.

Repayment Agreement

A repayment agreement shall be signed by the property owner(s) before the Proceed to Work Order is issued. The repayment agreement will be filed/recorded either after the project costs are known to be at the SCDP maximum, or after the project is completed to account for any possible change orders that may occur.

Rehab Contract

When all necessary funds to complete the rehab project have been committed, a Contractor-Owner Contract will be signed by the contractor and the owner. The contract specifies contractor and homeowner terms, conditions, and obligations, including start and completion dates, insurance, lead license number, termination conditions and proceed to work order will then be sent to the approved contractor. No work may begin until such order is issued.

Contract Award

The contract shall be awarded to the lowest base bid unless one of the following circumstances occurs:

- A. The bid is determined to be unrealistically low and the contractor agrees to withdraw the bid.

- B. The contractor has failed to follow the procedures as outlined in the instructions to the bidders.
- C. The building owner does not want the low contractor to perform the work and agrees to pay the difference between the lowest bid and the preferred contractor's bid.
- D. There appears to have been collusion between two or more contractors in which case all bids in the questionable trade category will be thrown out and different contractors solicited for bids.
- E. The contractor fails to bid according to the specifications and it proves impossible to compare that contractor's bid with other contractors.

Pre-Construction Conference

A preconstruction conference shall be conducted prior to issuance of a Notice to Proceed to discuss the contractors and owners responsibilities, the construction, monitoring and payment system. The Davis-Bacon and Related Acts, Equal Employment Opportunity, and Section 3 requirements will be emphasized at this time.

Disbursement of Funds

After being certified as eligible to participate in the Rental Rehabilitation Program, the rehab coordinator shall proceed with executing the Deferred Loan Agreement and when executed by the property owner's matching funds (if applicable) will be deposited with the City and disbursed before any SCDP funds are spent. No disbursement of funds shall be authorized until the rehab coordinator has approved that the work has been completed and all compliance requirements have been met. Approval shall be evidenced by an executed Contractor Payment Request signed by all parties including the owner.

Disbursement of funds shall be authorized by the rehab coordinator with approval by the applicant evidenced by a Contractor Payment Request signed by the applicant, HRA and contractor. Partial payments are allowed based on the amount of work completed to date. Lien waivers will be obtained for all payments made.

Change Orders

All change orders to the scope of work will require the signature of the owner, rehab coordinator, and contractor.

Interim Inspections

During the course of a project, the rehab coordinator will inspect ongoing work at least once every two weeks to ensure compliance with scope of work specifications and contract terms and conditions. Inspections will be required before partial disbursement to ensure that the work, which the partial payment covers, is satisfactorily completed.

Final Inspection and Payment

When the rehab work is completed, the rehab coordinator shall conduct a final inspection to ensure that the work has been completed according to scope of work and contract and that it meets housing rehab standards for the program.

If the rehab is satisfactory, final payment to the contractor will be made. In turn, the contractor will submit to the rehab coordinator and homeowner lien waivers from himself, subcontractors, and material suppliers for the total costs of the rehab and sworn construction statements listing all subcontractors and material suppliers. Lead paint clearance inspections and testing will be done as soon as practical after all lead work is completed.

Rehab Closeout

Upon satisfactory rehab completion and lead clearance, the owner, contractor, and rehab coordinator shall sign a Contractor Payment Request. If lead work is involved, the lead clearance report will also be provided to the owner. Also, a close-out letter will be provided to the owner.

Appeal and Complaint Procedures

Applicants denied program participation or having other complaints concerning the housing rehab program may direct their complaint or appeal to the Brainerd HRA. The rehab coordinator who found the applicant ineligible for program participation or who is dealing with the rehab will make a written response to the complaint or appeal within fifteen (15) working days. The rehab coordinator will also contact the complainant and attempt to resolve the problem. If the complainant is not satisfied with the response, he/she may file a

complaint with the HRA executive director. It will be presented to the HRA Board at its next regular meeting for a final decision. The Board's response will be made in writing to the complainant within five (5) working days. Final appeal may be made to Minnesota Department of Employment and Economic Development.

Conflict of Interest

Any potential conflicts of interest under Minnesota Statutes 471.88 shall be evaluated on the basis of a legal opinion to be requested from the City attorney. Approval must also be obtained from DEED for any and all potential conflicts. No rehab work may begin until such opinion has been made.

Affirmative Action

The HRA shall make available, advertise (through local media and door to door outreach), and disseminate information concerning the degree and forms of assistance available; the regulations governing the program; the eligibility criteria, sources and criteria of other rehabilitation loans available (Minnesota Housing Finance Agency, FHA, etc.); and other relevant information concerning programs to city residents, lenders and local realtors.

It shall be the policy of the HRA that no individual shall be discriminated against with respect to compensation, terms, conditions, or other privileges of employment, because of race, color, religion, creed, sex, familial status, national origin, disability, marital status, age, or status with respect to public assistance.

Fair Housing/Equal Opportunity

It is the policy of the City of Brainerd to work to further fair housing opportunities in its programs and to administer housing programs in a way that all residents of similar incomes have equal access to programs regardless of race, color, creed, assistance, disability, sexual orientation, or familial status.

No person or business will be denied services, contracts for project services, or access to program information and materials due to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. There will be no discrimination of persons in the administration of the rehabilitation program.

It is the policy of the City of Brainerd that marketing efforts will be such that no potentially eligible applicants or providers of services are excluded from participation. Affirmative marketing will include efforts to reach people who have traditionally not participated in similar programs or have not been aware of available assistance. This includes, but is not limited to, single heads of households, people of color, or people with disabilities.

VI. DISPLACEMENT MINIMIZATION PLAN

Throughout Brainerd HRA's history of rehab program administration, no displacement due to rehab has ever occurred. Household disruptions from construction or from essential service interruptions have never been great enough to render the housing unit temporarily uninhabitable.

If any improvements involve lead paint surfaces (to a great extent), the family will be counseled with regard to vacating the unit temporarily by staying with friends or family. If no such options exist, SCDP funds will be used for temporary relocation at a local motel. *Note: no past rehab has been extensive enough to require relocation.*

VII. FLOOD PLAIN

No properties in the current target area are located in a flood plain. A flood plain determination will be contained in each applicant file.

VIII. AMENDMENTS

These guidelines may be amended as necessary with City Council approval and will be submitted to the Department of Employment and Economic Development for review.

SCDP REHAB STANDARDS

FOUNDATION - Correct deficiencies such as settling and upheaval caused by frost, straighten crooked floors, replace any severely cracked or crumbling areas of foundation, and caulk all minor cracks.

ROOF - All roofs with wood shingles, with two or more layers of deteriorated asphalt or with leaking and water damage will be re-roofed. All existing shingles will be removed and all worn and rotted roof boards replaced. If numerous roof boards are rotted, new roof sheeting will be applied. All shingles to be at least 25-year laminated with at least 15# felt underlayment, ice and water shield and metal roof edge. Also, all fascia that is worn and rotted will be replaced.

SIDING AND TRIM - All siding and trim that is worn rotted or will no longer hold paint will be replaced, normally with vinyl siding. Siding and trim that is generally in good condition but needs paint will be thoroughly scraped and all scraped and unprimed areas will be primed with quality oil base primer and painted two coats; finish coats may be either oil base or latex.

WATER - Test all water for coliform bacteria and nitrates. If problem exists that cannot be corrected through disinfecting of well or there is no well, a 4" well will be drilled with new pump and pressure system. If existing water problems can be solved with a conditioner, then rental of same will be recommended. For wells with potable water but problems such as lack of pressure or antiquated systems, corrective measures will be taken as necessary. All abandoned wells will be capped as per state requirements.

SEWER - All non-functioning or non-existing systems will be replaced with either a two tank or one tank and drain field system as each particular case dictates. All plugged or slow drain lines will be opened or replaced

ELECTRICAL - All 30-amp systems will be upgraded to at least 100 amp with breakers. All 60-amp systems will be upgraded to at least 100 amp except small houses with few occupants and additional service is not necessary.

- All kitchens to have at least two 20-amp appliance circuits and GFCI outlets.
- All bathrooms to have GFCI outlets and vent fans.
- All floors and all bedrooms to have smoke detectors, battery or electric
- All rooms to have additional outlets as required by code.
- All existing wiring, outlets, and lights checked and corrected or replaced.
- All entrances to have switched lights.
- All knob and tube wiring to be removed and replaced.
- Wire water heater for off-peak as appropriate.

PLUMBING - Replace all inoperable or obsolete fixtures. Repair others as necessary. Install shut-off valves on all supply lines to new fixtures. Install venting in drain lines as needed. All water heaters to be checked for efficiency of operation and repaired or replaced as needed.

HEATING - All homes to be equipped with some form of central heat with at least 80% efficiency.

STAIRWAYS - All interior and exterior stairs of three or more steps will have handrails and will be reconstructed, if necessary, to as close to state building codes regarding stairways as possible.

CHIMNEYS - All chimneys venting gas or wood burning appliances will have Class A liners. All badly deteriorated chimneys will be replaced. All chimneys will be checked and tuck-pointed as necessary.

CARBON MONOXIDE DETECTORS - All units with gas, oil or wood heat to have at least one carbon monoxide detector installed.

KITCHENS - Adequate storage and food preparation space will be provided by installing or replacing cabinets and countertop.

BATHROOMS - All facilities including tub, shower, toilet, sink and vent fan will be repaired, replaced, or

installed as needed. All stools will be equipped with anti-syphon filler assemblies.

LEAD-BASED PAINT - Any interior or exterior paint which is chipped and peeling and which may contain lead will be scraped and repainted or the material will be removed and replaced. Also, lead-safe work practices will be adhered to by all contractors.

NOTE: Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.

**REHABILITATION PROGRAMS for LOW-MODERATE INCOME HOMEOWNERS
ENERGY EFFICIENCY STANDARDS**

All homes will receive a preliminary inspection relating to energy conservation improvements. Upon completion of rehabilitation, all homes will meet or exceed state energy standards.

Also, for all homes inspected that do not qualify for rehabilitation under this program, the homeowner will receive a report so that he may pursue energy conservation improvements on his own.

All homes will be rehabilitated to the following standards:

- I. HEATING SYSTEMS**
 - A. All heating systems upgraded to at least 80% efficient systems.
- II. CAULKING**
 - A. Caulking of all points of possible air infiltration.
 - B. Caulking or otherwise insulating of all points of exfiltration into attic.
- III. WATER HEATER**
 - A. Replace with an energy efficient heater, install insulation jacket, and insulate hot water pipes throughout basement or cellar area.
- IV. WINDOWS - DEPENDING UPON CONDITION**
 - A. If any sign of deterioration exists, replace with double pane insulated glass units.
 - B. If replacement is not needed, completely weatherstrip windows, install sash locks, replace broken or cracked glass, and re-glaze.
- V. DOORS - DEPENDING UPON CONDITION**
 - A. Replace all hollow or panel type doors with metal clad insulated pre-hung doors (complete assembly).
 - B. If replacement is not needed, tighten or replace weatherstripping and threshold.
- VI. ELECTRICAL BOXES**
 - A. Install gaskets on all boxes located in exterior walls.
- VII. STORM WINDOWS AND DOORS – DEPENDING UPON CONDITION**
 - A. If any deterioration exists, replace windows with combinations and doors with lifetime insulated storm doors.
 - B. If replacement is not necessary, tighten and re-glaze.
- VIII. ATTIC INSULATION**
 - A. Insulate entire attic space including any access doors with minimum of R-40 with R-50 wherever possible.
- IX. VENTILATION**
 - A. Install ventilation to code.
- X. KNEE WALLS**
 - A. Insulate to R-19 (5 ½" fiberglass)
- XI. EXTERIOR WALLS**
 - A. Insulate to highest R-factor possible.
- XII. CRAWL SPACE OR CELLAR AREA**
 - A. Insulate entire perimeter to two feet below ground level to R-19.

*NOTE: *Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.*

Commercial Rehabilitation Guidelines

City of Brainerd

I. PURPOSE

The City of Brainerd shall assist eligible applicants for rehabilitation of private commercial properties with Small Cities Development Program (SCDP) funds. These funds will be used for rehabilitation through deferred loans. These procedures and regulations describe eligibility criteria and program distribution.

II. APPLICANT ELIGIBILITY

General

Previous recipients of program benefits are ineligible.

Eligible Properties

Buildings must be located within the slum and blight areas as established by Brainerd in the SCDP grant application.

The property to be rehabilitated must be considered substandard and rehabilitation must be necessary for elimination of blighting influences.

Ownership Requirements

- A. The applicant(s) for rehabilitation assistance must possess at least a one-half interest in one of the following types of ownership in the property to be improved:
 1. Fee title
 2. Life estate
 3. Fee title or life estate subject to a mortgage or other lien securing a debt
 4. Mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments. An applicant purchasing property by Land Sales Contract must provide titleholder's written approval before proceeding.
- B. Ownership includes the titleholders and their spouses.
- C. If an applicant is separated, the spouse must also sign all forms necessary for the completion of rehabilitation.
- D. If an applicant is divorced but the spouse still holds title, the spouse must either quit claim his/her interest or a divorce decree must be provided which states sole ownership (not only occupancy) in the applicant's name.

Occupancy Requirements for Property to be Rehabilitated

The building may be occupied by the owner's business or may be leased property.

Vacant structures will be rehabilitated only if the owner has a signed contract with a tenant to occupy the space after it has been rehabilitated.

III. ELIGIBLE IMPROVEMENTS

All improvements eligible for financial assistance under the City's Housing Rehabilitation Program must be physically attached to the property and be permanent in nature. The following types of improvements are eligible:

- A. Any improvement required to bring the unit up to rehabilitation standards of the City and HRA as provided by the grant application. These units will be considered "standard" when completed.

- B. Any improvement necessary to bring the property into conformance with Minnesota Energy Conservation Standards.
- C. Accessibility improvements that accommodate a customer's movement or mobility limitations. Ramps, grab bars, widened doorways, and changes in bathroom fixture types and placement are examples of accessibility improvements. The need for accessibility improvements must be justified according to the type of disability, level of benefit and necessity to meet a priority need such as a safe entry/exit or personal hygiene.
- D. The rehabilitation work must be necessary to eliminate blighting influences as considered by the City's local slum and blight definition.
- E. Each improvement must be a permanent general improvement. Permanent general improvement shall include alterations, renovation or repairs upon and in connection with existing structures, which correct defects and deficiencies in the property affecting directly the aesthetics of the property or the safety, habitability, accessibility, of the structure.
- F. Improvements made to buildings must be in compliance with all applicable health, fire prevention, building and energy codes and standards provided, however, that no application shall be denied solely because the improvement will not bring such building into total compliance.
- G. Fire/safety code-related improvements.
- H. Exterior Improvements – This is the building envelope which includes items such as roofs, façade restoration, store fronts, exterior surface repair, cleaning, and/or painting.
- I. Awning/Signage – Signage must be simple identification signs only. Advertising signs and lighted or neon signs will not be allowed.
- J. Only those substandard units that can be rehabilitated within the cost guidelines of the program are eligible.

Definition of Suitable for Rehab

It shall be the policy of all rehab programs administered by the HRA that only those buildings determined to be suitable for rehab will be improved. To be suitable for rehab, the cost of rehabilitating the unit to a standard condition shall not exceed the pre-rehab market value of the dwelling. For those buildings that do not meet the above definition, a case-by-case determination will be made as to whether other options are available, or if not, to proceed with rehabilitation of the existing buildings.

- K. Each property must have at least one first priority improvement from the following priority list to be eligible:
 - 1st PRIORITY – Buildings with health or safety problems (faulty heating systems, faulty wiring, or other conditions considered hazardous to health and safety).
 - 2nd PRIORITY – Buildings in greatest need of insulation and energy conservation measures (lack of insulation, inefficient heating system, excessive infiltration).
 - 3rd PRIORITY – Buildings with basic structural deficiencies (foundation work, roofing, siding, windows and doors, inadequate plumbing, heating and electrical systems).
- L. The following improvements are ineligible:
 - 1. Construction or installation of garages, fireplaces, air conditioning, decks, patios, porches, fences, landscaping, sidewalks, and driveways. However, repairs to these items, which would render existing installations free from clear and imminent health or safety hazards, are eligible.

2. Grant funds may not be used for refinancing.
3. SCDP funds shall not be used for remodeling including, but not limited to, interior walls, ceilings, flooring, sidewalks, driveways, and landscaping. However, such improvements may be part of the owners match requirement.

IV. DEFERRED LOANS

After determining eligibility, the applicant will be eligible for a deferred loan of up to the lesser of \$40,000 or 80% of rehab costs. The remaining improvement costs will be financed by the owner through a bank loan or personal funds.

Repayment

All SCDP funds will be secured with a lien against the property to be rehabilitated. A recipient of a deferred loan shall sign a repayment agreement with the City of Brainerd. **If the rehabilitated property is sold, transferred, or otherwise conveyed within ten (10) years from the date upon which the loan was issued, then the recipient shall repay all or some portion of their SCDP loan.** The percentage of the loan amount that must be repaid is gradually forgiven over the appropriate lien term according to the following schedule:

- Within a period of **one (1)** year after the date of the deferred loan, owner shall repay to the City a sum equal to the **full** amount of the deferred loan;
- Within the **second** year after the date of the deferred loan; owner shall repay to the City a sum equal to **90%** of the amount of the deferred loan;
- Within the **third** year after the date of the deferred loan; owner shall repay to the City a sum equal to **80%** of the amount of the deferred loan;
- Within the **fourth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **70%** of the amount of the deferred loan;
- Within the **fifth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **60%** of the amount of the deferred loan;
- Within the **sixth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **50%** of the amount of the deferred loan;
- Within the **seventh** year after the date of the deferred loan; owner shall repay to the City a sum equal to **40%** of the amount of the deferred loan;
- Within the **eighth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **30%** of the amount of the deferred loan;
- Within the **ninth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **20%** of the amount of the deferred loan; and
- Within the **tenth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **10%** of the amount of the deferred loan.

After 10 years, no repayment shall be due and the deferred loan will be forgiven.

V. STANDARD OPERATING PROCEDURES

Administration

John Schommer – Rehab Coordinator
LeAnn Goltz – Executive Assistant
Jennifer Bergman – Executive Director

City staff, under the direction of the city clerk-treasurer, will perform all accounting and financial management.

Owner Application

Owner application will consist of owner/HRA interview and the owner's submittal of a complete application, including attachments and verifications.

The interview will cover:

- A. Explanation of the SCDP Rehab Program, including rehab standards, eligible improvements, loan structuring, pertinent rehab administrative and loan procedures, and applicant, contractor, and City obligations.
- B. Applicant comments and questions.
- C. Brief discussion of applicant's improvement needs.

Data Privacy

Information on program applicants (including, but not limited to, credit reports, financial statements, income calculations, and asset information) is private data, which must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Solely for the purpose of administering the program, information may be made available to the members of the Brainerd HRA Board of Directors, HRA staff, and the staffs of participating agencies, organizations, or financing sources.

Application Review

The application will be reviewed for completeness and for income eligibility. If the applicant is eligible, he/she may continue with the Rehab Program. If not, the application will be filed under "Ineligible Applicants." Either way, applicants will be notified of their status and ineligible applicants will be asked to advise us of any future changes in income or family size that could change their income eligibility.

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The HRA rehab coordinator will visit the applicant's property to note existing conditions and determine what improvements are needed to bring the property up to Rehab Standards.

The rehab coordinator will draft a scope of work and go through it with the owner(s), get input on the recommended work, discuss possible alternatives for achieving Rehab Standards, and make any revisions necessary. The rehab coordinator will also complete a preliminary cost estimate.

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The rehab coordinator will prepare a scope of work describing work specifications and attach a bid form. The applicant will be given the opportunity to secure bids on a competitive basis from at least two local contractors or select bidding contractors from the HRA list of approved contractors. Bids will be submitted directly to the rehab coordinator who will then review all bids with the applicant.

All bids shall relate only to improvements designated by staff in the work write-up. Any changes made in the scope of work by the homeowner after the inspection and work write-up by the rehab coordinator on the scope of work will be **prohibited** and **ineligible** for SCDP program funds. **All change orders must be approved by the rehab coordinator. The homeowner will be responsible for all costs associated with any extra work done by the contractor that is not in the scope of work.**

Generally, the low bid will be accepted. If, for a valid reason, (irresponsible bidding, poor references, etc.) the owner does not wish to accept the low bid, the high bid may be accepted. If the accepted high bid is within 5% of the low bid, it will be included in the deferred loan amount. If it is more than 5% higher, the owner must pay the difference or the project must be re-bid. The HRA must approve all such changes and provide file documentation. If only one bid is received, it may be compared with the HRA cost estimate and if deemed reasonable, can be approved with agreement by both owner and HRA.

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- B. The contractor has failed to follow the procedures as outlined in the instructions to the bidders.
- C. The building owner does not want the low contractor to perform the work and agrees to pay the difference between the lowest bid and the preferred contractor's bid.
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A preconstruction conference shall be conducted prior to issuance of a Notice to Proceed to discuss the contractors and owners responsibilities, the construction, monitoring and payment system. The Davis-Bacon and Related Acts, Equal Employment Opportunity, and Section 3 requirements will be emphasized at this time.

