

Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
Wednesday, December 19, 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, December 19, 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 Eric Charpentier, Ashley Storm, Bekah Kent and Patrick Wussow. Others present: Executive Director Jennifer Bergman, Finance Director Karen Young, Housing Manager Teresa Hettver, Rehab Coordinator John Schommer, Rental Assistance Manager Tania Eller, and Executive Assistant LeAnn Goltz. Also present: Steve Barrows. Absent: Commissioners Gabe Johnson and Krista Brodal.
3. **READING AND APPROVAL OF MINUTES:**

Commissioner Charpentier made a motion to approve the minutes from the November 28, 2018, board meeting. Commissioner Kent seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.
4. **UNFINISHED BUSINESS:** Nothing to report.
5. **NEW BUSINESS:**
 - a. **Accounts Receivable Write-off:** Per Brainerd HRA policy, when an account remains unpaid for 90 days following the tenant's move-out date with no repayment activity, the finance director shall obtain approval from the board of commissioners to write off those accounts. Staff requested 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.

Commissioner Charpentier moved to write off uncollectible Accounts Receivable for 2018 with Commissioner Kent seconding the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved.
 - b. **Fund Balance Review and Discussion:** Per the current Fund Balance Policy, 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 had 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.

Commissioner Kent moved to approve Resolution No. 2018-31 to commit funds for Scattered Site Replacement and Housing Rehab in an amount to be determined in the subsequent period. Commissioner Patrick seconded the motion. Via roll call vote, all commissioners voted in favor of the motion and none were opposed. The motion was approved.

- c. **Approval of SCDP Grant Management Agreements and Procedural Guidelines:** The Brainerd HRA, on behalf of the Cities of Brainerd and Emily, 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.

Rehab work will include 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.

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

The Brainerd HRA has entered into management agreements with each City, which define what the HRA is responsible for in administering the grant as well as what responsibilities the City will assume. As part of the grant process, DEED requires established procedural guidelines as standards to ensure the grants are administered in a fair and equitable manner.

Commissioner Wussow made a motion to approve the grant management agreements and procedural guidelines for the Cities of Emily and Brainerd. Commissioner Kent seconding the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved.

- d. **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

The Brainerd HRA entered into an agreement with Crosby HRA on December 10th, 2013, and began staffing their agency 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 reference the executive director, finance director, housing manager, maintenance supervisor, executive assistant, accounting specialist, and finance assistant.

6. *Compensation:* Brainerd HRA continues to receive \$90,000 per year from the Crosby HRA. Staff believes 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 May of 2019. Staff will consider changing that position after her retirement and recommended amending the agreement at that point.

The Board had a discussion about the compensation amount and suggested tracking staff hours to determine if it is fair.

Crow Wing County HRA

The Brainerd HRA entered an agreement with the CWC HRA on November 13th, 2012, and began staffing their agency 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. The Brainerd HRA currently receives \$30,000 for general services and the CWC HRA also contributes \$30,000 towards a 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. An increase in the 2020 budget process should be considered.

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 recommended amending the agreement to reflect the correct compensation of \$30,000 annually to be paid in monthly installments of \$2,500, plus the addition of a \$30,000 annual contribution for the housing rehab coordinator position. Also, Appendix A should be amended to accurately reflect the CWC HRA's existing projects.

The Board suggested making the staff recommended changes and bringing a draft back to the next month's board meeting for their review.

6. BILLS AND COMMUNICATIONS

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

In November, the second half 2018 tax settlement of \$54,151.47 was received. Year-to-date, \$123,234.67 has been received in levy payments. The 2018 tax levy was estimated at \$124,725. A meeting with Bremer Bank is scheduled for tomorrow, December 20th to discuss their products/ services and to ensure that they can meet all of the HRA's requirements. The transition process and tentative schedule will also be discussed.

Commissioner Wussow made a motion to approve the November payments as presented. Commissioner Storm 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 November was 99% and HAP utilization was 91%. Staff has not yet heard about the status of the FSS grant application.
- c. **Public Housing Report:** Hettver reported that Fortune attended a ROSS training in North Carolina on December 6–7th. Also, she, Bergman, and Piekarski met with a representative from CTC on October 29th regarding the HRA's expiring contract for cable television services provided to residents. They were provided with a new contract, which reflected that the cable cost would be increasing from \$18.00 per unit to \$46.00 per unit, a 256% increase in costs. The HRA is billed for every unit at the North Star, plus the second floor lounge, whether or not the resident subscribes to cable. Brainerd HRA has been charging \$30.00 for cable services and had 103 residents subscribed. It would be necessary to charge over \$75.00 per unit to break even (if no subscribers were lost). Given the limited financial resources of the residents, the decision was made not to enter into a new contract with CTC. The residents were informed that TV services will no longer be provided as of January 1st, 2019. Also came up with a basic cable package (CTC did) for \$38.00/month.
- d. **Executive Director Report:** Bergman reported on the following:

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. 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.

Bergman attended three OZ trainings in December 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. She reached out to them and they will be touring one of our projects in January.

Potential Mixed-Use Development in OZ

Bergman will be meeting with a potential developer and property owner in Downtown Brainerd 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. She 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.

The Brainerd HRA is exploring options to potentially purchase the Thrifty White building. The Phelps are interested in being a partner. Opportunity Zones and LIHTCs are also being explored as possible avenues. They will be meeting more in the next few weeks.

Downtown Coordinator

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

- e. **Rehab Report:** Schommer reported that the City of Brainerd received Program Income that needs to be used on Downtown Brainerd, so two more businesses will benefit from some rehab.

7. **POLICIES: REVIEW & APPROVAL:** Staff presented the following policies for the Board's consideration:

- a. **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).
- b. **Admission & 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).

- c. **Bloodborne Pathogens Policy:** The purpose of the Bloodborne Pathogens Policy 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. Young added that the recently formed safety committee will oversee this policy in addition to the Hazardous Materials Policy.
- d. **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.

- e. **Maintenance Policy:** The purpose of the policy is to outline the Brainerd HRA's operations and procedures for maintenance and housekeeping.
- f. **Employee Policy Manual:** The main changes reflected in this update include 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 and/or no longer using certain forms previously referenced in policy; we are now requiring employees to exhaust accruals when out on Family and Medical Leave Act (FMLA) leave; vacation/sick accruals and holiday pay are now prorated based on hours worked; and an updated Drug and Alcohol Testing Policy to allow for and provide procedures for reasonable suspicion and/or post-accident drug and/or alcohol testing.

The Board pointed out that the policy mentions personal hours and floating hours and asked if they were separate benefits. Staff answered that these hours are the same and they could make changes to that portion of the policy so that it references only personal hours to avoid any confusion.

- g. **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. The existing policy was presented for approval by resolution so that it is consistent with the policy review and adoption by resolution.

Commissioner Wussow made a motion to approve all policies presented adopting Resolutions numbered 2018-30 through 2018-36 with the minor changes as discussed. Commissioner Storm seconded the motion. Via roll call vote, all commissioners voted in favor of the motion and none were opposed. The motion was approved.

- 8. **COMMISSIONER COMMENTS:** Commissioner Kent was reappointed as HRA commissioner. Chair Larson is leaving for the winter and will join future meetings via teleconference.

- 9. **ADJOURN**
Next Meeting: Wednesday, January 23rd, 2019

Commissioner Kent 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 2:20 p.m.