Disbursement of Funds

After being certified as eligible to participate in the Commercial Rehabilitation Program, the rehab coordinator shall proceed with executing the Deferred Loan Agreement and when executed by the property owner's matching funds (if applicable) will be deposited with the City and disbursed before any SCDP funds are spent. No disbursement of funds shall be authorized until the rehab coordinator has approved that the work has been completed and all compliance requirements have been met. Approval shall be evidenced by an executed Contractor Payment Request signed by all parties including the owner.

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ineligible for program participation or who is dealing with the rehab will make a written response to the complaint or appeal within fifteen (15) working days. The rehab coordinator will also contact the complainant and attempt to resolve the problem. If the complainant is not satisfied with the response, he/she may file a complaint with the HRA executive director. It will be presented to the HRA Board at its next regular meeting for a final decision. The Board's response will be made in writing to the complainant within five (5) working days. Final appeal may be made to Minnesota Department of Employment and Economic Development.

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It shall be the policy of the HRA that no individual shall be discriminated against with respect to compensation, terms, conditions, or other privileges of employment, because of race, color, religion, creed, sex, familial status, national origin, disability, marital status, age, or status with respect to public assistance.

Davis-Bacon and Related Acts

Davis-Bacon and Related Acts (Labor Standards) will apply to all projects whose total rehab costs exceed \$2,000.

Fair-Housing/Equal Opportunity

It is the policy of the City of Brainerd to work to further fair housing opportunities in its programs and to administer housing programs in a way that all residents of similar incomes have equal access to programs regardless of race, color, creed, assistance, disability, sexual orientation, or familial status.

No person or business will be denied services, contracts for project services, or access to program information and materials due to race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. There will be no discrimination of persons in the administration of the Rehabilitation Program.

It is the policy of the City of Brainerd that marketing efforts will be such that no potentially eligible applicants or providers of services are excluded from participation. Affirmative marketing will include efforts to reach people who have traditionally not participated in similar programs or have not been aware of available assistance. This includes, but is not limited to, single heads of households, people of color, or people with disabilities.

VI. DISPLACEMENT MINIMIZATION PLAN

Throughout Brainerd HRA's history of rehab program administration, no displacement due to rehab has ever occurred. Household disruptions from construction or from essential service interruptions have never been great enough to render the housing unit temporarily uninhabitable.

If any improvements involve lead paint surfaces (to a great extent), the family will be counseled with regard to vacating the unit temporarily by staying with friends or family. If no such options exist, SCDP funds will be used for temporary relocation.

VII. FLOOD PLAIN

No properties in the current target area are located in a flood plain. A flood plain determination will be contained in each applicant file.

VIII. AMENDMENTS

These guidelines may be amended as necessary with City Council approval and will be submitted to the Department of Employment and Economic Development for review.

SCDP REHAB STANDARDS

FOUNDATION - Correct deficiencies such as settling and upheaval caused by frost, straighten crooked floors, replace any severely cracked or crumbling areas of foundation, and caulk all minor cracks.

ROOF - All roofs with wood shingles, with two or more layers of deteriorated asphalt or with leaking and water damage will be re-roofed. All existing shingles will be removed and all worn and rotted roof boards replaced. If numerous roof boards are rotted, new roof sheeting will be applied. All shingles to be at least 25-year laminated with at least 15# felt underlayment, ice and water shield and metal roof edge. Also, all fascia that is worn and rotted will be replaced.

SIDING AND TRIM - All siding and trim that is worn rotted or will no longer hold paint will be replaced, normally with vinyl siding. Siding and trim that is generally in good condition but needs paint will be thoroughly scraped and all scraped and unprimed areas will be primed with quality oil base primer and painted two coats; finish coats may be either oil base or latex.

WATER - Test all water for coliform bacteria and nitrates. If problem exists that cannot be corrected through disinfecting of well or there is no well, a 4" well will be drilled with new pump and pressure system. If existing water problems can be solved with a conditioner, then rental of same will be recommended. For wells with potable water but problems such as lack of pressure or antiquated systems, corrective measures will be taken as necessary. All abandoned wells will be capped as per state requirements.

SEWER - All non-functioning or non-existing systems will be replaced with either a two tank or one tank and drain field system as each particular case dictates. All plugged or slow drain lines will be opened or replaced

ELECTRICAL - All 30-amp systems will be upgraded to at least 100 amp with breakers. All 60-amp systems will be upgraded to at least 100 amp except small houses with few occupants and additional service is not necessary.

- All kitchens to have at least two 20-amp appliance circuits and GFCI outlets.
- All bathrooms to have GFCI outlets and vent fans.
- All floors and all bedrooms to have smoke detectors, battery or electric
- All rooms to have additional outlets as required by code.
- All existing wiring, outlets, and lights checked and corrected or replaced.
- All entrances to have switched lights.
- All knob and tube wiring to be removed and replaced.
- Wire water heater for off-peak as appropriate.

PLUMBING - Replace all inoperable or obsolete fixtures. Repair others as necessary. Install shut-off valves on all supply lines to new fixtures. Install venting in drain lines as needed. All water heaters to be checked for efficiency of operation and repaired or replaced as needed.

HEATING - All homes to be equipped with some form of central heat with at least 80% efficiency.

STAIRWAYS - All interior and exterior stairs of three or more steps will have handrails and will be reconstructed, if necessary, to as close to state building codes regarding stairways as possible.

CHIMNEYS - All chimneys venting gas or wood burning appliances will have Class A liners. All badly deteriorated chimneys will be replaced. All chimneys will be checked and tuck-pointed as necessary.

CARBON MONOXIDE DETECTORS - All units with gas, oil or wood heat to have at least one carbon monoxide detector installed.

KITCHENS - Adequate storage and food preparation space will be provided by installing or replacing cabinets and countertop.

BATHROOMS - All facilities including tub, shower, toilet, sink and vent fan will be repaired, replaced, or installed as needed. All stools will be equipped with anti-syphon filler assemblies.

LEAD-BASED PAINT - Any interior or exterior paint which is chipped and peeling and which may contain lead will be scraped and repainted or the material will be removed and replaced. Also, lead-safe work practices will be adhered to by all contractors.

NOTE: Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.

REHABILITATION PROGRAMS for LOW-MODERATE INCOME HOMEOWNERS ENERGY EFFICIENCY STANDARDS

All homes will receive a preliminary inspection relating to energy conservation improvements. Upon completion of rehabilitation, all homes will meet or exceed state energy standards.

Also, for all homes inspected that do not qualify for rehabilitation under this program, the homeowner will receive a report so that he may pursue energy conservation improvements on his own.

All homes will be rehabilitated to the following standards:

- I. HEATING SYSTEMS**
 - A. All heating systems upgraded to at least 80% efficient systems.

- II. CAULKING**
 - A. Caulking of all points of possible air infiltration.
 - B. Caulking or otherwise insulating of all points of exfiltration into attic.

- III. WATER HEATER**
 - A. Replace with an energy efficient heater, install insulation jacket, and insulate hot water pipes throughout basement or cellar area.

- IV. WINDOWS - DEPENDING UPON CONDITION**
 - A. If any sign of deterioration exists, replace with double pane insulated glass units.
 - B. If replacement is not needed, completely weatherstrip windows, install sash locks, replace broken or cracked glass, and re-glaze.

- V. DOORS - DEPENDING UPON CONDITION**
 - A. Replace all hollow or panel type doors with metal clad insulated pre-hung doors (complete assembly).
 - B. If replacement is not needed, tighten or replace weatherstripping and threshold.

- VI. ELECTRICAL BOXES**
 - A. Install gaskets on all boxes located in exterior walls.

- VII. STORM WINDOWS AND DOORS - DEPENDING UPON CONDITION**
 - A. If any deterioration exists, replace windows with combinations and doors with lifetime insulated storm doors.
 - B. If replacement is not necessary, tighten and re-glaze.

- VIII. ATTIC INSULATION**
 - A. Insulate entire attic space including any access doors with minimum of R-40 with R-50 wherever possible.

- IX. VENTILATION**
 - A. Install ventilation to code.

- X. KNEE WALLS**
 - A. Insulate to R-19 (5 ½" fiberglass)

- XI. EXTERIOR WALLS**
 - A. Insulate to highest R-factor possible.

- XII. CRAWL SPACE OR CELLAR AREA**
 - A. Insulate entire perimeter to two feet below ground level to R-19.

*NOTE: *Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.*

Housing Rehabilitation Guidelines

OWNER-OCCUPIED

City of Emily

I. PURPOSE

The City of Emily shall assist eligible applicants for rehabilitation of private properties with Small Cities Development Program (SCDP) funds. These funds will be used for housing rehabilitation through deferred loans. These procedures and regulations describe eligibility criteria and program distribution.

II. APPLICANT ELIGIBILITY

Applicant Selection

Those homeowners on the list of interested applicants, as submitted in the SCDP application, will be those selected first. If funds are available, any additional homeowners wanting to participate will be taken on a first-come, first-served basis.

General

Previous recipients of program benefits are ineligible.

Residence

Homes must be located within the Northeast Emily target neighborhood as delineated in the SCDP grant application and must be the applicant's principal place of residence.

Taxes/Insurance/Assessments/Liens

All property taxes must be paid in full prior to application approval and property owners will be expected to carry insurance that, at a minimum, covers the costs of the rehabilitation work over the life of the SCDP loan. There should be no tax liens or past-due assessments or judgments on the property.

Ownership Requirements

- A. The applicant(s) for rehabilitation assistance must possess at least a one-half interest in one of the following types of ownership in the property to be improved:
 1. Fee title
 2. Life estate
 3. Fee title or life estate subject to a mortgage or other lien securing a debt
 4. Mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments. An applicant purchasing property by Land Sales Contract must provide titleholder's written approval before proceeding.
- B. Ownership includes the titleholders and their spouses.
- C. If an applicant is separated, the spouse must also sign all forms necessary for the completion of rehabilitation.
- D. If an applicant is divorced but the spouse still holds title, the spouse must either quit claim his/her interest or a divorce decree must be provided which states sole ownership (not only occupancy) in the applicant's name.
- E. Property cannot be for sale.

Occupancy Requirements for Property to be Rehabilitated

Applicants must occupy the property as their principal place of residence. Applicants shall reside in the home at time of application and must occupy the property for at least nine months of the year. Property must be classified homestead.

Income Eligibility

- A. Annual income will be used to determine eligibility.
- B. Annual income will be based on current income.
- C. Income includes:
 - Wages or salaries, including commissions, bonuses, overtime pay and tips

- Business income for self-employed individuals
- Rental or real estate income, including payments received from properties being sold on Contracts for Deed
- Interest and dividends
- Gains from the sale of property or securities
- Estate or trust income
- Pensions and annuities, including PERA, Social Security, V
- Any financial assistance including but not limited to AFDC, SSI, Welfare, Unemployment Compensation and Worker's Compensation.

Child support, alimony, and social security received by applicant's children shall not be considered as income. Foster children will not be counted in on family size and the income received for support of foster children will not be used to compute total income.

- D. Income will be based on the primary wage earners of household, thus excluding income from dependents.
- E. If applicant is self-employed and derives income from a business that he/she owns or co-owns, an average of the net income over a two-year period will be evaluated to determine income. Any net loss average for two years will be counted as –0– for eligibility purposes but will be deducted from other income sources for affordability.
- F. If a portion of this applicant's income is from a part-time business operation, the average of the part-time income for the previous two years will be added to current income.
- G. If applicant has been self-employed for less than two years, his/her business income for one year will be used to determine income. Proration will be used for partial years.
- H. If applicant is seasonally employed, current income and any unemployment compensation will be prorated based on past two years' work history.
- I. In order to participate, applicant's annual income cannot exceed the following: Gross income limits for deferred loan assistance are the same as those income limits established by the U. S. Department of Housing and Urban Development (HUD) for low income assisted housing (80% of median income for Crow Wing County). These limits will be updated within 30 days of HUD notification of revised income limits for the area.
- J. Source of income – If an applicant has no verifiable source of income, funding cannot be approved.

Asset Limits

The asset limitation per eligible household is \$50,000.

Assets shall include the following items:

- A. Cash on hand or in checking accounts
- B. Cash in savings accounts, including accounts held in trust
- C. Cash value of securities or U.S. Savings Bonds
- D. Certificates of Deposit and money market certificates
- E. Cash surrender value of life insurance policies
- F. All interests in real estate, excluding the structure to be improved and a parcel of real property of not more than 40 acres on which the structure is located. Included in this determination is any land in which any resident of the household holds title and is selling on Contract for Deed. The value of Contract for Deed property shall be defined as 100% of the outstanding balance on the contract. The asset value of real property will be defined as the estimated market value stated on the current property tax statement minus any indebtedness.
- G. All other personal property, exclusive of household furnishings, clothing, and one automobile. The asset value of other personal property is the current market value of the items minus existing indebtedness.
- H. Real estate, equipment, supplies, and inventory used in a business shall not be considered in the asset determination.

Verification of Income and Assets

Written verification of all sources of income and assets shall be required. The following are acceptable:

- A. Third-party income verifications
- B. Previous two years' tax returns
- C. Income verification forms completed by employer, agency, institution (bank, insurance company, etc.)
- D. Visual verification form signed by program administrator
- E. Copy of current savings passbook or certificate
- F. Other documentation as appropriate
- G. Combination of the above as needed to verify all income and assets

Income and asset verification shall be current (within 90 days of the initial housing inspection for the rehab program).

III. ELIGIBLE IMPROVEMENTS

All improvements eligible for financial assistance under the City's Housing Rehabilitation Program must be physically attached to the property and be permanent in nature. The following types of improvements are eligible:

- A. Clearance of all lead hazards that are reported through the lead risk assessment done on each dwelling.
- B. Any improvement required to bring the unit up to rehabilitation standards of the county and HRA as provided by the grant application. These units will be considered "standard" when completed.
- C. Any improvement necessary to bring the property into conformance with Minnesota Energy Conservation Standards.
- D. Accessibility improvements that accommodate a resident's movement or mobility limitations. Ramps, grab bars, widened doorways, and changes in bathroom fixture types and placement are examples of accessibility improvements. The need for accessibility improvements must be justified according to the type of disability, level of benefit and necessity to meet a priority need such as a safe entry/exit or personal hygiene.
- E. Only those substandard units that can be rehabilitated within the cost guidelines of the program are eligible. If units are not suitable for rehabilitation, other alternatives will be explored by HRA staff (rental assistance, public housing, etc.).

Definition of Suitable for Rehab: It is the policy of all housing programs administered by the HRA that only those dwellings determined to be suitable for rehab will be improved. To be suitable for rehab, the cost of rehabilitating the unit to a standard condition shall not exceed the pre-rehab market value of the dwelling and the total rehab costs shall not exceed \$35,000. For those homes that do not meet the above definition, a case-by-case determination will be made as to whether other housing options are available, or if not, to proceed with rehabilitation of the existing dwelling.

- F. Each property must have at least one first priority improvement from the following priority list to be eligible:

1st PRIORITY – Homes with health or safety problems (faulty heating systems, faulty wiring, lead paint hazard, or other conditions considered hazardous to health and safety).

2nd PRIORITY – Homes in greatest need of insulation and energy conservation measures (lack of insulation, inefficient heating system, excessive infiltration).

3rd PRIORITY – Homes with basic structural deficiencies (foundation work, roofing, siding, windows and doors, inadequate plumbing, heating and electrical systems).

The following improvements are ineligible:

1. Construction or installation of garages, fireplaces, air conditioning, decks, patios, porches, fences, landscaping, sidewalks, and driveways. However, repairs to these items, which would render existing installations free from clear and imminent health or safety hazards, are eligible.
2. Additions unless the unit is overcrowded.
3. Grant funds may not be used for refinancing.

IV. DEFERRED LOANS

Assistance provided with SCDP funds will be in the form of deferred payment loans. In order for this program to be as cost-effective as possible, applicants will be required to have applied for Weatherization Assistance through the local provider. The remaining improvement costs will be funded through a deferred loan using SCDP funds up to a deferred loan maximum of \$20,000.

Repayment

All SCDP funds will be secured with a lien against the property to be rehabilitated. A recipient of a deferred loan shall sign a repayment agreement with the City of Emily. **If the rehabilitated property is sold, transferred, or otherwise conveyed within ten (10) years from the date upon which the loan was issued, then the recipient shall repay all or some portion of their SCDP loan.** The percentage of the loan amount that must be repaid is gradually forgiven over the appropriate lien term according to the following schedule:

- Within a period of **one (1)** year after the date of the deferred loan, owner shall repay to the City a sum equal to the **full** amount of the deferred loan;
- Within the **second** year after the date of the deferred loan; owner shall repay to the City a sum equal to **90%** of the amount of the deferred loan;
- Within the **third** year after the date of the deferred loan; owner shall repay to the City a sum equal to **80%** of the amount of the deferred loan;
- Within the **fourth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **70%** of the amount of the deferred loan;
- Within the **fifth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **60%** of the amount of the deferred loan;
- Within the **sixth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **50%** of the amount of the deferred loan;
- Within the **seventh** year after the date of the deferred loan; owner shall repay to the City a sum equal to **40%** of the amount of the deferred loan;
- Within the **eighth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **30%** of the amount of the deferred loan;
- Within the **ninth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **20%** of the amount of the deferred loan; and
- Within the **tenth** year after the date of the deferred loan; owner shall repay to the City a sum equal to **10%** of the amount of the deferred loan.

After 10 years, no repayment shall be due and the deferred loan will be forgiven. If the recipient sells the property to an LMI household, the buyer may assume the loan and the City shall require no repayment. Income of the buyer must be verified.

Home Improvement Loans

An applicant getting a home improvement loan will arrange appropriate loan terms and conditions with a participating lender. HRA staff will provide assistance in working with local lenders to expedite all required loans. If an applicant is unable to secure the required bank loan, SCDP funds may be used to make the required loan at similar terms to the MHFA home improvement loan program. No loans have been made in the past and the HRA anticipates no need for a direct loan under this program. If such a need arises, the HRA will request approval from the Department of Employment and Economic Development.

V. STANDARD OPERATING PROCEDURES

Administration

John Schommer – Rehab Coordinator
LeAnn Goltz – Executive Assistant
Jennifer Bergman – Executive Director

City staff, under the direction of the city clerk-treasurer, will perform all accounting and financial management.

Homeowner Application

Homeowner application will consist of homeowner/HRA interview and the homeowner's submittal of a complete application, including attachments and verifications.

The interview will cover:

- A. Explanation of the SCDP Rehab Program, including rehab standards, eligible improvements, loan structuring, probable ability to repay a loan, pertinent rehab administrative and loan procedures, and applicant, contract, and City obligations.
- B. Lead-based paint poisoning warning (and signature on form) and brochures.
- C. Applicant comments and questions.
- D. Brief discussion of applicant's home improvement needs.

Data Privacy

Information on program applicants (including, but not limited to, credit reports, financial statements, income calculations, and asset information) is private data, which must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Solely for the purpose of administering the program, information may be made available to the members of the Emily HRA Board of Directors, HRA staff, and the staffs of participating agencies, organizations, or financing sources.

Application Review

The application will be reviewed for completeness and for income eligibility. All income and asset verifications will be completed. If the applicant is income eligible, he/she may continue with the Rehab Program. If not, the application will be filed under "Ineligible Applicants." Either way, applicants will be notified of their status and ineligibles will be asked to advise us of any future changes in income or family size that could change their income eligibility. They will also be referred to banks for possible low interest loans.

Historical Review

All homes that are to be rehabilitated will be reviewed by the State Historic Preservation Office prior to beginning of construction.

Initial Inspection/Scopes of Work

The HRA rehab coordinator will visit the applicant's property to note existing conditions and determine what improvements are needed to bring the property up to Housing Quality Standards.

For homes built prior to 1978, a risk assessment for lead will be performed prior to the work write-up. Lead clearance will be performed at completion. The property owner will sign a repayment agreement for the rehabilitation work prior to the clearance being done, which will include the costs for the risk assessment and clearance. The costs can only be waived if contractor bids do not allow for a cost-effective rehabilitation to occur.

Upon completion of the initial inspection and lead risk assessment, the rehab coordinator will draft a scope of work and go through it with the homeowner(s), get input on the recommended work, discuss possible alternatives for achieving Rehab Standards, and make any revisions necessary. The rehab coordinator will also complete a preliminary cost estimate.

If lead is found to be present, lead-certified contractors will be used to perform all lead-related work.

Securing Bids

The rehab coordinator will prepare a scope of work describing work specifications and attach a bid form. The applicant will be given the opportunity to secure bids on a competitive basis from at least two local contractors or select bidding contractors from the HRA list of approved contractors. Bids will be submitted directly to the rehab coordinator who will then review all bids with the applicant.

All bids shall relate only to improvements designated by staff in the work write-up. Any changes made in the scope of work by the homeowner after the inspection and work write-up by the rehab coordinator on the scope of work will be prohibited and ineligible for SCDP program funds. **All change orders must be approved by the**

rehab coordinator. The homeowner will be responsible for all costs associated with any extra work done by the contractor that is not in the scope of work.

Generally, the low bid will be accepted. If, for a valid reason, (irresponsible bidding, poor references, etc.) the homeowner does not wish to accept the low bid, the high bid may be accepted. If the accepted high bid is within 5% of the low bid, it will be included in the deferred loan amount. If it is more than 5% higher, the homeowner must pay the difference or the project must be re-bid. The HRA must approve all such changes and provide file documentation. If only one bid is received, it may be compared with the HRA cost estimate and if deemed reasonable, can be approved with agreement by both owner and HRA.

General Contractors

All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint work must be certified in accordance with DEED lead policy. Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully.

Repayment Agreement

A repayment agreement shall be signed by the homeowner(s) before the Proceed to Work Order is issued. The repayment agreement will be filed/recorded either after the project costs are known to be at the SCDP maximum, or after the project is completed to account for any possible change orders that may occur.

Loan Processing (Home Improvement Loan Applicants)

The applicant will visit a local lending institution participating in the program with the cost estimates and bids. The lender shall make the final determination of applicant acceptability based on credit history and repayment ability. For applicants eligible for an MHFA low-interest home improvement loan, the lender shall provide funds to pay the balance of home improvement costs not covered by the deferred loan. The loan obtained shall be payable to the City by the lending institution or the applicant at the loan closing date as indicated by the lending institution. The lending institution shall be solely responsible thereafter for servicing the loan. For applicants who are eligible for a partial deferred loan and will need financing at the current market interest rate for the balance of the rehab cost, the lender will determine appropriate loan terms with the applicant and be solely responsible for servicing the loan.

Rehab Contract

When all necessary funds to complete the rehab project have been committed, a Contractor-Owner Contract will be signed by the contractor and the homeowner. The contract specifies contractor and homeowner terms, conditions, and obligations, including start and completion dates, insurance, lead license number, termination conditions and proceed to work order will then be sent to the approved contractor. No work may begin until such order is issued.

Disbursement of Funds

After being certified as eligible to participate in the Homeowner Rehabilitation Program, the rehab coordinator shall proceed with executing the Deferred Loan Agreement and when executed by the homeowner's matching funds (if applicable) will be deposited with the City and disbursed before any SCDP funds are spent. No disbursement of funds shall be authorized until the rehab coordinator has approved that the work has been completed and all compliance requirements have been met. Approval shall be evidenced by an executed Contractor Payment Request signed by all parties including the owner.

Disbursement of funds shall be authorized by the rehab coordinator with approval by the applicant evidenced by a Contractor Payment Request signed by the applicant, HRA and contractor. Partial payments are allowed based on the amount of work completed to date. Lien waivers will be obtained for all payments made.

Change Orders

All change orders to the scope of work will require the signature of the homeowner, rehab coordinator, and contractor.

Interim Inspections

During the course of a project, the rehab coordinator will inspect ongoing work at least once every two weeks

to ensure compliance with scope of work specifications and contract terms and conditions. Inspections will be required before partial disbursement to ensure that the work, which the partial payment covers, is satisfactorily completed.

Final Inspection and Payment

When the rehab work is completed, the rehab coordinator shall conduct a final inspection to ensure that the work has been completed according to scope of work and contract and that it meets housing rehab standards for the program.

If the rehab is satisfactory, final payment to the contractor will be made. In turn, the contractor will submit to the rehab coordinator and homeowner lien waivers from himself, subcontractors, and material suppliers for the total costs of the rehab and sworn construction statements listing all subcontractors and material suppliers. Lead paint clearance inspections and testing will be done as soon as practical after all lead work is completed.

Rehab Closeout

Upon satisfactory rehab completion and lead clearance, the homeowner, contractor, and rehab coordinator shall sign a Contractor Payment Request. If lead work is involved, the lead clearance report will also be provided to the homeowner. Also, a close-out letter will be provided to the homeowner.

Appeal and Complaint Procedures

Applicants denied program participation or having other complaints concerning the housing rehab program may direct their complaint or appeal to the Emily HRA. The rehab coordinator who found the applicant ineligible for program participation or who is dealing with the rehab will make a written response to the complaint or appeal within fifteen (15) working days. The rehab coordinator will also contact the complainant and attempt to resolve the problem. If the complainant is not satisfied with the response, he/she may file a complaint with the HRA executive director. It will be presented to the HRA Board at its next regular meeting for a final decision. The Board's response will be made in writing to the complainant within five (5) working days. Final appeal may be made to Minnesota Department of Employment and Economic Development.

Conflict of Interest

Any potential conflicts of interest under Minnesota Statutes 471.88 shall be evaluated on the basis of a legal opinion to be requested from the City attorney. Approval must also be obtained from DEED for any and all potential conflicts. No rehab work may begin until such opinion has been made.

Affirmative Action

The HRA shall make available, advertise (through local media and door to door outreach), and disseminate information concerning the degree and forms of assistance available; the regulations governing the program; the eligibility criteria, sources and criteria of other rehabilitation loans available (Minnesota Housing Finance Agency, FHA, etc.); and other relevant information concerning programs to city residents, lenders and local realtors.

It shall be the policy of the HRA that no individual shall be discriminated against with respect to compensation, terms, conditions, or other privileges of employment, because of race, color, religion, creed, sex, familial status, national origin, disability, marital status, age, or status with respect to public assistance.

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Throughout Emily HRA's history of rehab program administration, no displacement due to rehab has ever occurred. Household disruptions from construction or from essential service interruptions have never been great enough to render the housing unit temporarily uninhabitable.

If any improvements involve lead paint surfaces (window replacement, for example), the family will be counseled with regard to vacating the unit temporarily by staying with friends or family. If no such options exist, SCDP funds will be used for temporary relocation at a local motel.

VII. FLOOD PLAIN

No homes in the current target area are located in a flood plain. A flood plain determination will be contained in each applicant file.

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SIDING AND TRIM - All siding and trim that is worn rotted or will no longer hold paint will be replaced, normally with vinyl siding. Siding and trim that is generally in good condition but needs paint will be thoroughly scraped and all scraped and unprimed areas will be primed with quality oil base primer and painted two coats; finish coats may be either oil base or latex.

WATER - Test all water for coliform bacteria and nitrates. If problem exists that cannot be corrected through disinfecting of well or there is no well, a 4" well will be drilled with new pump and pressure system. If existing water problems can be solved with a conditioner, then rental of same will be recommended. For wells with potable water but problems such as lack of pressure or antiquated systems, corrective measures will be taken as necessary. All abandoned wells will be capped as per state requirements.

SEWER - All non-functioning or non-existing systems will be replaced with either a two tank or one tank and drain field system as each particular case dictates. All plugged or slow drain lines will be opened or replaced

ELECTRICAL - All 30-amp systems will be upgraded to at least 100 amp with breakers. All 60-amp systems will be upgraded to at least 100 amp except small houses with few occupants and additional service is not necessary.

- All kitchens to have at least two 20-amp appliance circuits and GFCI outlets.
- All bathrooms to have GFCI outlets and vent fans.
- All floors and all bedrooms to have smoke detectors, battery or electric
- All rooms to have additional outlets as required by code.
- All existing wiring, outlets, and lights checked and corrected or replaced.
- All entrances to have switched lights.
- All knob and tube wiring to be removed and replaced.
- Wire water heater for off-peak as appropriate.

PLUMBING - Replace all inoperable or obsolete fixtures. Repair others as necessary. Install shut-off valves on all supply lines to new fixtures. Install venting in drain lines as needed. All water heaters to be checked for efficiency of operation and repaired or replaced as needed.

HEATING - All homes to be equipped with some form of central heat with at least 80% efficiency.

STAIRWAYS - All interior and exterior stairs of three or more steps will have handrails and will be reconstructed, if necessary, to as close to state building codes regarding stairways as possible.

CHIMNEYS - All chimneys venting gas or wood burning appliances will have Class A liners. All badly deteriorated chimneys will be replaced. All chimneys will be checked and tuck-pointed as necessary.

CARBON MONOXIDE DETECTORS - All units with gas, oil or wood heat to have at least one carbon monoxide detector installed.

KITCHENS - Adequate storage and food preparation space will be provided by installing or replacing cabinets and countertop.

BATHROOMS - All facilities including tub, shower, toilet, sink and vent fan will be repaired, replaced, or

installed as needed. All stools will be equipped with anti-syphon filler assemblies.

LEAD-BASED PAINT - Any interior or exterior paint which is chipped and peeling and which may contain lead will be scraped and repainted or the material will be removed and replaced. Also, lead-safe work practices will be adhered to by all contractors.

NOTE: Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.

REHABILITATION PROGRAMS for LOW-MODERATE INCOME HOMEOWNERS

ENERGY EFFICIENCY STANDARDS

All homes will receive a preliminary inspection relating to energy conservation improvements. Upon completion of rehabilitation, all homes will meet or exceed state energy standards.

Also, for all homes inspected that do not qualify for rehabilitation under this program, the homeowner will receive a report so that he may pursue energy conservation improvements on his own.

All homes will be rehabilitated to the following standards:

- I. **HEATING SYSTEMS**
 - A. All heating systems upgraded to at least 80% efficient systems.
- II. **CAULKING**
 - A. Caulking of all points of possible air infiltration.
 - B. Caulking or otherwise insulating of all points of exfiltration into attic.
- III. **WATER HEATER**
 - A. Replace with an energy efficient heater, install insulation jacket, and insulate hot water pipes throughout basement or cellar area.
- IV. **WINDOWS - DEPENDING UPON CONDITION**
 - A. If any sign of deterioration exists, replace with double pane insulated glass units.
 - B. If replacement is not needed, completely weatherstrip windows, install sash locks, replace broken or cracked glass, and re-glaze.
- V. **DOORS - DEPENDING UPON CONDITION**
 - A. Replace all hollow or panel type doors with metal clad insulated pre-hung doors (complete assembly).
 - B. If replacement is not needed, tighten or replace weatherstripping and threshold.
- VI. **ELECTRICAL BOXES**
 - A. Install gaskets on all boxes located in exterior walls.
- VII. **STORM WINDOWS AND DOORS - DEPENDING UPON CONDITION**
 - A. If any deterioration exists, replace windows with combinations and doors with lifetime insulated storm doors.
 - B. If replacement is not necessary, tighten and re-glaze.
- VIII. **ATTIC INSULATION**
 - A. Insulate entire attic space including any access doors with minimum of R-40 with R-50 wherever possible.
- IX. **VENTILATION**
 - A. Install ventilation to code.
- X. **KNEE WALLS**
 - A. Insulate to R-19 (5 ½" fiberglass)
- XI. **EXTERIOR WALLS**
 - A. Insulate to highest R-factor possible.
- XII. **CRAWL SPACE OR CELLAR AREA**
 - A. Insulate entire perimeter to two feet below ground level to R-19.

*NOTE: *Procedures or remedies described herein are not intended to replace or mitigate those required by the building code.*



To: Brainerd HRA Board Members
From: Jennifer Bergman, Executive Director
Date: December 12, 2018
Re: Review CWC HRA Shares Services Agreement and Crosby HRA Agreement for Services

One of the goals of the Brainerd HRA was to annually monitor and review our agreements with the Crosby HRA and the Crow Wing County HRA.

Crosby HRA

Attachment 5a is the Agreement for Services with the Crosby HRA. The Brainerd HRA entered into this agreement on December 10th, 2013, and began staffing the Crosby HRA on January 1st, 2014. The majority of this agreement seems to be accurate; however, there are a couple of minor changes that we may want to consider.

4. Commitment of Time: This section states that the Brainerd HRA will allocate 40 hours per week of the positions of executive director, assistant director, finance director, housing compliance specialist, and accounting specialist. While the hours are probably close to 40 hours per week, the positions have changed. This should probably reference the executive director, finance director, housing manager, maintenance supervisor, executive assistant, accounting specialist, and finance assistant.

6. Compensation: We continue to receive \$90,000 per year from the Crosby HRA for our time. We believe this continues to be a fair amount.

8. Employment: Section a states that the Crosby HRA will employ an assistant director, maintenance engineer, laborer, and tenant activities coordinator. There have also been some changes to this. The Crosby HRA now has an assistant director, maintenance engineer, maintenance specialist, and a tenant activities coordinator. The assistant director is planning to retire in 2019. We will consider changing that position after her retirement.

We would recommend amending this agreement after the assistant director retires.

Crow Wing County HRA

The Brainerd HRA entered into this agreement on November 13th, 2012, and began staffing the CWC HRA on January 1st, 2013. The majority of this agreement is also accurate. However, there are a few minor changes that we may want to consider:

II. Compensation. The CWC HRA has increased our contribution over the years. We currently receive \$30,000 for our general services and the CWC HRA also contributes \$30,000 towards our rehab coordinator position. In exchange, the Brainerd HRA has committed to applying for a Small Cities Development Program (SCDP) grant every other year on behalf of a city within Crow Wing County. However, the last sentence of this section states that any new venture would require a renegotiation of fees and an amendment to the agreement. An amendment has never been done. The change in fees was done through the budget process not through a change in the agreement. We should consider an increase in the 2020 budget process.

Appendix A. Appendix A references current projects of the CWC HRA. Section II states that the fees paid to the Brainerd HRA will cover CWC HRA's current programs and projects as of the date this agreement is signed as listed in Appendix A. There are several new projects that have been initiated by the CWC HRA and some of the programs in Appendix A no longer exist.

Staff would recommend amending the agreement as shown in Attachment 5b and amend Appendix A to accurately reflect the CWC HRA's existing projects.

Action Requested: Amend the CWC HRA Shared Services Agreement and forward to the CWC HRA for their consideration.

**AGREEMENT FOR SERVICES
Brainerd HRA and Crosby HRA**

This Agreement made this 10th day of December 2013, by and between the Brainerd Housing and Redevelopment Authority (Brainerd HRA), and the Crosby Housing and Redevelopment Authority (Crosby HRA).

WITNESSETH that whereas, the Brainerd HRA administers Public Housing, Housing Choice Voucher, Tax Increment Financing Districts and redevelopment projects; and

WHEREAS, the Crosby HRA Executive Director will be retiring in 2014; and,

WHEREAS, the Crosby HRA has requested the Brainerd HRA to assist it in satisfying its need for staffing its Public Housing and Section 8 New Construction housing projects and administering Crosby TIF District #1, and the Brainerd HRA has expressed a willingness to work with the Crosby HRA, on a contract basis, to facilitate the Crosby HRA's request according to the term described herein;

NOW, THEREFORE, in consideration of the premises and promises herein contained, the parties agree as set forth below.

1. **TERM:** The term of this agreement shall be for a period of three (3) years and three (3) months commencing on the 1st day of January, 2014 and terminating on the 31st day of March, 2017. This agreement shall automatically renew for successive one year terms there after unless one of the parties hereto provides at least 60-day notice of its intent to terminate this agreement at the end of the then current term. However, either party may terminate this agreement for any reason upon sixty (60) day advance written notice. In the event either party terminates this agreement before its expiration, any fees owed to the Brainerd HRA will be prorated through the last day of the 60-day termination period.
2. **NOTICES:** All written notices between the parties (including billing) will be addressed as follows:

Brainerd HRA
Attention: Executive Director
324 East River Road
Brainerd, MN 56401

Crosby HRA
Attention: Board of Directors
300 3rd Avenue NE
Crosby, MN 56441

3. **SERVICES:** The Brainerd HRA shall perform all services previously performed by the Crosby HRA Executive Director including supervision of Administrative Staff, Housing Management Staff, Maintenance Staff, Tenant Activities and coordination with the Crosby HRA Board.
4. **COMMITMENT OF TIME:** The Brainerd HRA will allocate a portion of time equaling a total of 40 hours per week of the positions of Executive Director, Assistant Director, Finance Director, Maintenance Supervisor, Housing Compliance Specialist and Accounting Specialist. It is acknowledged by both parties that the time spent by the Brainerd HRA will change from week to week depending upon the requirements of each of the respective organizations, and that cooperation and flexibility in arranging and scheduling time will be of primary importance.
5. **INSURANCE:** The Brainerd HRA will maintain workers compensation, liability insurance and health insurance at its customary limits for its operations. The Crosby HRA will maintain liability

insurance for its operations, including all work performed by the Crosby HRA, and will carry its own Errors and Omissions policy all at its customary limits.

6. COMPENSATION: The Crosby HRA shall pay to the Brainerd HRA for services a total of \$90,000 annually, which will be disbursed monthly at \$7,500 during the three-year contract period from April 1, 2014 through March 31, 2017 and \$6,000 disbursed monthly at \$2,000 during the period from January 1, 2014 through March 31, 2014.
7. TRAVEL: Brainerd HRA staff will be reimbursed at the IRS mileage rate, or the current rate set by the Crosby HRA, for traveling to and from Crosby or to some other destination on behalf of the Crosby HRA. Mileage will be documented by staff.
8. EMPLOYMENT: The Brainerd HRA staff shall remain employees of the Brainerd HRA. Without limiting the generality of the foregoing, the parties agree as follows:
 - a. The Crosby HRA will employ an Assistant Executive Director, Maintenance Engineer, Laborer and Tenant Activities Coordinator and will continue to employ these positions if needed during the term of this contract to ensure the agency runs efficiently. The Crosby HRA will be liable for all wages, employer payroll taxes and other compensation and benefits.
 - b. The Brainerd HRA shall be liable for all wages and other compensation and benefits due to the Brainerd HRA employees. The Brainerd HRA shall be responsible for collecting, remitting and reporting employment and withholding taxes related thereto and for all workers' compensation coverage, unemployment, and retirement contributions for its own employees.
 - c. The Brainerd HRA employees shall be considered to be acting in the course of their employment with the Brainerd HRA at all times they are serving either Brainerd HRA or Crosby HRA, including any time spent in traveling to or from either location or traveling elsewhere on behalf of either party.
9. INDEMNIFICATION: The Crosby HRA agrees to indemnify, save and hold harmless and defend the Brainerd HRA, its employees, board members and agents from any and all claims, demands, action or causes of any nature arising out of or by reason of the execution of the services provided for herewith. ~~The Brainerd HRA will hold harmless and indemnify the CROSBY HRA, its officers, employees and agents, against any claims, losses, liabilities, damages, costs and expenses for claims as a result of any damages arising out of the Brainerd HRA's performance under this Agreement.~~
10. CONFIDENTIALITY: Each party recognizes and acknowledges that the Brainerd HRA employees will have access to certain confidential information of the other party, including but not limited to non-public data relating to employees and/or facilities and operations of each party. Each party will treat as confidential all confidential information of the other party; will implement reasonable procedures to prohibit the disclosure, unauthorized duplication, use misuse or removal of the other party's confidential information; and will comply with the provisions of the Minnesota Data Practices Act and all applicable federal laws and HUD requirements.
11. NO PARTNERSHIP OR JOINT VENTURE: The Brainerd HRA is an independent Contractor and nothing herein contained shall be construed to create the relationship of an employer and

employee between Crosby HRA and the Brainerd HRA or their agents, servants or employees. The Brainerd HRA shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services. The Brainerd HRA acknowledges and agrees that the Brainerd HRA, their agents, servants and employees, are not entitled to receive any of the benefits received by Crosby HRA employees and is not eligible for workers' or unemployment compensation benefits.

- 12. **NO THIRD PARTY BENEFICIARIES:** Nothing in this Agreement is intended to confer rights or remedies under or by reason of this Agreement on any person, other than the parties hereto. Nothing in this Agreement is intended to relieve or discharge the obligations or liabilities of any third persons to any party hereto or to give any third party any right of subrogation or action over or against any party hereto.
- 13. **ASSIGNMENT PROHIBITED:** This Agreement may not be assigned by either party for any purpose without the prior written consent of the other party.
- 14. **SEVERABILITY:** The provisions of this Agreement shall be deemed severable. If any part of this Agreement is rendered void, invalid, or unenforceable, such rendering shall not affect the validity and enforceability of the remainder of this Agreement unless the part or parts that are void, invalid or otherwise unenforceable shall substantially impair the value of the entire Agreement with respect to either party.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed:

Crosby HRA

Brainerd HRA

Bela Larson 12-10-13
Board Chairperson Date
Lerao Marsh 12-10-13
Board Secretary Date

[Signature] 12-12-13
Board Chairperson Date
[Signature] 12-18-2013
Board Secretary Date

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SHARED SERVICES AGREEMENT

This agreement is entered into this the ___ day of ____, 201~~29~~; between the Crow Wing County Housing & Redevelopment Authority (CWC HRA) and the Brainerd Housing and Redevelopment Authority (Brainerd HRA).

WHEREAS, the Brainerd HRA is a government agency local and politic with a similar mission and has the professional and administrative capacity to support the CWC HRA; and,

WHEREAS, both parties are desirous of entering into an agreement whereby the Brainerd HRA shall provide services to the CWC HRA;

NOW, THEREFORE IT IS HEREBY AGREED THAT:

I. Scope of Services

On behalf of the CWC HRA, the Brainerd HRA will carry out all business of the CWC HRA as prescribed by the CWC HRA Board of Commissioners, Minnesota State Statutes, funding source requirements and all other related ~~f~~ederal, ~~s~~tate, and local laws and regulations. This includes, but is not limited to:

- A. Fiscal/Other Administrative Responsibility
 - a. Oversee the overall financial management of the CWC HRA by working closely with the CWC HRA Board of Commissioners
 - b. Prepare an annual budget for approval by the CWC HRA Board
 - c. Operate per the approved budget, oversee accounts payable, and prepare checks for CWC HRA Board approval and signature
 - d. Oversee accounts receivable processes and ensure that adequate bank security pledges for CWC HRA deposits are maintained
 - e. Communicate potential problems to the CWC HRA Board and offer viable solutions
 - f. Schedule CWC HRA Board meetings, prepare Agendas and materials (including program/project reports, fiscal reports, resolutions and minutes), attend Board meetings
 - g. Maintain all records of the CWC HRA per laws and regulations
 - h. The Brainerd HRA will use its own computer hardware and software programs for maintaining the CWC HRA’s financial records

II. Compensation

The agreed upon compensation will be \$~~30,000~~~~18,000~~ annually to be paid in monthly installments of \$~~12,500~~.

These fees will cover all costs listed in Section I. The fees received by the Brainerd HRA will not cover the following costs:

- A. The cost of the CWC HRA audit if required by any investor, private party, local, state or federal government
- B. Bank fees and check charges

- C. CWC HRA Board costs such as stipend for attending meetings, mileage, Board liability, insurance, other
- D. Fees incurred for legal or other professional services/representation/consultation related to CWC HRA programs and initiatives
- E. TIF related expenses including continued TIF reporting fees incurred from Springsted or other financial advisor
- F. Costs incurred for Brainerd HRA staff including mileage, training and meeting costs

The fees paid to the Brainerd HRA will cover CWC HRA’s current programs and projects as of the date this Agreement is signed, as listed in Appendix A. Any new ventures pursued by the CWC HRA would require a renegotiation of fees and an amendment to the Agreement.

The CWC HRA will also contribute \$30,000 annually for the Housing Rehab Coordinator position. The Brainerd HRA agrees to provide housing rehab programs throughout Crow Wing County and apply for a Small Cities Development Program (SCDP) grant every other year on behalf of a city in Crow Wing County outside of Brainerd.

III. Term

The term of this agreement shall be for a period of ~~11 months~~~~one year~~ commencing on the 1st day of ~~February~~~~January~~, 201~~39~~ and terminating on the 31st day of December, 201~~39~~. This agreement shall automatically renew for successive one year terms there after unless one of the parties hereto provides at least 60 days notice of its intent to terminate this agreement at the end of the then current term. However, either party may terminate this agreement for any reason upon sixty (60) day advance written notice. In the event either party terminates this agreement before its expiration any fees owed to the Brainerd HRA will be prorated through the last day of the 60 day termination period.

IV. Indemnification

The Crow Wing County HRA and the Brainerd HRA agree to indemnify, hold harmless and defend each other, together with their respective elected officials, officers and employees from any and all liability arising out of their respective acts and omissions, and those of their respective officers and employees, in the execution, performance or failure to adequately perform obligations pursuant to this agreement.

V. Insurance

CWC HRA will maintain adequate insurance to protect themselves and the Brainerd HRA from claims and liability for all work performed by the Brainerd HRA and its respective employees or agents. The minimum accepted coverage is \$500,000 per Claimant and \$1,500,000 per occurrence.

VI. Compliance With Laws

The Brainerd HRA -shall abide by all Federal, State or local laws, statutes, ordinances,

rules and regulations now in effect, or here after adopted, pertaining to this Agreement or the subject matter of this Agreement. This shall include obtaining all licenses, permits or other rights required for the provision of services contemplated by this Agreement. This Agreement shall be governed by and construed in accordance with the substantive and procedural laws of the State of Minnesota without giving effect to the principles of conflict of laws. All proceedings related to this Agreement shall be venued in the County of Crow Wing, State of Minnesota.

VII. Independent Contractor Status

The Brainerd HRA is an independent Contractor and nothing herein contained shall be construed to create the relationship of an employer and employee between County and Brainerd HRA or Brainerd HRA’s agents, servants or employees. The Brainerd HRA shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services. The Brainerd HRA acknowledges and agrees that the Brainerd HRA, agents, servants and employees, are not entitled to receive any of the benefits received by County employees and is not eligible for workers’ or unemployment compensation benefits. The Brainerd HRA also acknowledges and agrees that no withholding or deduction for State or Federal income taxes, FICA, FUTA, or otherwise, will be made from the payments due the Brainerd HRA and that it is the Brainerd HRA’s sole obligation to comply with applicable provisions of all Federal and State tax laws.

VIII. Assignment Of Interest

The parties shall not enter into any subcontract for the performance of services contemplated under this Agreement nor assign any interest in the Agreement without prior written consent of all parties and subject to such conditions and provisions as are deemed necessary. Any subcontracting or assigning party shall be responsible for the performance of its subcontractors or assignees unless otherwise agreed.

IX. Non-Discrimination

During the performance of this agreement, the Brainerd HRA agrees that no person shall, on the grounds of race, color, religion, age, sex, disability, marital status, public assistance status, criminal record, creed or national origin be excluded from full employment rights and, participation in, be denied the benefits of or be otherwise subjected to discrimination under any and all applicable Federal and State laws against discrimination.

X. Authorized Representative

Notification required to be provided pursuant to this Agreement shall be provided to the following named persons and addresses unless otherwise stated in this Agreement or in a modification of this Agreement.

Brainerd HRA
Brainerd HRA
Jennifer Bergman
324 East River Road
Brainerd, MN 56401

CWC HRA
Crow Wing County HRA
Tim Houle
326 Laurel St. Suite 13
Brainerd, MN 56401

(218) 824-3425

(218) 824-1067

XI. Severability

The provisions of this Agreement shall be deemed severable. If any part of this Agreement is rendered void, invalid, or unenforceable, such rendering shall not affect the validity and enforceability of the remainder of this Agreement unless the part or parts which are void, invalid or otherwise unenforceable shall substantially impair the value of the entire Agreement with respect to either party.

XII. Modifications

The CWC HRA and the Brainerd HRA hereby acknowledge that they have read this Agreement and affirmatively states and represents that they understand its contents. Further, that the above constitutes the entire agreement by and between the CWC HRA and the Brainerd HRA and is binding upon themselves, their heirs, assigns and successors in interest and any alterations, variations, modifications or waivers of the provisions of this Agreement shall only be valid when they have been reduced to writing and signed by the authorized representatives of the CWC HRA and the Brainerd HRA.

Approved this the ____ day of _____, 201~~28~~²⁹.

Crow Wing County Housing and Redevelopment Authority

By: _____

Its: _____

Brainerd Housing and Redevelopment Authority

By: _____

Its: _____

Appendix A

CROW WING COUNTY HRA – CURRENT PROJECTS

1. TIF Revolving Loan Fund
- ~~2. Non-TIF Revolving Loan Fund~~
3. Brainerd Oaks/Serene Pines/Dal Mar Estates: Oversee the Development Agreement for the construction of new single family homes in all three subdivisions: Processing 2 or less sales per year
4. Contribution for the Brainerd HRA Housing Rehab Specialist
5. BLAEDC Economic Development/Housing Projects
6. MCPP Annual Application and Program Management
7. West Grove Townhomes Annual Project Management and Oversight
8. Administer the Tax Forfeit Property Policy
- ~~7-9.~~ Administer Small Cities Development Program (SCDP) Program Income
- ~~8-10.~~ One to Two New Projects Per Year (i.e. housing studies, housing planning sessions, or new project ventures)

Total Project time commitment is estimated to be 10 hours per month plus administrative requirements

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To: Brainerd HRA Board Members
From: Karen Young, Finance Director
Date: December 12, 2018
Re: December Financial Report

Please find attached the financial information for November 2018.

2018 Levy Payment

In November, we received the second half 2018 tax settlement of \$54,151.47 as reflected in the General Fund financial statements. Year-to-date, we have received \$123,234.67 in levy payments. The 2018 tax levy was estimated at \$124,725.

Banking RFP

We have scheduled a meeting with Bremer Bank on December 20th to discuss their products/services and to ensure that they can meet all of our requirements. We will also discuss the transition process and tentative schedule.

Action Requested: Motion for approval of payments as presented.

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Brainerd Housing & Redevelopment Authority
2018 Ratios (and December, 2017)

FASS Ratios	Max Pts	Scoring	Dec 2017											
			After YE JE, B4 audit	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Quick Ratio	12	QR <1 =0, QR >2 =12	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Months Expended Net Assets	11	MENA <1.0=0, ME >4 =11	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Debt Svc Coverage	2	DSC <1 =0, DSC >1.25 =2	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total Points	25		25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00

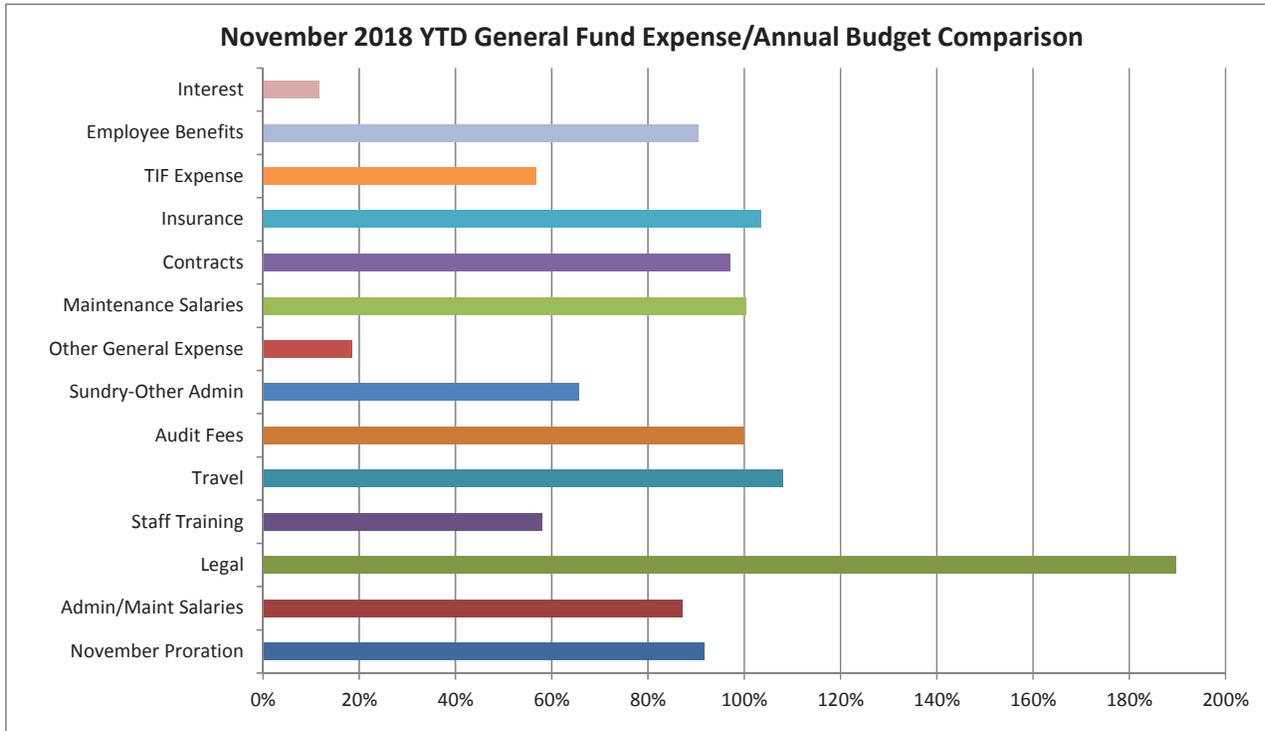
MASS Ratios	Max Pts	Scoring													
Occupancy	16	O <90% =0, O >98% =16	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	
Tenant Accounts Receivable	5	TAR <1.5%=5, TAR >2.5%=0	5.00	0.00	0.00	2.00	2.00	2.00	2.00	2.00	5.00	5.00	2.00	2.00	0.00
Accounts Payable	4	AP <.75 =4, AP >1.5 =0	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	
Total Points	25		25.00	20.00	20.00	22.00	22.00	22.00	22.00	22.00	25.00	25.00	22.00	22.00	20.00

Total of Above Ratios	50		50	45	45	47	47	47	47	50	50	47	47	45
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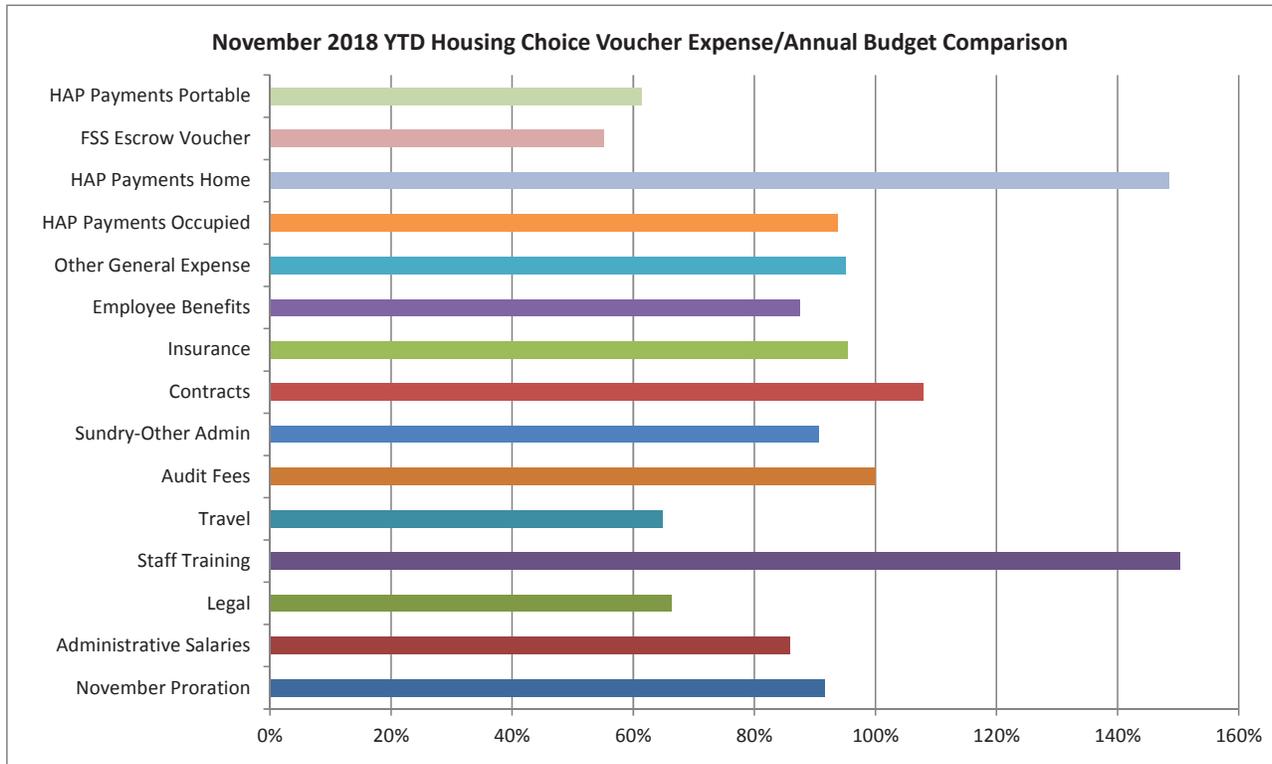
MASS Ratios	Max Pts	Scoring													
Timeliness of Obligation	5	>90% at OED = 5 <90% at OED = 0	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Occupancy Rate	5	OR <93% =0, OR >96% =5 Must have 5 points or Capital Fund Troubled	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total Points	10		10.0												

November 2018 Operating Account Balances

Property/Program	November 2017	October 2018	November 2018
General Fund	\$292,313.64	\$227,255.76	\$297,635.71
Brainerd Revolving Loan Program	\$0.00	\$99,077.00	\$99,077.00
SSRP	\$21,519.08	\$12,010.80	\$12,010.80
Housing Rehab Program	\$19,987.69	\$35,200.95	\$32,060.56
Bridges	\$17,768.57	\$15,846.18	\$16,295.05
Crow Wing County HRA	\$710,891.73	\$603,654.34	\$635,821.06
Public Housing	\$623,560.35	\$796,706.54	\$720,630.19
Brainerd South	\$42,590.89	\$21,606.86	\$30,501.85
Housing Choice Voucher	\$35,041.11	\$32,766.87	\$20,773.43
Total	\$1,763,673.06	\$1,844,125.30	\$1,864,805.65

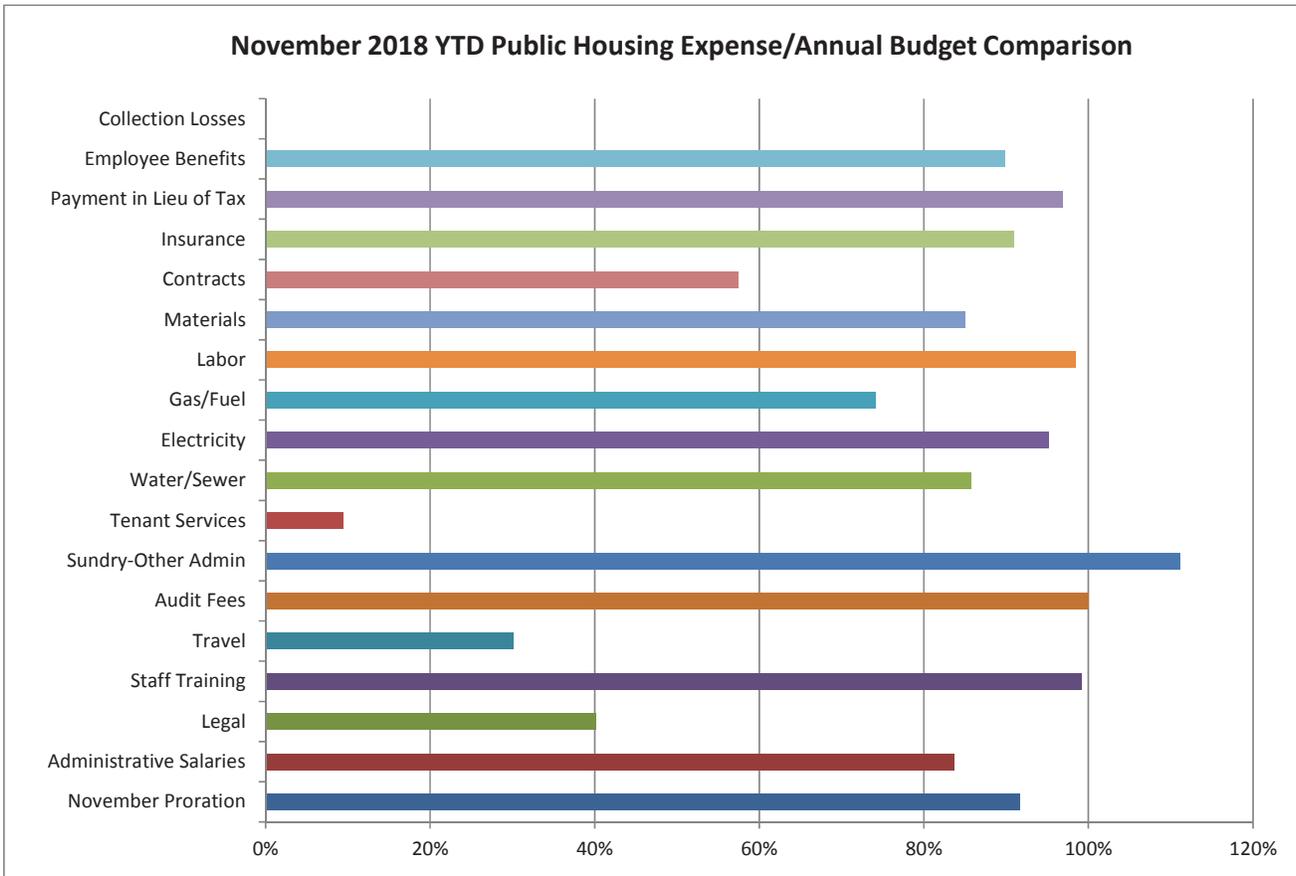


Legal: Mortgage Refinancing/Payoff, Tax Forfeit Policy, Purple Fern Lease and Employee Policy Manual.

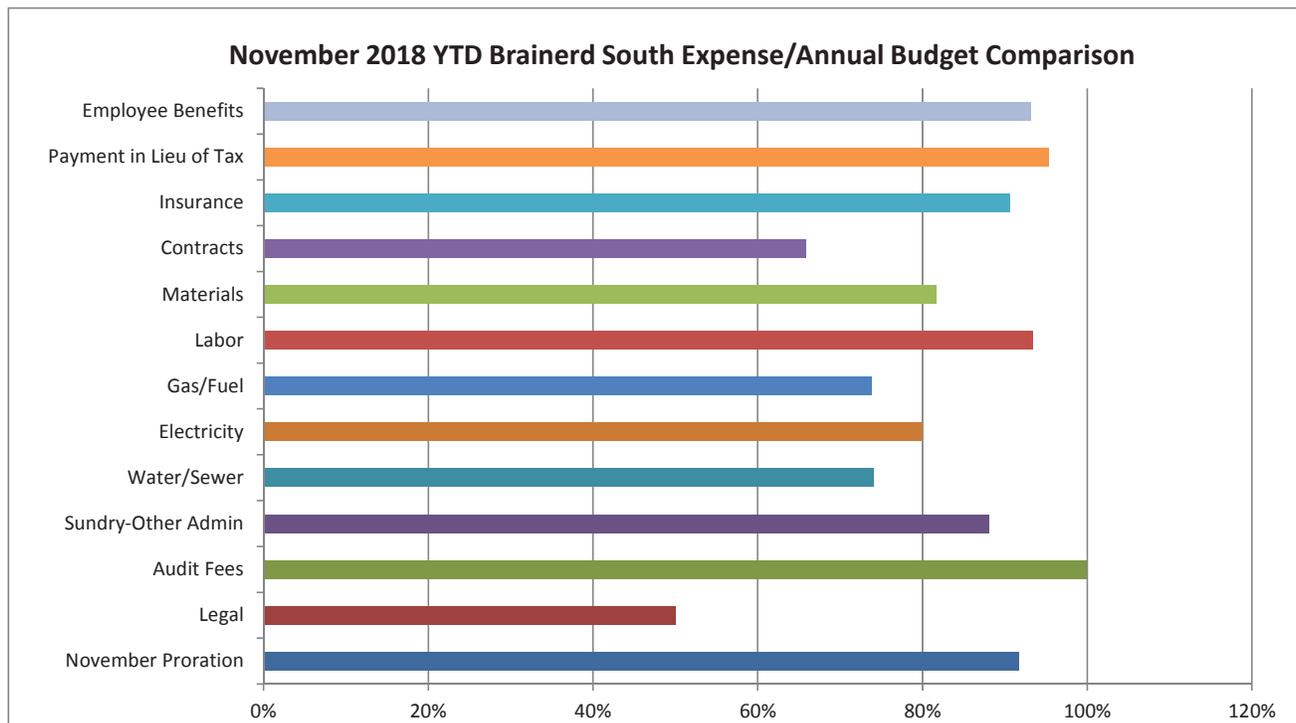


Contracts: Nelrod Company Utility Schedule and Web Site Development.
 Staff Training: HCV staff attended HQS certification training (\$1,300)





Sundry - Other Admin - ROSS grant supplies.



Date: 12/11/2018
 Time: 7:07:46 AM
 roberta

**Brainerd HRA
 General Fund Operating Statement
 November, 2018**

Page: 1
 Rpt File: F:\HMS\REP

	Current Period	Current Year	Year To Date Budget	Variance
General Fund Operating INCOME				
Management Fees	-14,069.96	-155,607.59	-154,916.63	-690.96
Operating Transfer In	0.00	0.00	-7,333.37	7,333.37
Other Income	-57,018.99	-146,397.99	-78,747.99	-67,650.00
Loan Interest Revenue	0.00	0.00	-4,583.37	4,583.37
TOTAL INCOME	-71,088.95	-302,005.58	-245,581.36	-56,424.22
EXPENSE				
Administrative				
Administrative Salaries	11,581.81	133,360.16	140,140.00	-6,779.84
Legal	162.50	2,466.00	1,191.63	1,274.37
Staff Training	182.50	2,317.84	3,666.63	-1,348.79
Travel	10.10	540.09	458.37	81.72
Auditing Fees	0.00	6,700.00	6,700.00	0.00
Sundry-Other Admin	448.86	4,507.23	6,297.50	-1,790.27
Total Administration	12,385.77	149,891.32	158,454.13	-8,562.81
Maintenance				
Maintenance Salaries	852.00	11,022.53	10,074.13	948.40
Contracts	21.92	1,067.08	1,008.37	58.71
Total Maintenance	873.92	12,089.61	11,082.50	1,007.11
General				
TIF Expense	0.00	3,011.32	2,745.00	266.32
Insurance	324.73	3,570.85	3,162.50	408.35
Employee Benefits	5,106.57	68,530.22	69,464.89	-934.67
Interest	0.00	422.78	3,345.87	-2,923.09
Other General Expense	515.75	4,790.57	23,833.37	-19,042.80
Total General	5,947.05	80,325.74	102,551.63	-22,225.89
TOTAL EXPENSE	19,206.74	242,306.67	272,088.26	-29,781.59
Net Income/Loss	-51,882.21	-59,698.91	26,506.90	-86,205.81



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**Brainerd HRA
 HCV Operating Statement
 November, 2018**

Page: 1
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	Current Period	Current Year	Year To Date Budget	Variance
Housing Choice Voucher Operating INCOME				
HUD HAP Received	-96,345.00	-1,235,152.00	-1,218,002.50	-17,149.50
Admin Fees Earned	-29,448.00	-222,093.00	-219,321.63	-2,771.37
Interest Income	-25.72	-76.03	0.00	-76.03
Other Income	-551.00	-11,681.28	-3,850.00	-7,831.28
TOTAL INCOME	-126,369.72	-1,469,002.31	-1,441,174.13	-27,828.18
EXPENSE				
Administrative				
Administrative Salaries	9,794.09	120,870.96	129,121.63	-8,250.67
Legal	162.50	596.80	825.00	-228.20
Staff Training	2,385.40	5,083.88	3,098.37	1,985.51
Travel	68.57	1,577.19	2,227.50	-650.31
Accounting & Audit Fees	0.00	3,500.00	3,500.00	0.00
Sundry-Other Admin	379.13	4,162.51	4,207.50	-44.99
Total Administration	12,789.69	135,791.34	142,980.00	-7,188.66
Maintenance				
Contracts	105.83	3,237.10	2,750.00	487.10
Total Maintenance	105.83	3,237.10	2,750.00	487.10
General				
Insurance	403.35	4,434.39	4,262.50	171.89
Employee Benefits	4,150.92	68,108.59	71,270.87	-3,162.28
Other General Expense	210.60	2,281.50	2,200.00	81.50
Total General	4,764.87	74,824.48	77,733.37	-2,908.89
HAP Payments				
HAP Payments Occupied	106,685.00	1,146,299.00	1,120,560.87	25,738.13
HAP Payments Home	4,489.00	39,487.00	24,360.38	15,126.62
FSS Escrow Voucher	1,065.00	14,642.00	24,360.38	-9,718.38
HAP Payments Portable	4,652.00	32,589.00	48,720.87	-16,131.87
Total HAP	116,891.00	1,233,017.00	1,218,002.50	15,014.50
TOTAL EXPENSE	134,551.39	1,446,869.92	1,441,465.87	5,404.05
Net Income/Loss	8,181.67	-22,132.39	291.74	-22,424.13

Date: 12/11/2018
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Brainerd HRA
Public Housing Operating Statement
November, 2018

Page: 4
 Rpt File: F:\HMS\REP

	Current Period	Current Year	Year To Date Budget	Variance
Public Housing Operating INCOME				
Dwelling Rental	-62,110.00	-647,525.50	-648,110.87	585.37
Excess Utilities	0.00	-2,998.00	-2,933.37	-64.63
Operating Subsidy	-20,593.00	-223,921.00	-222,245.87	-1,675.13
Investment Interest	40.20	458.17	0.00	458.17
Other Income	-13,296.29	-154,366.87	-126,261.63	-28,105.24
Other Income Tenants	-7,525.45	-66,622.83	-68,163.37	1,540.54
Capital Fund Income	0.00	-368,130.00	-51,333.37	-316,796.63
Laundry Income	-1,725.00	-19,122.50	-22,834.13	3,711.63
TOTAL INCOME	-105,209.54	-1,482,228.53	-1,141,882.61	-340,345.92
EXPENSE				
Administrative				
Administrative Salaries	22,768.90	257,998.09	270,512.00	-12,513.91
Legal	445.00	3,011.39	6,875.00	-3,863.61
Staff Training	1,266.95	10,913.45	10,083.37	830.08
Travel	0.00	662.96	2,016.63	-1,353.67
Accounting & Audit Fees	0.00	10,400.00	10,400.00	0.00
Sundry-Other Admin	1,270.82	18,125.36	14,941.74	3,183.62
Total Administration	25,751.67	301,111.25	314,828.74	-13,717.49
Rec Public and Other	173.88	469.02	4,537.50	-4,068.48
Total Tenant Services	173.88	469.02	4,537.50	-4,068.48
Utilities				
Water/Sewer	4,660.63	52,553.44	56,200.87	-3,647.43
Electricity	5,031.12	66,738.01	64,295.00	2,443.01
Gas/Fuel	5.72	31,803.17	39,306.74	-7,503.57
Total Utilities	9,697.47	151,094.62	159,802.61	-8,707.99
Maintenance				
Labor	14,232.28	170,918.57	171,171.00	-252.43
Materials	1,083.52	22,959.03	24,750.00	-1,790.97
Contracts	111,597.30	108,671.15	173,497.39	-64,826.24
Total Maintenance	126,913.10	302,548.75	369,418.39	-66,869.64
General				
Insurance	5,777.99	63,603.28	64,111.74	-508.46
Payment in Lieu of Tax	2,522.67	24,223.22	22,916.63	1,306.59
Employee Benefits	14,445.85	192,826.30	196,588.48	-3,762.18
Collection Losses	0.00	0.00	9,221.63	-9,221.63
Total General	22,746.51	280,652.80	292,838.48	-12,185.68
TOTAL EXPENSE	185,282.63	1,035,876.44	1,141,425.72	-105,549.28
Net Income/Loss	80,073.09	-446,352.09	-456.89	-445,895.20



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**Brainerd South Operating Statement
 November, 2018**

Page: 1
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	Current Period	Current Year	Year To Date Budget	Variance
Brainerd South Operating				
INCOME				
Dwelling Rental	-18,884.00	-212,288.00	-210,100.00	-2,188.00
Rental Supplement	-3,456.00	-36,462.00	-39,829.13	3,367.13
Investment Interest	8.13	125.63	0.00	125.63
Other Income	-2,521.45	-28,731.52	-27,316.63	-1,414.89
Excess Utilities	0.00	-97.57	0.00	-97.57
Laundry Income	-748.00	-7,668.00	-7,342.50	-325.50
TOTAL INCOME	-25,601.32	-285,121.46	-284,588.26	-533.20
EXPENSE				
Administrative				
Legal	0.00	150.00	275.00	-125.00
Accounting & Audit Fees	0.00	4,850.00	4,850.00	0.00
Sundry-Other Admin	3,534.46	41,315.14	42,955.11	-1,639.97
Total Administration	3,534.46	46,315.14	48,080.11	-1,764.97
Utilities				
Water	0.00	10,337.63	12,796.63	-2,459.00
Electricity	0.00	4,766.64	5,463.37	-696.73
Gas/Fuel	0.00	13,297.25	16,500.00	-3,202.75
Total Utilities	0.00	28,401.52	34,760.00	-6,358.48
Maintenance				
Labor	825.00	9,993.72	9,808.37	185.35
Materials	1,314.69	15,668.18	17,581.63	-1,913.45
Contracts	2,716.46	51,070.09	71,133.26	-20,063.17
Total Maintenance	4,856.15	76,731.99	98,523.26	-21,791.27
General				
Insurance	2,654.13	28,593.72	28,902.39	-308.67
Payment in Lieu of Tax	1,095.69	9,151.77	8,800.00	351.77
Employee Benefits	101.68	1,118.38	1,100.00	18.38
Total General	3,851.50	38,863.87	38,802.39	61.48
TOTAL EXPENSE	12,242.11	190,312.52	220,165.76	-29,853.24
Net Income/Loss	-13,359.21	-94,808.94	-64,422.50	-30,386.44

**November 2018
Prior Year Comparative Statements**

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**Brainerd HRA
 General Fund Operating Statement
 November, 2018**

Page: 1
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	YTD 2018	YTD 2018 Budget	YTD 2017	YTD 2016
General Fund Operating INCOME				
Management Fees	-155,607.59	-154,916.63	-156,058.64	-137,097.29
Operating Transfer In	0.00	-7,333.37	0.00	0.00
Other Income	-146,397.99	-78,747.99	-84,401.08	-86,971.73
Loan Interest Revenue	0.00	-4,583.37	0.00	0.00
TOTAL INCOME	-302,005.58	-245,581.36	-240,459.72	-224,069.02
EXPENSE				
Administrative				
Administrative Salaries	133,360.16	140,140.00	132,092.38	137,956.56
Legal	2,466.00	1,191.63	209.79	1,560.06
Staff Training	2,317.84	3,666.63	2,741.25	4,116.11
Travel	540.09	458.37	274.46	537.34
Auditing Fees	6,700.00	6,700.00	6,700.00	6,700.00
Sundry-Other Admin	4,507.23	6,297.50	4,701.73	4,876.29
Total Administration	149,891.32	158,454.13	146,719.61	155,746.36
Maintenance				
Maintenance Salaries	11,022.53	10,074.13	9,541.46	0.00
Contracts	1,067.08	1,008.37	620.49	494.67
Total Maintenance	12,089.61	11,082.50	10,161.95	494.67
General				
TIF Expense	3,011.32	2,745.00	2,746.98	2,746.08
Insurance	3,570.85	3,162.50	2,741.35	2,611.98
Employee Benefits	68,530.22	69,464.89	66,184.02	62,140.51
Interest	422.78	3,345.87	3,960.32	4,609.42
Other General Expense	4,790.57	23,833.37	2,344.80	0.00
Total General	80,325.74	102,551.63	77,977.47	72,107.99
TOTAL EXPENSE	242,306.67	272,088.26	234,859.03	228,349.02
Net Income/Loss	-59,698.91	26,506.90	-5,600.69	4,280.00



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**Brainerd HRA
 HCV Operating Statement
 November, 2018**

Page: 1
 Rpt File: F:\HMS\REPORTS\GLSTOSP

	YTD 2018	YTD 2018 Budget	YTD 2017	YTD 2016
Housing Choice Voucher Operating INCOME				
HUD HAP Received	-1,235,152.00	-1,218,002.50	-1,141,261.00	-1,180,184.00
Admin Fees Earned	-222,093.00	-219,321.63	-200,719.00	-223,271.00
Interest Income	-76.03	0.00	-12.95	-12.36
Other Income	-11,681.28	-3,850.00	-13,604.82	-5,125.50
TOTAL INCOME	-1,469,002.31	-1,441,174.13	-1,355,597.77	-1,408,592.86
EXPENSE				
Administrative				
Administrative Salaries	120,870.96	129,121.63	125,330.75	109,412.12
Legal	596.80	825.00	314.81	125.06
Staff Training	5,083.88	3,098.37	3,310.70	2,707.41
Travel	1,577.19	2,227.50	3,199.58	1,975.11
Accounting & Audit Fees	3,500.00	3,500.00	3,500.00	3,500.00
Sundry-Other Admin	4,162.51	4,207.50	4,757.70	4,178.56
Total Administration	135,791.34	142,980.00	140,413.54	121,898.26
Maintenance				
Contracts	3,237.10	2,750.00	2,847.47	905.42
Total Maintenance	3,237.10	2,750.00	2,847.47	905.42
General				
Insurance	4,434.39	4,262.50	3,886.67	3,539.85
Employee Benefits	68,108.59	71,270.87	69,314.72	59,840.40
Other General Expense	2,281.50	2,200.00	2,726.88	2,158.48
Total General	74,824.48	77,733.37	75,928.27	65,538.73
HAP Payments				
HAP Payments Occupied	1,146,299.00	1,120,560.87	1,126,510.00	1,045,835.00
HAP Payments Home	39,487.00	24,360.38	25,713.00	24,629.00
FSS Escrow Voucher	14,642.00	24,360.38	17,619.00	21,898.00
HAP Payments Portable	32,589.00	48,720.87	42,706.22	49,820.80
Total HAP	1,233,017.00	1,218,002.50	1,212,548.22	1,144,310.80
TOTAL EXPENSE	1,446,869.92	1,441,465.87	1,431,737.50	1,332,653.21
Net Income/Loss	-22,132.39	291.74	76,139.73	-75,939.65



Date: 12/11/2018
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**Brainerd HRA
 Public Housing Operating Statement
 November, 2018**

Page: 4
 Rpt File: F:\HMS\REPORTS\GLSTOSP

	YTD 2018	YTD 2018 Budget	YTD 2017	YTD 2016
Public Housing Operating INCOME				
Dwelling Rental	-647,525.50	-648,110.87	-642,261.00	-608,221.00
Excess Utilities	-2,998.00	-2,933.37	-3,012.00	-3,220.12
Operating Subsidy	-223,921.00	-222,245.87	-222,988.00	-243,721.00
Investment Interest	458.17	0.00	526.68	468.16
Other Income	-154,366.87	-126,261.63	-156,082.86	-95,861.70
Other Income Tenants	-66,622.83	-68,163.37	-59,865.77	-69,722.52
Capital Fund Income	-368,130.00	-51,333.37	-184,261.00	-204,321.00
Laundry Income	-19,122.50	-22,834.13	-21,614.25	-23,513.65
TOTAL INCOME	-1,482,228.53	-1,141,882.61	-1,580,056.50	-1,248,112.83
EXPENSE				
Administrative				
Administrative Salaries	257,998.09	270,512.00	242,749.04	220,321.33
Legal	3,011.39	6,875.00	4,186.10	3,742.61
Staff Training	10,913.45	10,083.37	6,804.17	9,608.68
Travel	662.96	2,016.63	1,705.69	2,021.17
Accounting & Audit Fees	10,400.00	10,400.00	10,200.00	10,200.00
Sundry-Other Admin	18,125.36	14,941.74	12,128.83	14,495.59
Total Administration	301,111.25	314,828.74	277,773.83	260,389.38
Rec Public and Other	469.02	4,537.50	191.86	0.00
Total Tenant Services	469.02	4,537.50	191.86	0.00
Utilities				
Water/Sewer	52,553.44	56,200.87	50,898.01	50,237.51
Electricity	66,738.01	64,295.00	59,776.04	58,466.54
Gas/Fuel	31,803.17	39,306.74	24,300.02	22,304.29
Total Utilities	151,094.62	159,802.61	134,974.07	131,008.34
Maintenance				
Labor	170,918.57	171,171.00	159,345.63	154,215.54
Materials	22,959.03	24,750.00	17,575.33	23,524.42
Contracts	108,671.15	173,497.39	173,841.35	152,357.09
Total Maintenance	302,548.75	369,418.39	350,762.31	330,097.05
General				
Insurance	63,603.28	64,111.74	56,046.11	53,325.33
Payment in Lieu of Tax	24,223.22	22,916.63	24,491.06	23,149.80
Employee Benefits	192,826.30	196,588.48	183,476.71	181,973.09
Collection Losses	0.00	9,221.63	0.00	0.00
Total General	280,652.80	292,838.48	265,097.07	259,925.61
TOTAL EXPENSE	1,035,876.44	1,141,425.72	1,028,799.14	981,420.38
Net Income/Loss	-446,352.09	-456.89	-551,257.36	-266,692.45



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**Brainerd South Operating Statement
 November, 2018**

Page: 1
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	YTD 2018	YTD 2018 Budget	YTD 2017	YTD 2016
Brainerd South Operating				
INCOME				
Dwelling Rental	-212,288.00	-210,100.00	-210,433.00	-209,640.00
Rental Supplement	-36,462.00	-39,829.13	-43,136.00	-37,820.00
Investment Interest	125.63	0.00	115.92	74.00
Other Income	-28,731.52	-27,316.63	-30,381.98	-26,662.49
Excess Utilities	-97.57	0.00	-22.49	-36.43
Laundry Income	-7,668.00	-7,342.50	-7,757.00	-7,292.86
TOTAL INCOME	-285,121.46	-284,588.26	-291,614.55	-281,377.78
EXPENSE				
Administrative				
Legal	150.00	275.00	468.35	0.00
Accounting & Audit Fees	4,850.00	4,850.00	4,850.00	4,800.00
Sundry-Other Admin	41,315.14	42,955.11	42,147.86	41,119.06
Total Administration	46,315.14	48,080.11	47,466.21	45,919.06
Utilities				
Water	10,337.63	12,796.63	12,762.19	12,437.24
Electricity	4,766.64	5,463.37	4,432.77	4,954.26
Gas/Fuel	13,297.25	16,500.00	11,413.78	9,877.48
Total Utilities	28,401.52	34,760.00	28,608.74	27,268.98
Maintenance				
Labor	9,993.72	9,808.37	7,989.16	8,194.66
Materials	15,668.18	17,581.63	17,170.57	16,892.76
Contracts	51,070.09	71,133.26	50,663.96	40,053.12
Total Maintenance	76,731.99	98,523.26	75,823.69	65,140.54
General				
Insurance	28,593.72	28,902.39	26,982.20	26,508.94
Payment in Lieu of Tax	9,151.77	8,800.00	8,715.15	8,810.78
Employee Benefits	1,118.38	1,100.00	901.26	996.20
Total General	38,863.87	38,802.39	36,598.61	36,315.92
TOTAL EXPENSE	190,312.52	220,165.76	188,497.25	174,644.50
Net Income/Loss	-94,808.94	-64,422.50	-103,117.30	-106,733.28

Brainerd Housing Authority Payment Summary Report November 2018

Payment Date	Payment Number	Remit to Vendor	Total Check Amt
11/1/2018	561	Nick and Joes Mow and Snow LLC	\$500.00
11/9/2018	562	Dudley Gangestad	\$57.23
11/9/2018	563	Jennifer Bergman	\$500.40
11/9/2018	564	John Schommer	\$31.63
11/9/2018	565	Roberta Piekarski	\$12.01
11/21/2018	566	Carrie Burrell	\$477.60
11/21/2018	567	Karen Young	\$137.34
11/1/2018	1396	Void	\$0.00
11/8/2018	1397	Minnesota State Retirement System	\$845.00
11/8/2018	1398	Electronic Federal Tax Payment System	\$6,987.55
11/8/2018	1399	MN Dept of Revenue	\$1,261.28
11/8/2018	1400	Health Savings Accounts	\$893.08
11/8/2018	1401	Security Benefit	\$3,473.33
11/21/2018	1402	Minnesota State Retirement System	\$845.00
11/21/2018	1403	Electronic Federal Tax Payment System	\$8,168.50
11/21/2018	1404	MN Dept of Revenue	\$1,979.08
11/21/2018	1405	Health Savings Accounts	\$893.08
11/21/2018	1406	Security Benefit	\$3,520.70
11/27/2018	1407	Health Savings Accounts	\$260.50
11/15/2018	1408	Brainerd Daily Dispatch	\$173.88
11/15/2018	1409	Brainerd Daily Dispatch	\$173.88
11/8/2018	22091	Ace Hardware	\$16.28
11/8/2018	22092	Adam's Pest Control, Inc.	\$366.50
11/8/2018	22093	American Door Works	\$48.00
11/8/2018	22094	Atlas Abstract & Title	\$75.00
11/8/2018	22095	Batteries Plus	\$14.99
11/8/2018	22096	Brainerd Glass Company	\$29.93
11/8/2018	22097	Brainerd Public Utilities	\$8,980.35
11/8/2018	22098	CTCIT	\$500.00
11/8/2018	22099	Capital One Commercial	\$362.63
11/8/2018	22100	Culligan	\$99.50
11/8/2018	22101	Dacotah Paper Co	\$1,440.10
11/8/2018	22102	Forum Communications Company	\$14.30
11/8/2018	22103	Holden Electric Company Inc	\$1,150.90
11/8/2018	22104	Home Depot Credit Services	\$171.62
11/8/2018	22105	Kennedy & Graven, Chartered	\$744.00
11/8/2018	22106	Lakes Printing Inc.	\$99.90
11/8/2018	22107	Midwest Machinery Co	\$86.86
11/8/2018	22108	Mike Jones	\$47.97
11/8/2018	22109	National Joint Powers Alliance	\$17,488.36
11/8/2018	22110	Northland Fire Protection	\$865.50
11/8/2018	22111	Office Shop	\$752.33
11/8/2018	22112	Pike Plumbing & Heating, Inc	\$909.39
11/8/2018	22113	Postmaster	\$500.00
11/8/2018	22114	Project One Construction, Inc.	\$98,800.00

Brainerd Housing Authority Payment Summary Report November 2018

Payment Date	Payment Number	Remit to Vendor	Total Check Amt
11/8/2018	22115	Rental History Reports	\$150.00
11/8/2018	22116	Roto-Rooter Sewer & Drain Service	\$189.00
11/8/2018	22117	Terry Quick	\$22.35
11/8/2018	22118	Verizon Wireless	\$312.14
11/21/2018	22119	Adam's Pest Control, Inc.	\$122.50
11/21/2018	22120	American Door Works	\$734.00
11/21/2018	22121	Brainerd Public Utilities	\$711.40
11/21/2018	22122	Tenant Refund	\$448.17
11/21/2018	22123	CTC	\$5,449.33
11/21/2018	22124	CenterPoint Energy	\$5.72
11/21/2018	22125	Tenant Refund	\$200.17
11/21/2018	22126	Dearborn National	\$198.69
11/21/2018	22127	Felhaber Larson Fenion & Vogt, P.A.	\$650.00
11/21/2018	22128	Housing Data Systems	\$170.00
11/21/2018	22129	Life Insurance Company of North America	\$84.24
11/21/2018	22130	Miller Testing & Consulting LLC	\$450.00
11/21/2018	22131	Nisswa Sanitation	\$2,385.21
11/21/2018	22132	Park Supply, Inc.	\$524.15
11/21/2018	22133	Pike Plumbing & Heating, Inc	\$184.00
11/21/2018	22134	Strike Painting & Finishing	\$600.00
11/21/2018	22135	Sun Life Financial	\$301.27
11/21/2018	22136	Wells Fargo - CC	\$1,430.27
11/21/2018	22137	Wells Fargo - CC	\$26.50
11/21/2018	22138	Wells Fargo - CC	\$1,590.35
11/21/2018	22139	Wells Fargo - CC	\$320.00
11/21/2018	22140	Wells Fargo - CC	\$156.00
		Report Total	\$182,170.94



To: Brainerd HRA Board Members
From: Tania Eller, Rental Assistance Manager
Date: December 12, 2018
Re: HCV Programs Report

HCV Report

Please see the Attachment 7a.

Our Unit Months Leased (UML) for November is 99% and HAP utilization for November is 91%.

Bridges Report

Please see Attachment 7b.

Family Self-Sufficiency (FSS) Report

Please see Attachment 7c.

No Action Requested; Discussion Items

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November Housing Choice Voucher Programs (HCV)

<u>Voucher Allocation</u>	320
November Move-ins	5
November Move-outs	4
November Vouchers - looking for housing	25
November Vouchers - first day of month	313
Average Vouchers to date	316
Unit Months Leased	99%
HAP Utilization through 11/30/18	91%
<u>Reasons For Leaving Program</u>	
Voluntarily Left	3
Portability	1
<u>Payments</u>	
Housing Assistance Payment (HAP)	\$115,397
November HUD Administrative Fee	\$15,275
<u>Port Out Vouchers</u>	5
St. Cloud (1), Cass (1), Clay (1) Florida (1) Wadena (1) NW MN (1)	\$3,158
<u>Homeownership</u>	10
Homeownership HAP	\$4,489
<u>Annual Average Income</u>	\$13,471
<u>Length of Time on Program</u>	
< 1 year	17%
< 2 years	20%
< 3 years	7%
< 4 years	8%
< 5 years	6%
> 5 years	41%
<u>Demographics</u>	
Elderly Households	80
Disabled/Handicapped Households	157
Families with Children	139
<u>Waiting List Total</u>	112

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Bridges Program - November 2018

Currently

- » Waiting list: 38
- » Tenants leased up in units: 12
- » Tenants in Shop Mode: 3
- » Participants issued a voucher & searching for a unit: 5
- » Notified: 9
- » Participants receiving HCV voucher: 3
- » Participants giving up Bridges voucher: 0

Tenants' Residing Counties

- » Cass County: 0
- » Morrison: 3
- » Aitkin: 0
- » Crow Wing: 9
- » Todd: 0
- » Wadena: 0

Total HAP payment: \$4,621.00

Family Self-Sufficiency Report November 2018

Currently:

- » Active FSS participants: 25
- » Tenants going OFF for month: 1
- » Tenants going ON for month: 1
- » Tenants start ESCROWING: 1
- » Total number of FSS participants escrowing monthly: 7
- » Total amount of escrow: \$1,065.00
- » Total escrow: \$26,856.36

Summary:

Tenant gave up Section 8 voucher due to purchasing his own home. He never escrowed any money but was able to work with FSS coordinator to become more self-sufficient and found a home to purchase within his budget.

Tenant stated, "I wanted to thank Section 8 Program, because I was homeless when I applied (2012) and Section 8 gave him a home. I started a job and was able to purchase my own home because of staff at the HRA and the programs here."



To: Brainerd HRA Board Members
From: Teresa L. Hettver, Housing Manager
Date: December 12, 2018
Re: Public Housing Report

Vacancy Report for November 2018

Please see Attachment 8a.

Monthly Property Performance Report for November 2018

Please see Attachment 8b.

ROSS

Shannon attended a ROSS training in North Carolina on December 6–7th.

Jennifer, Roberta, and I met with a representative from CTC on October 29th regarding our expiring contract for cable television services provided to our residents. We were provided with a new contract, which reflected that the cable cost for us would be increasing from \$18.00 per unit to \$46.00 per unit, a 256% increase in costs. We are billed for every unit at the North Star, plus the second floor lounge, whether or not the resident subscribes to cable.

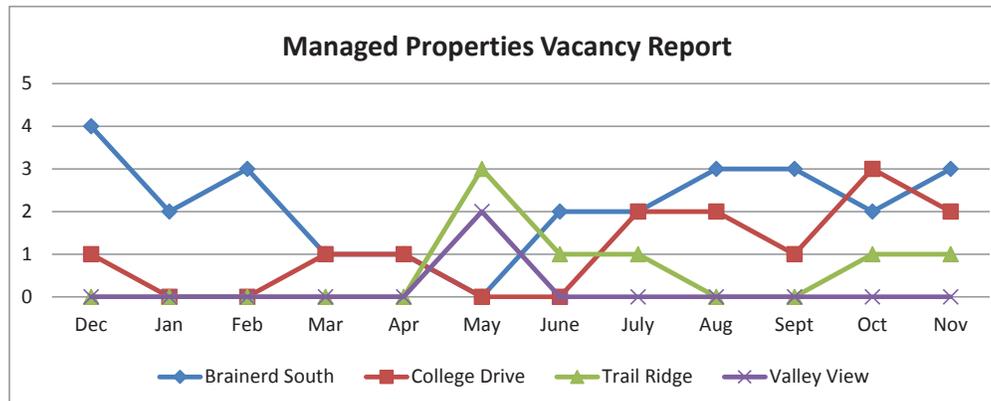
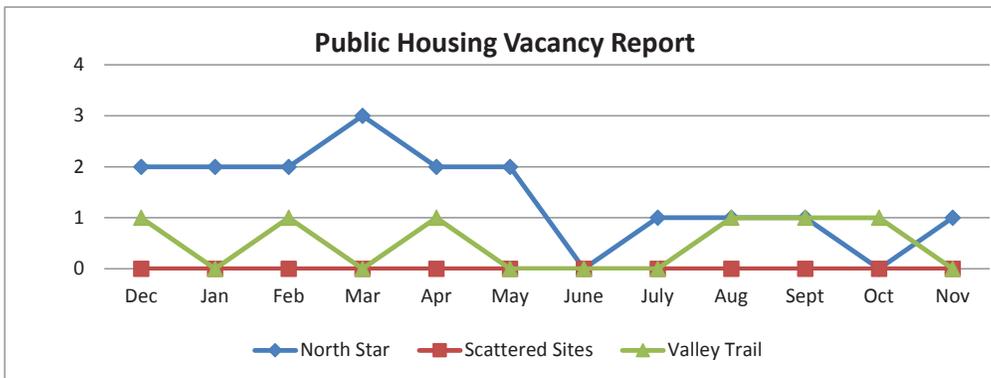
We have been charging \$30.00 for cable services and had 103 residents subscribed. We would have had to charge over \$75.00 per unit to break even (if we didn't lose any subscribers). Given the limited financial resources of our residents, the decision was made not to enter into a new contract with CTC. The residents were informed that we will no longer provide TV services as of January 1st, 2019.

No Action Requested; Discussion Items

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Brainerd HRA 2018 Vacancy Report

	Public Housing				Section 236 Brainerd South	Tax Credit - DW Jones		
	North Star	Scattered Sites	Valley Trail	Total PH Vac/%		College Drive	Trail Ridge	Valley View
# units	162	16	25	203	60	24	18	20
Jan 31 Jan %	2 1.23%	0 0.00%	0 0.00%	2 0.99%	2 3.33%	0 0.00%	0 0.00%	0 0.00%
Feb 28 Feb %	2 1.23%	0 0.00%	1 4.00%	3 1.48%	3 5.00%	0 0.00%	0 0.00%	0 0.00%
March 31 March %	3 1.85%	0 0.00%	0 0.00%	3 1.48%	1 1.67%	1 4.17%	0 0.00%	0 0.00%
April 30 April %	2 1.23%	0 0.00%	1 4.00%	3 1.48%	1 1.67%	1 4.17%	0 0.00%	0 0.00%
May 31 May %	2 1.23%	0 0.00%	0 0.00%	2 0.99%	0 0.00%	0 0.00%	3 16.67%	2 10.00%
June 30 June %	0 0.00%	0 0.00%	0 0.00%	0 0.00%	2 3.33%	0 0.00%	1 5.56%	0 0.00%
July 31 July %	1 0.62%	0 0.00%	0 0.00%	1 0.49%	2 3.33%	2 8.33%	1 5.56%	0 0.00%
Aug 31 Aug %	1 0.62%	0 0.00%	1 4.00%	2 0.99%	3 5.00%	2 8.33%	0 0.00%	0 0.00%
Sept 30 Sept %	1 0.62%	0 0.00%	1 4.00%	2 0.99%	3 5.00%	1 4.17%	0 0.00%	0 0.00%
Oct 31 Oct %	0 0.00%	0 0.00%	1 4.00%	1 0.49%	2 3.33%	3 12.50%	1 5.56%	0 0.00%
Nov 30 Nov %	1 0.62%	0 0.00%	0 0.00%	1 0.49%	3 5.00%	2 8.33%	1 5.56%	0 0.00%
Dec 31 Dec %				0 0.00%				
Total %	15 0.84%	0 0.00%	5 1.82%	20 0.90%	22 3.33%	12 4.55%	7 3.54%	2 0.91%



Brainerd Housing and Redevelopment Authority

Monthly Property Performance Report November 2018

1. Property Narrative

2. Physical Occupancy

Unit Size	Total Units	Occupied Units	Mod Rehab	Make Ready	Vacant Units	Percent Occupied
North Star	162	161			1	99%
Valley Trail	25	25			0	100%
Scattered Sites	16	16			0	100%
TOTAL	203	202	0	0	1	100%

3. Customer Traffic

Applications Requested	38
Applications Placed on PH Wait List	19
Applications Denied	13

4. Waiting List

Unit Size	# of Units	Total # on Wait List	Notified	Screening	Denied
1 bdrm	160	144		5	1
2 bdrm	14	21			
3 bdrm	24	59			
4 bdrm	5	13			
TOTAL	203	237	0	5	1

5. Move-Ins and Move Outs

	This Month	Year-to-Date
Move-Ins	9	40
Move-Outs	5	40

6. Lists of Vacant Units and Unit Status

Unit	Unit Size	Anticipated Lease Date	Applicant Approved?
NS 402	1	12/05/18	Yes

7. Recertifications

Interim Recertifications	8
Annual Recertifications	3
Completed for this month	11

8. Annual Unit Inspections

Total units to be inspected this year	203
Number completed start of month	0
Number inspected for the month	0
Number completed year-to-date	0
Total left to be inspected this year	203
Have all building system inspections been completed?	No
If yes, please enter date	

9. Lease Enforcements

Lease warnings/violations issued	5
30-day lease terminations	2

10. Evictions

Resident	Reason	Summons Date	Judgment Action

11. Non-Emergency Work Orders

Beginning Balance	2
Received	75
Closed	76
Ending Balance	1
Total Completed Work Orders for Year	763

12. Emergency Work Orders

	This Month	Year-to-Date
Requested	0	15
Completed within 24 hours	0	15
Percent completed within 24 hours	0%	100%

13. Rent Collection

	This Month
Rent Charges	62,167
Other Charges	4,239
Total New Charges	66,406
Arrears, tenants in possession	1,847

Accounts Receivable

Current Tenant Accounts Receivable (Rent)	1,350
Current Rent Charges	62,167
Current Rent Collections	60,817
Accounts Receivable Rate	2%
Collection Rate	98%

Collections - Prior 12 Month Period

Prior Tenants Accounts Receivable (Rent)	4,418
Prior Rent Charges	708,673
Collection Rate	99%

General Ledger/Asset Mgmt Prop Performance Rpt



To: Brainerd HRA Board Members
From: Jennifer Bergman, Executive Director
Date: December 13, 2018
Re: Executive Director Report

Opportunity Zones

Opportunity Zones (OZ) are a part of a new community development program offered through the Federal Tax Cuts and Job Acts of 2017. OZs encourage private investment in low-income urban and rural communities by allowing investors to defer federal taxes on any recent capital gains until 2026, reduce that tax payment by up to 15%, and pay as little as zero taxes on potential profits from the fund if the investment is held for 10 years (see Attachment 9a). At the same time, the influx of capital could help revitalize underserved communities across America. Each governor was asked to select 25% of their Qualified Census Tracts to have designated as OZs and Governor Dayton selected two census tracts in the City of Brainerd (see Attachment 9b).

I have had the opportunity to attend three OZ trainings in December to try to learn how we can take advantage of these OZ and the Opportunity Zone Funds. It is anticipated that there will be approximately \$300 billion invested in the funds. Minnesota Opportunity Zone Advisors are putting together a fund and is looking for a couple of projects in Greater Minnesota to fund. I have reached out to them and they will be touring one of our projects in January.

Potential Mixed-Use Development in OZ

I will be meeting with a potential developer and property owner in Downtown Brainerd in December to explore options of developing a mixed-use project with commercial space on the first floor and residential housing on the upper floors. This is a potential redevelopment project which would include the acquisition and demolition of an existing commercial building. I will be participating in a webinar on the DEED Redevelopment Grant Program with the hopes of submitting an application on February 1st for the acquisition of the property.

Downtown Coordinator

Matt Kilian, Cassandra Tortstenson and I met following the November Brainerd HRA board meeting to discuss next steps for the downtown coordinator. We decided that we would like to first meet with our downtown businesses in January to hear what their needs are and then reconvene. We discussed that maybe instead of full-time coordinator, we discussed starting smaller and considering a part-time, temporary position over the summer to coordinate events.

No Action Requested; Discussion Item

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Opportunity Zone Tax Advantages

Defer capital gains from sale of appreciated assets to 2026

No capital gains on investment in Opportunity Fund if held ten (10) years

TIMELINE FOR OPPORTUNITY ZONE FUND INVESTMENTS

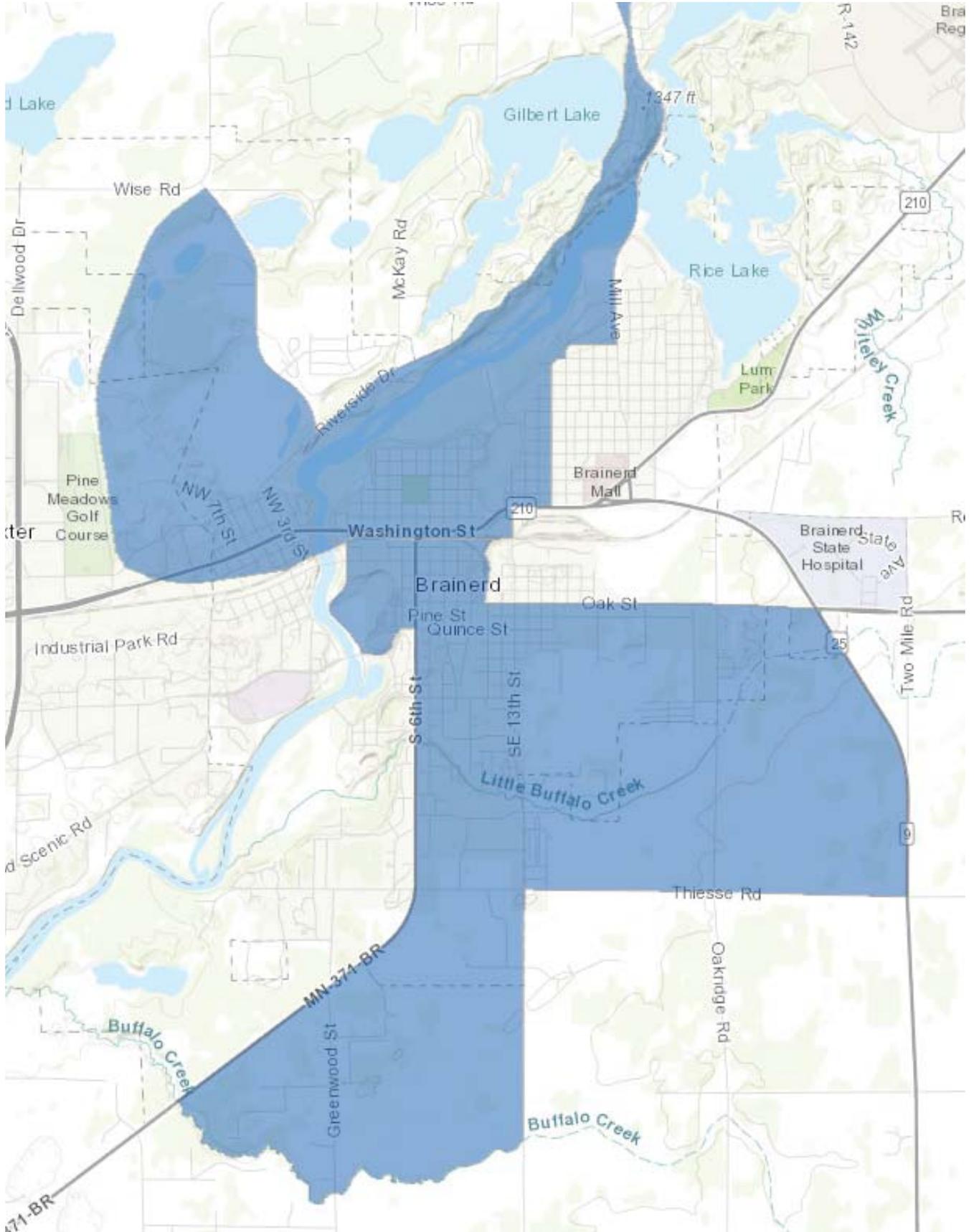


EXAMPLE of A 10-Year Investment: Fully-Taxed vs. Opportunity Zone Fund

Fully-Taxed Investment		Opportunity Zone Investment	
Capital Gain in 2018	\$100,000	Capital Gain in 2018	\$100,000
- Tax payable (20%)	-\$20,000	Tax payable (20% deferred)	\$0
Total Capital to Invest	\$80,000	Total Capital to Invest	\$100,000
Sales Price after 10 years	\$143,000	Sales Price after 10 years	\$179,084
- Appreciation Tax (20%)	-\$12,653	- Tax on Appreciation	\$0
After-Tax Capital 'Exit'	\$130,347	Deferred Capital Gain Tax (Reduced by 15%; paid in 2026)	-\$17,000
		After-Tax Capital 'Exit'	\$162,084

SAMPLE Assumptions:

- 6% annual investment appreciation
- 20% capital gains tax (federal only)





To: Brainerd HRA Board Members
From: John Schommer, Rehab Coordinator
Date: December 11, 2018
Re: Rehab Programs Report

Downtown Brainerd SCDP

- » 7 Commercial projects complete
- » 1 Commercial project in progress
- » 30 Rental units complete
- » 14 Rental units in progress
- » 2 Commercial applications in progress
- » 1 Rental application in progress

NE Brainerd SCDP

We are waiting on environmental review clearance from DEED so we can start the posting period.

Brainerd Revolving Loan Program

We are working with two interested property owners.

MHFA

- » 1 project is nearing completion
- » 1 project is bidding
- » 1 project is in work write-up
- » 1 application being processed and 1 applicant backed out

Brainerd Oaks/Serene Pines

Brainerd Oaks

- » 28 lots purchased
- » 15 homes completed & sold
- » 4 homes substantially complete
- » 3 homes in progress
- » 1 foundation in

Serene Pines

- » 8 lots purchased
- » 5 homes completed & sold
- » 1 homes substantially completed
- » 2 in construction

No Action Requested; Discussion Item

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To: Brainerd HRA Board Members
From: Tania Eller, Rental Assistance Manager
Date: December 13, 2018
Re: Housing Choice Voucher (HCV) Program Administrative Plan

The Housing Choice Voucher (HCV) Program Administrative Plan is the document that tells the public, elected officials, applicants and tenants, and housing choice voucher staff, the policy decisions of the PHA for the Housing Choice Voucher Program. The purpose of the plan is to provide daily guidance to PHA staff, ensure fair and equitable treatment, and to justify actions to auditors and in legal challenges. The PHA must have written policies which are adopted and approved by the Board and are submitted to HUD (approval is not required).

Our agency purchased the Nan McKay Model Plan and has subscribed to Nan McKay's model policies. We receive annual revisions to bring current all recent HUD requirements and guidance. Due to the size of the HCV Administrative Plan, I will not be providing a copy in your packet (you may view it on the Brainerd HRA website). Much of the plan has been updated with new HUD requirements and revised policies to coincide with those changes. Most of the policies have not changed, with the exception of wording. Chapter 14, Program Integrity, of the plan, which begins on page 397 of the PDF, is a new section that includes regulations and policies on detecting errors and program abuse.

Chapter 15, Special Housing Types, which begins on page 411, is also new. The only special housing type is our HCV Homeownership option and the policies in this section are similar to those policies in our Homeownership Program Administrative Plan.

Action Requested: Approve Resolution No. 2018-30 adopting the Housing Choice Voucher Program Administrative Plan.

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HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BRAINERD

RESOLUTION NO. 2018-30

HOUSING CHOICE VOUCHER (HCV) PROGRAM ADMINISTRATIVE PLAN

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd is required to have in place a Housing Choice Voucher (HCV) Program Administrative Plan that tells the public, elected officials, applicants and tenants, housing choice voucher staff, the policy decisions of the PHA for the Housing Choice Voucher program; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd has updated its plan with new HUD requirements and revised policies to coincide with those changes; and

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the HRA as follows:

1. Housing Choice Voucher (HCV) Program Administrative Plan is hereby approved.

I CERTIFY THAT the above resolution was adopted by the Housing and Redevelopment Authority in and for the City of Brainerd.

Dated: _____

Marlee Larson, Chair

Dated: _____

Jennifer Bergman, Executive Director

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To: Brainerd HRA Board Members
From: Teresa L. Hettver, Housing Manager
Date: December 12, 2018
Re: Admissions and Continued Occupancy Policy (ACOP)

The Admissions and Continued Occupancy Policy (ACOP) is the document that tells the public, elected officials, applicants and tenants, and public housing staff the policy decisions of the PHA for the public housing program. The purpose of the ACOP is to provide daily guidance to PHA staff, ensure fair and equitable treatment, and to justify actions to auditors and in legal challenges.

The PHA must have written policies which are adopted and approved by the Board and is submitted to HUD (approval is not required).

Our agency has subscribed to Nan McKay's model policies and we receive annual revisions to bring current all recent HUD requirements and guidance. Due to the size of the ACOP, I will not be providing a complete copy in your packet, but I have attached a copy of the noteworthy policy changes and/or additions to our ACOP as follows:

- » Established verification requirements for any family claiming a residency preference. (Attachment 12a).
- » Established a policy for over income families as required by the Housing Opportunity Through Modernization Act (HOTMA). (Attachment 12b)
- » Updated Bed Bug Policy. (Attachment 12c)

Action Requested: Approve Resolution No. 2018-31 adopting the Admissions and Continued Occupancy Policy.

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Eligible Immigrants***Documents Required***

All family members claiming eligible immigration status must declare their status in the same manner as U.S. citizens and nationals.

The documentation required for eligible noncitizens varies depending upon factors such as the date the person entered the U.S., the conditions under which eligible immigration status has been granted, age, and the date on which the family began receiving HUD-funded assistance. Exhibit 7-1 at the end of this chapter summarizes documents family members must provide.

PHA Verification [HCV GB, pp 5-3 and 5-7]

For family members age 62 or older who claim to be eligible immigrants, proof of age is required in the manner described in 7-II.C. of this ACOP. No further verification of eligible immigration status is required.

For family members under the age of 62 who claim to be eligible immigrants, the PHA must verify immigration status with the U.S. Citizenship and Immigration Services (USCIS).

The PHA will follow all USCIS protocols for verification of eligible immigration status.

7-II.H. VERIFICATION OF PREFERENCE STATUS

The PHA must verify any preferences claimed by an applicant that determined his or her placement on the waiting list.

PHA Policy

The PHA offers a preference for Crow Wing County residents and Single Applicants, described in Section 4-III.B.

The PHA may verify that the family qualifies for the residency preference based on the family's submission of two of the following proofs:

1. Driver's license, state ID or learner's permit;
2. Bill, account or start-of-service statement due or dated within 30 days for:
 - Phone, TV or internet
 - Solid waste, sewer, electric, gas or water
 - Banking or credit card
 - Rent or mortgage
 - Residential lease or rent agreement
 - Current student fee statement

Over-Income Families [24 CFR 960.261; FR Notice 7/26/18]

The Housing Opportunity Through Modernization Act (HOTMA) of 2016 placed an income limitation on public housing tenancies. The over-income requirement states that after a family's income has exceeded 120 percent of area median income (AMI) (or a different limitation established by the secretary) for two consecutive years, the PHA must either terminate the family's tenancy within six months of the determination, or charge the family a monthly rent that is the higher of the applicable fair market rent (FMR) or the amount of monthly subsidy for the unit, including amounts from the operating and capital funds, as determined by regulations.

PHAs also have discretion, under 24 CFR 960.261, to adopt policies allowing termination of tenancy for families whose income exceeds the limit for program eligibility. Such policies would exempt families participating in the Family Self-Sufficiency (FSS) program or currently receiving the earned income disallowance.

PHA Policy

At annual or interim reexamination, if a family's income exceeds the applicable over-income limit, the PHA will document the family file and begin tracking the family's over-income status.

If one year after the applicable annual or interim reexamination the family's income continues to exceed the applicable over-income limit, the PHA will notify the family in writing that their income has exceeded the over-income limit for one year, and that if the family continues to be over-income for 12 consecutive months, the family will be subject to the PHA's over-income policies.

If two years after the applicable annual or interim reexamination the family's income continues to exceed the applicable over-income limit, the PHA will charge the family a rent that is the higher of the applicable fair market rent (FMR) or the amount of monthly subsidy for the unit. The PHA will notify the family in writing of their new rent amount. The new rent amount will be effective 30 days after the PHA's written notice to the family.

If, at any time, an over-income family experiences a decrease in income, the family may request an interim redetermination of rent in accordance with PHA policy. If, as a result, the previously over-income family is now below the over-income limit, the family is no longer subject to over-income provisions as of the effective date of the recertification. The PHA will notify the family in writing that over-income policies no longer apply to them. If the family's income later exceeds the over-income limit again, the family is entitled to a new two-year grace period.

The PHA will begin tracking over-income families once these policies have been adopted, but no later than March 24, 2019.

The PHA will not evict or terminate the tenancies of families whose income exceeds the income limit for program eligibility as described at 24 CFR 960.261.

BRAINERD HOUSING AND REDEVELOPMENT AUTHORITY
BED BUG POLICY

The Brainerd Housing & Redevelopment Authority (Brainerd HRA) recognizes the potential problems that can arise out of bed bug infestations in public housing. Accordingly, the Brainerd HRA adopts this policy in an effort to minimize bed bug infestations in its public housing, Housing Choice Voucher Program, and other managed affordable housing.

HOUSING AUTHORITY'S RESPONSIBILITIES

A. Management

1. The Brainerd HRA shall provide training to appropriate staff members regarding the identification, prevention, and eradication of bed bugs.
2. The Brainerd HRA shall make efforts to educate new and existing residents on methods that may be utilized in order to prevent and detect bed bugs. Such efforts may include written handouts distributed to all residents (See sample handout attached to this policy).
3. The Brainerd HRA will keep a qualified pest control company under contract so they can be called on an "as needed" basis if internal staff are inadequate to deal with a bed bug infestation.
4. The Brainerd HRA shall keep written records of reports and incidents of bed bug infestation. Said records shall identify the dates, times and places of such reports or incidents.

B. Inspections

1. If a resident reports the existence of bed bugs in his or her unit, the Brainerd HRA shall within 24 hours make contact with the resident, provide the resident with information about control and prevention of bed bugs and discuss measures the resident may be able to take in the unit before an inspection is performed.
2. Following a report of bed bugs, the Brainerd HRA or a qualified third party trained in bed bug detection shall inspect the dwelling unit to determine if bed bugs are present. It is critical that inspections be conducted by trained staff or third-party professionals. Low level infestations may escape visual detection. For this reason, multiple detection tools, such as monitors containing attractants and canine detection may be utilized. The inspections shall occur within three business days of the resident report when possible.
3. The inspection shall cover the unit reporting the infestation and no less than the adjoining apartment in a duplex or surrounding apartments consisting of the units above, below, left and right in a multifamily building if these units exist.
4. If the initial inspection confirms the presence of bed bugs, the Brainerd HRA will contact a licensed pest control company to treat the infestation. The length, method and extent of the treatment will depend on the severity and complexity of the infestation, and the level of cooperation of the residents. The resident may expect treatment to begin within five days of the inspection, though depending on the form of treatment and/or the availability of the contractor, this may not be possible. Residents should be advised that treatment may take several weeks and possibly several applications.
5. If an infestation is suspected but cannot be verified, the Brainerd HRA will re-inspect the unit(s) periodically over the next several months.

6. If licensed pest control companies are unattainable within three calendar days, the Brainerd HRA shall retain documentation of the efforts to obtain qualified services.

C. Additional Considerations

1. The Brainerd HRA will only authorize and pay for the chemical treatment of bed bugs. Chemical treatment of an apartment for bed bugs should focus on containment of the infestation. Chemical treatment provides longer protection in treating bed bugs in that the chemicals will remain for a couple of weeks to months. Chemical treatment requires the cooperation of residents in doing their part to follow instructions, along with the disposal of infested furniture.
2. The Brainerd HRA may charge a resident
3. The Brainerd HRA may charge a resident to cover the actual cost of subsequent re-infestation bed bug treatment(s) if it is determined that the re-infestation was caused by the resident's failure to comply with their standard lease agreement terms with respect to the condition of their unit and failure to comply with instructions to prepare for treatment.
4. The Brainerd HRA retains the right to terminate resident's tenancy and require residents to vacate the rental unit in the event that the:
 - Resident's action or inaction prevents treatment of an infestation;
 - Resident fails to comply with the requirements of this policy.

D. Housing Choice Voucher Program

1. The Brainerd HRA does not have direct responsibility for bed bug removal in the Housing Choice Voucher Program. Like all other maintenance and quality of life issues, they are the responsibility of the landlord. As stated in both the Housing Quality Standards (HQS) and the Housing Assistance Payment (HAP) contract, landlords are responsible to ensure the dwelling unit and its equipment must be in sanitary condition and free of vermin and rodent infestation.
2. If the HAP contract is violated, the cancelation process outlined in the Brainerd HRA's Administrative Plan will be followed.

RESIDENT RESPONSIBILITIES

1. Under the terms of the Brainerd HRA's standard lease agreement, residents are required to "report any problem with infestation." Accordingly, residents are strongly encouraged to report any suspected problems with bed bug infestation immediately. Residents are the first line of defense against bed bugs. Further, any willful failure on the part of a resident to report a bed bug infestation may result in adverse action taken against the resident, up to and including eviction. A resident reporting bed bugs may expect expeditious response and attention by the Brainerd HRA, but should be advised that inspection and, if necessary, treatment of bed bugs may take time to schedule.
2. Since clutter is a friend of bed bugs, residents will keep clutter in their homes to an absolute minimum.

3. Residents are required to cooperate with the treatment efforts by preparing their belongings and unit for treatment as outlined by the pest control company, allowing for chemical treatment of furniture and refraining from placing infested furniture or other items in common areas. In the event these requirements are not followed, the Brainerd HRA may take adverse action against the resident, up to and including eviction. Residents will not be reimbursed the cost of any additional expense to the household, such as the purchase of new furniture, clothing or cleaning services, including treatment of pets.
4. Residents can easily unintentionally bring bed bugs onto the property when returning from a trip or bringing property into their homes. Therefore, residents will check their luggage and clothes whenever they return home from taking a trip and examine any secondhand items before bringing them home.
5. **FAILURE TO COMPLY:** If treatment is scheduled and the pest control company determines that the Resident has not prepared the unit for treatment, Resident will be held financially responsible for all costs incurred by the Brainerd HRA in having the treatment rescheduled.

HOUSING CHOICE VOUCHER LANDLORD RESPONSIBILITIES

1. The Housing Assistance Payment (HAP) contract requires the landlord to maintain the contract unit and its premises in accordance with Housing Quality Standards (HQS). If bed bugs are present, the landlord, as required by the HQS and HAP contract, must ensure that the dwelling unit and its equipment be in sanitary condition and free of vermin and rodent infestation. In order to comply with the HQS, if the presence of bed bugs is suspected, the landlord must notify the Brainerd HRA immediately and it is strongly recommended that the landlord contact an extermination professional for an immediate inspection. If treatment is deemed necessary, a copy of the contract the landlord entered into with the pest control company (including all treatments to be performed and a schedule for the work) must be provided to Brainerd HRA within two business days of initial determination that treatment is required. In addition, the landlord must notify the Brainerd HRA when the eradication is complete.
2. Failure of a landlord to comply with this policy is considered a violation of the HAP contract and may result in abatement, suspension or termination of housing assistance payments, termination of the HAP contract, and suspension of eligibility to participate in the Housing Choice Voucher program.

HOUSING CHOICE VOUCHER PARTICIPANT RESPONSIBILITIES

1. The HAP contract requires that residents keep the unit and its premises free from damage. Therefore, if the presence of bed bugs is suspected, it is the resident's responsibility to notify both the landlord and the Brainerd HRA immediately in order to minimize any potential damage to the unit. In addition, it is the responsibility of the resident to work cooperatively with the landlord and/or pest control company to ensure the successful elimination of bed bugs. Resident non-compliance may result in the loss of their Housing Choice Voucher.
2. If the resident notifies the landlord of the presence of bed bugs and the landlord fails to take action within a reasonable period of time, the resident should notify Brainerd HRA.

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HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BRAINERD

RESOLUTION NO. 2018-31

ADMISSION AND CONTINUED OCCUPANCY POLICY

WHEREAS, federal regulations require the Housing and Redevelopment Authority in and for the City of Brainerd to review and update the Admissions and Continued Occupancy Policy for the public housing program as needed;

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd has reviewed and updated its previously adopted Admissions and Continued Occupancy Policy;

WHEREAS, the Board of Commissioners adopted Resolution No. 2018-25, Pet Ownership Policy – Family Units, and Resolution No. 2018-26, Pet Ownership Policy – North Star Apartments on October 31, 2018; and

WHEREAS, the updated Admissions and Continued Occupancy Policy contains a complete chapter which describes the policies on the keeping of pets and describes the criteria and standards pertaining to pet policies;

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the HRA as follows:

1. The Admissions and Continued Occupancy Policy is hereby approved.
2. Resolution No. 2018-25 and 2018-26 are combined with this Resolution.

I CERTIFY THAT the above resolution was adopted by the Housing and Redevelopment Authority in and for the City of Brainerd.

Dated: _____
Marlee Larson, Chair

Dated: _____
Jennifer Bergman, Executive Director

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To: Brainerd HRA Board Members
From: Christine Carlson, Accounting Specialist
Date: December 3, 2018
Re: Bloodborne Pathogens Policy

The purpose of the Bloodborne Pathogens Policy (see Attachment 13a) is to define special precautions to be utilized in identifying and minimizing or eliminating potential workplace exposure by employees to blood and other potential infectious materials. The policy also directs employees to the Bloodborne Pathogens Program Manual for more specific instruction, rights, and responsibilities pertaining to such exposure.

Action Requested: Approve Resolution No. 2018-32 amending the Bloodborne Pathogens Policy.

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BRAINERD HOUSING AND REDEVELOPMENT AUTHORITY**Bloodborne Pathogens Policy**

Adopted: 12/19/2018 Resolution No.: 2018-32

1.0 GENERAL INFORMATION**Purpose**

The Brainerd Housing and Redevelopment Authority (hereinafter, “the Agency”) will make every effort to provide its employees a workplace that is free from recognized hazards that may cause death or serious physical harm. In providing services to the residents of the Agency, employees may come in contact with serious diseases that can be transmitted by bloodborne pathogens. It is important that both residents and employees are protected from the transmission of such diseases.

The purpose of the Bloodborne Pathogens Policy and accompanying Bloodborne Pathogen Program is to define special precautions to be utilized in minimizing or eliminating potential workplace exposure by employees to blood and other potentially infectious materials (OPIM), identify employees occupationally exposed to blood or OPIM in the performance of their regular job duties, provide information and training to employees with potential exposure and to comply with OSHA Bloodborne Pathogen standard, 1910.1030.

For more complete guidelines pertaining to bloodborne pathogen management and administration of this policy, please refer to the Bloodborne Pathogen Program Manual.

Coverage

Occupational exposure to Bloodborne pathogens may occur in many ways, including needle sticks, cut injuries or blood spills. Although most Agency employees do not think of themselves as at risk for bloodborne diseases, there are many daily tasks that potentially place them at risk. These tasks include:

- A. Cleaning any unit where blood is present.
- B. Giving first aid to an injured person.
- C. Picking up needles or trash containing needles.
- D. Working in sewage.
- E. Transporting infectious clean up supplies to be disposed of or laundered.
- F. Cleaning public restroom areas.
- G. Cleaning common areas in buildings and grounds where blood or other infectious material may be present.
- H. Assisting in removal of a deceased resident from their unit.
- I. Being exposed by another infectious individual through hostile acts.
- J. Any work involving body fluid or blood contact.

The purpose of the policy and related training program is not to alarm the employees of the Agency, but to make them responsibly aware of the risks they may encounter and to equip them to react professionally in the face of those risks.

Administration

The safety officer will administer this policy for the Agency and will be responsible for the following tasks:

- A. Developing, implementing and maintaining an effective bloodborne pathogen plan subject to the provisions of federal and state law relating to Occupational Safety and Health Administration (OSHA) regulations.
- B. Permanently maintaining records of all employees and incidents subject to the provisions of this program.
- C. Coordinating, monitoring, and documenting all training activities undertaken in support of this plan.
- D. Compiling a list of all jobs in which employees have potential occupational exposure to bloodborne diseases.
- E. Ensuring that there are complete health and immunization records for all employees.
- F. Investigating all incidents of exposure, notifying all employees who were exposed and ensuring that all reports are completed and any necessary follow-up medical care is made available.
- G. Providing exposed employees with access to post-exposure follow-up and counseling.

2.0 GENERAL POLICIES AND PROCEDURES

Policy Statement

All blood and other body fluids are potentially infectious and can transmit several diseases. For this reason, all Agency employees should take particular care when there is potential exposure. These precautions have been termed "universal precautions" and stress that employees should behave as though there is the possibility of exposure at all encounters.

General Guidelines

- A. Think carefully when responding to emergencies and exercise common sense when there is possible exposure to blood or OPIM that require universal precautions. For example, gloves must be worn when there is potential for contact with blood or OPIM and must be replaced when visibly soiled, torn, punctured, or when their ability to function as a barrier is compromised.
- B. Keep all open cuts and abrasions covered with adhesive bandages that repel liquids.
- C. If hands are contaminated with blood or OPIM wash immediately and thoroughly. Hands shall also be washed after gloves are removed even if the gloves appear to be intact. When soap and water or hand-washing facilities are not available then use a waterless antiseptic hand cleaner according to the manufacturer's recommendation for the product.
- D. All workers shall take precautions to prevent injuries caused by needles. To prevent needle stick injuries, needles shall not be recapped, purposely bent or broken by hand, or removed from disposable syringes. After they are found, disposable syringes and needles shall be placed in puncture resistant containers for disposal.
- E. The puncture resistant container shall be located as close as practical to the use area.
- F. The Agency will provide gloves, protective glasses, and other necessary equipment of appropriate material and quality for use when needed.

3.0 TRAINING

Employees at Risk for Exposure

Employees believed to be at risk for exposure shall receive training regarding the location and proper use of personal protective equipment. They shall be trained concerning proper work practices and understand the concept of "universal precautions" as it applies to their work situation.

New Employees at Risk for Exposure

During the orientation period, all new employees at risk of exposure will be trained on the risks of bloodborne diseases associated with their position.

4.0 RECORDS AND REPORTS

Exposure Reporting

All employees who are exposed to blood or body fluids during the performance of work duties must report the incident to protect themselves and the public. The employee must notify the safety officer and/or Supervisor to make sure that the proper reports are prepared. Using the information in the report, the Safety Officer will determine the best course of action to follow.

5.0 MANAGEMENT OF POTENTIAL EXPOSURE

Hepatitis B Vaccinations

The Agency shall offer all employees at risk of exposure a Hepatitis B Vaccination free of charge and in amounts and at times prescribed by standard medical practices. The vaccination shall be voluntary. Employees who have potential exposure to bloodborne pathogens but decline to take the vaccination must sign a declination statement. Employees who initially decline can still receive the vaccination should they decide at a later date to accept.

Reporting Potential Exposures

Employees shall observe the following procedures for reporting a job exposure incident that may put them at risk for HIV or HBV infections (i.e., needle sticks, blood contact on broken skin, body fluid contact with eyes or mouth, etc.):

- A. Notify the safety officer and immediate supervisor of the contact incident and details thereof.
- B. Complete the appropriate on-the-job injury reports and exposure forms.
- C. Make arrangements for the employee to be seen by a physician as with any job-related injury.
- D. The Agency will make blood testing available to all workers who have had a documented on the job exposure and may be concerned they have been infected with HIV. A blood sample should be drawn from the employee and tested for Hepatitis and the antibody to Human Immunodeficiency Virus (HIV antibody). Testing should be done at a location where appropriate pretest counseling is available. Post-test counseling and referral for treatment will also be offered.

6.0 CONFIDENTIALITY

All medical information and records are confidential under state and federal laws. Any employee who disseminates such confidential information in regard to a victim or suspected victim of communicable disease is in violation of such laws and could be subject to serious disciplinary and/or civil action.

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HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BRAINERD

RESOLUTION NO. 2018-32

BLOODBORNE PATHOGENS POLICY

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd is required to have in place a Bloodborne Pathogens Policy that defines special precautions to be utilized in identifying and minimizing or eliminating potential workplace exposure by employees to blood and other potential infectious materials; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd has reviewed and updated its previously established Bloodborne Pathogen Policy; and

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Brainerd as follows:

1. The Bloodborne Pathogen Policy is hereby approved.

I CERTIFY THAT the above resolution was adopted by the Housing and Redevelopment Authority in and for the City of Brainerd.

Dated: _____
Marlee Larson, Chair

Dated: _____
Jennifer Bergman, Executive Director

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To: Brainerd HRA Board Members
From: Christine Carlson, Accounting Specialist
Date: December 3, 2018
Re: Hazardous Materials Policy

The purpose of the Hazardous Materials Policy is to inform employees about possible hazards connected with materials in the workplace and about safe handling and disposal of said materials. The policy also directs employees to the Employee Right to Know/Hazcom Program Manual for more specific instruction, rights, and responsibilities pertaining to hazardous materials.

Action Requested: Approve Resolution No. 2018-33 amending the Hazardous Materials Policy.

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BRAINERD HOUSING AND REDEVELOPMENT AUTHORITY
Hazardous Materials Policy
Adopted: 12/19/2018 Resolution No.: 2018-33

1.0 PURPOSE

The purpose of this policy is to inform the employees of the Brainerd Housing and Redevelopment Agency (hereinafter, “the Agency”) about possible hazards connected with materials in their workplace and about safe handling and disposal of materials used in Agency operations. This requires that we evaluate our workplace for the existence of hazardous substances, harmful physical agents and infectious agents and to provide training and information to those employees who are routinely exposed to those substances and agents.

For more complete guidelines pertaining to hazardous waste management, please refer to the ERTK/Hazcom Program Manual.

2.0 SCOPE

This implementation of this policy will ensure that Agency employees are aware of any potential hazards connected with any materials to which they may be exposed in the course of their work. In order to accomplish this, the Agency will ensure that:

- A. A current list of all hazardous chemicals or materials being used by the Agency is maintained at each work site;
- B. All containers of hazardous materials stored and used at the Agency are appropriately labeled;
- C. All Agency employees are trained to recognize and interpret labels, warnings, and signs that are attached to containers; and
- D. All Agency employees are trained to understand the content of the material safety data sheets (SDS) provided for each hazardous substance and recognize possible risks to health and the potential for physical harm.

3.0 LISTING OF HAZARDOUS CHEMICALS

The Agency will maintain a list of all hazardous chemicals used on-site. This list will be updated whenever a new hazardous substance is introduced into the worksite. The list of hazardous substances is available for review in the maintenance department or by request from the safety officer.

The safety officer or designee will insure that SDS are requested and obtained from the supplier of any new product ordered by the Agency and will maintain the master listing of all hazardous materials and SDS for all materials.

4.0 LABELS

Material received at the Agency must have intact, legible labels. These labels must include the following:

- A. The name of the hazardous substance(s) in the container;
- B. A hazard warning and/or applicable pictogram;
- C. The name and address of the chemical manufacturer or other responsible party.

5.0 TRAINING

The safety officer will insure that all employees at sites where hazardous materials are kept or used receive training on hazardous material handling. After each training session, the trainer will certify a roster of all participants and include a list of all hazardous materials included in the training.

The training program will include the following:

- A. The location and availability of the SDS and files.
- B. Methods and procedures that the employee may use to detect the presence or accidental release or spill of hazardous materials in the work area, including proper clean up.
- C. Precautions and measures employees can take to protect themselves from the hazardous materials including the use of personal protective equipment (PPE).

Training will be conducted annually for all employees and may consist of classroom sessions, hands-on activities or job briefings.

New or transferred employees will receive the appropriate training and information specific to their work assignment prior to beginning that assignment.

Training must be conducted for all employees when any new chemical or hazardous material enters the work site. This training must occur before the chemical or hazardous material is used by any employee.

6.0 HANDLING AND USE OF HAZARDOUS MATERIALS

- A. Only a safety officer or designee may order hazardous materials. Before ordering check for a non-hazardous material that can be substituted.
- B. All hazardous materials are to be stored according to manufacturer's instructions per SDS.
- C. Anyone handling or using hazardous materials shall read the SDS before use.
- D. Anyone handling or using hazardous materials shall use PPE as noted in the SDS.
- E. Disposal of hazardous materials shall be done in accordance with the SDS. In no case may hazardous materials be disposed of through municipal solid waste or sanitary sewers without prior approval of a safety officer.

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BRAINERD

RESOLUTION NO. 2018-33

HAZARDOUS MATERIALS POLICY

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd is required to have in place a Hazardous Materials Policy that informs employees about possible hazards connected with materials in the workplace and about safe handling and disposal of said materials; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd has reviewed and updated its previously established Hazardous Materials Policy; and

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Brainerd as follows:

1. The Hazardous Materials Policy is hereby approved.

I CERTIFY THAT the above resolution was adopted by the Housing and Redevelopment Authority in and for the City of Brainerd.

Dated: _____

Marlee Larson, Chair

Dated: _____

Jennifer Bergman, Executive Director

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To: Brainerd HRA Board Members
From: Terry Quick, Maintenance Supervisor
Date: December 12, 2018
Re: Maintenance Policy

Attached is our new and revised Maintenance Policy. Its purpose is to outline the Brainerd HRA's operations and procedures for maintenance and housekeeping.

Action Requested: Adopt Resolution No. 2018-34 approving the Maintenance Policy.

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BRAINERD HOUSING AND REDEVELOPMENT AUTHORITY

Maintenance Policy

Adopted: 12/19/2018 Resolution No.: 2018-34

The Brainerd HRA staff is responsible for the maintenance of properties owned and managed by the Brainerd HRA.

Staff Responsibility

- Executive Director: Oversees and provides direction to entire staff including management
- Finance Director: Develops budget and provides accounting services
- Administrative Assistant: Receives calls, keeps maintenance staff informed, and enters work orders in database
- Maintenance Supervisor: Directly supervises maintenance and housekeeping staff and contractors; purchases supplies and equipment
- Maintenance Specialist: Performs maintenance and repair tasks
- Housekeeping: Performs cleaning tasks of common areas and full cleaning during unit turns
- Housing Manager: Directly supervises caretakers
- Caretaker: Performs cleaning and some maintenance for the site he/she resides

Work Orders

When staff is made aware of required maintenance, a work order is generated. Work orders are tracked using Housing Data Systems (HDS) as follows:

1. Work Order is made by entering all information related to maintenance issue:
 - a. Date and time
 - b. Address and tenant Information
 - c. Issue
2. Maintenance staff responds to work order based on priority status and current workload.
3. Work is completed by staff if possible. If not, materials are ordered and/or contractors are hired to complete repair. This is all documented on the work order.
4. If appropriate, charge backs to tenants are noted.
5. Work order is marked as complete when maintenance is finished.

Priorities

Work orders are completed by priority as follows:

1. Emergency – Any item that threatens tenant health and safety or the integrity of the building. These items are dealt with immediately.
2. Unit Turns – Once vacant the goal is to have unit available for a new tenant within 15 calendar days.
3. Routine Work – Called in by tenants that is not emergency type.
4. Scheduled and preventative maintenance.

Tenant Notification

Tenants shall be given a written reasonable advance notice prior to staff or contractors entering their unit unless the issue is an emergency or considered to be a possible emergency. A written notice will be left if staff or contractor entered the unit for an emergency.

Entering Units

No staff or contractor shall enter a unit while occupied by an unsupervised minor. No staff or contractor shall enter an unoccupied unit without proper notification unless for an emergency.

Annual Inspections

Staff shall formally inspect all units and grounds at least once per calendar year. Reports shall be submitted to the housing manager.

Safety

All tasks, equipment use, and material handling shall be performed in a safe manner with a minimum requirement of meeting OSHA standards.

Equipment

All equipment shall be maintained for optimum performance and safety.

Supplies

Routinely used materials and supplies shall be fully stocked in store room.

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BRAINERD

RESOLUTION NO. 2018-34

MAINTENANCE POLICY

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd is responsible for the maintenance of properties it owns and manages; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd has reviewed and updated its previously established Maintenance Policy to outline current operations and procedures for maintenance and housekeeping; and

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Brainerd as follows:

1. Maintenance Policy is hereby approved.

I CERTIFY THAT the above resolution was adopted by the Housing and Redevelopment Authority in and for the City of Brainerd.

Dated: _____
Marlee Larson, Chair

Dated: _____
Jennifer Bergman, Executive Director

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To: Brainerd HRA Board Members
From: Christine Carlson, Accounting Specialist
Date: December 12, 2018
Re: Employee Policy Manual

An Employee Policy Manual states the terms, conditions, privileges and responsibilities of employment and also establishes the culture of the Agency. It is governed by both agency need/preference and by many complex state and federal laws that affect the employment relationship from application and hire through compensation, benefits, and protections while on the job and finishing with end-of-employment requirements and even post-employment obligations. As such, a policy manual must be updated from time-to-time to reflect changing needs of the agency and for law changes. It has been many years since our last update so this update reflects changes for both. (Due to the size of the Employee Policy Manual, it is not included in this packet but will be sent separately via email.)

The main changes reflected in this update include the following:

- » Updates for changes in state and federal law (mostly verbiage, not policy or procedures).
- » Changes to outdated language due to attorney personal preference, technology, changes to personnel (no longer have an assistant director) and/or no longer using certain forms previously referenced in policy.
- » Family and Medical Leave Act (FMLA) – we are now requiring employees to exhaust accruals when out on leave.
- » Vacation/sick accruals and holiday pay are now prorated based on hours worked.
- » Updated Drug and Alcohol Testing Policy to allow for and provide procedures for reasonable suspicion and/or post-accident drug and/or alcohol testing.

Action Requested: Approve Resolution No. 2018-35 amending the Employee Policy Manual.

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HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF
BRAINERD
RESOLUTION NO. 2018-35

EMPLOYEE POLICY MANUAL

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd has in place an Employee Policy Manual that states the terms, conditions, privileges and responsibilities of employment and also establishes the culture of the Agency; and

WHEREAS, the Employee Policy Manual is governed by both Agency need/preference and by many complex state and federal laws that affect the employment relationship from application and hire through compensation, benefits, and protections while on the job and finishing with end-of-employment requirements and even post-employment obligations; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd has updated its previously established Employee Policy Manual; and

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the HRA as follows:

1. The Employee Policy Manual is hereby approved.

I CERTIFY THAT the above resolution was adopted by the Housing and Redevelopment Authority in and for the City of Brainerd.

Dated: _____
Marlee Larson, Chair

Dated: _____
Jennifer Bergman, Executive Director

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To: Brainerd HRA Board Members
From: Karen Young, Finance Director
Date: December 12, 2018
Re: Fund Balance Policy

The purpose of the Fund Balance Policy is to establish the specific classifications for the level of fund balances available for current and future spending for the Brainerd HRA governmental funds. Governmental Accounting Standards Board (GASB) Statement No. 54 was enacted to establish clear fund balance classifications based on the relative strength of the constraints that control how specific amounts can be spent.

The current policy establishes the recommended unassigned fund balance at year end to be maintained at a range of 8 to 10 months of General Fund operating expenditures for the year.

This policy was approved in 2011 and then amended by motion in 2017 (see Attachment 17a). I am presenting the existing policy for approval by resolution so that we are consistent with our policy review and adoption by resolution.

Action Requested: Approve Resolution No. 2018-36 adopting the Fund Balance Policy.

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BRAINERD HOUSING AND REDEVELOPMENT AUTHORITY

Fund Balance Policy

Approved: 12/19/2018 Resolution No.: 2018-36

I. PURPOSE

The purpose of this policy is to establish the specific guidelines for the level of fund balances available for current and future spending for the Brainerd Housing and Redevelopment Authority (hereinafter, “the Agency”) in the governmental funds. The fund balance policy addresses a minimum level of unrestricted fund balance to be maintained, how the unrestricted fund balance can be used or spent down and how that fund balance will be replenished if it falls below the minimum level. The policy also addresses when fund balances will be restricted to specific purposes.

II. BACKGROUND

Government Accounting Standards Board (GASB) Statement No. 54 was enacted to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In governmental funds, a Housing and Redevelopment Authority should identify fund balance separately between non-spendable, restricted, committed, assigned or unassigned based on the relative strength of the constraints that control how specific amounts can be spent. Proprietary funds’ equity will be managed as a separate business-like enterprise as allowed by U.S. Generally Accepted Accounting Principles (GAAP). The funds will be monitored through operations and their rate structures. Proprietary fund balances will be classified as either invested in capital assets net of related debt, restricted or unrestricted.

III. CLASSIFICATION OF FUND BALANCE/PROCEDURES

1. Nonspendable

- This category includes fund balance that cannot be spent because it is either (i) not in spendable form or (ii) is legally or contractually required to be maintained intact. Examples include inventory, prepaid items, endowments and land held for resale.

2. Restricted

- Fund balance should be reported as restricted when constraints placed on those resources are either (i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (ii) imposed by law through constitutional provisions or enabling legislation. Examples include bond or grant proceeds, tax increments and park dedication fees.

3. Committed

- Fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to commit those amounts.

- The Agency's highest level of decision making authority (Board of Commissioners) will annually or as deemed necessary commit specific revenue sources for specified purposes by formal action. This formal action must occur prior to the end of the reporting period, however, the amount to be subject to the constraint, may be determined in the subsequent period. A committed fund balance cannot be a negative number.

4. Assigned

- Amounts that are constrained by the government's intent to use for specified purposes, but are neither restricted nor committed. Assigned fund balance in the General Fund includes amounts that are intended to be used for specific purposes.
- The Board of Commissioners has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the Finance Director or Executive Director.

5. Unassigned

- Unassigned fund balance represents the residual classification for the General fund. Includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

IV. RESERVE TARGET LEVELS

The Office of the State Auditor of Minnesota recommends local governments maintain an unrestricted fund balance in their General Fund and Special Revenue Funds of no less than five months of operating expenditures.

This amount of unrestricted fund balance should be assessed based on the Agency's own circumstances and should provide adequate funds until the next property tax revenue collection cycle. The amount of property tax revenue received is statutorily capped and the Agency is unable to increase levy capacity due to budgetary shortfalls. Due to the availability and fluctuation of resources in the federal programs, there is reasonable concern that this could cause a potential drain on the General Fund and could affect the necessary level of minimum unrestricted fund balance.

It is recommended at the end of the fiscal year, the Agency will maintain Spendable – Unassigned fund balance in a range equal to 8 to 10 months of General Fund operating expenditures for the year.

V. MONITORING AND REPORTING

The Agency Board of Commissioners shall annually review fund balances in relation to this policy in conjunction with the development of the annual budget.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the Agency's policy to use resources in the following order; 1.) committed 2.) assigned and 3.) unassigned.

A negative residual amount may not be reported for restricted, committed, or assigned fund balances in the General Fund.

VI. GOVERNMENTAL FUND DEFINITIONS

GASB Statement 54 provides clarification of the governmental funds definitions. The definitions are added to the fund balance policy to clearly define their reporting requirements. It is also important to understand the fund classification when determining the classification of their fund balances.

General Fund – Used to account for all financial resources not accounted for in another fund.

Special Revenue Funds – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes (other than debt service or capital projects).

- One or more specified restricted or committed revenues are foundation for the fund (comprise a substantial portion of fund's inflows).
- Other inflows (i.e. interest and transfers) may be reported in fund, if restricted, committed or assigned to the specified purpose of the fund.
- Restricted or committed proceeds of specific revenue sources should be expected to continue to comprise substantial portion of inflows of the fund.
- Exception for specific revenue rules – General fund of Blended Component Unit (EDA).

Debt Service Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments.

Capital Projects Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BRAINERD

RESOLUTION NO. 2018-36

FUND BALANCE POLICY

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd is required to have a policy in place to establish the specific classifications for the level of fund balances available for current and future governmental spending as defined in Governmental Accounting Standards Board (GASB) Statement No. 54; and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Brainerd has reviewed its previously approved Fund Balance Policy; and

NOW, THEREFORE BE IT RESOLVED by the Board of Commissioners of the HRA as follows:

1. The Fund Balance Policy is hereby approved.

I CERTIFY THAT the above resolution was adopted by the Housing and Redevelopment Authority in and for the City of Brainerd.

Dated: _____
Marlee Larson, Chair

Dated: _____
Jennifer Bergman, Executive Director

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