

Brainerd Housing and Redevelopment Authority
BOARD MEETING MINUTES
Wednesday, December 18, 2019

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 18, 2019, 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:

Board members present: Vice Chair Patrick Wussow and Commissioners Marlee Larson (via video conference), Gabe Johnson, Eric Charpentier, Bekah Kent, and Ashley Storm. **Others present:** Executive Director Jennifer Bergman, Finance Director Karen Young, Housing Manager Shannon Fortune, Rental Assistance Manager Tania Eller, Rehab Coordinator John Schommer, and Executive Assistant LeAnn Goltz; and Kris Schubert, City of Brainerd. **Absent:** Krista Brodal.

3. READING AND APPROVAL OF MINUTES:

Commissioner Johnson moved to approve the minutes from the regular meeting on November 20th and the special meeting on December 5th. Commissioner Storm seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved.

4. UNFINISHED BUSINESS:

- a. Discussion on Search for Executive Director: Gary Weiers, DDA:** Gary Weiers went through his proposal with the Board and staff. They reviewed the recruitment timeline, had a discussion utilizing the discussion guide, and made some changes to the job description. Recruitment will take place January 6th–February 3rd, 2020. The group also went through the interview process, which will take place on February 26th, and determined the following:
- **Board Interview:** Will include all members of the Brainerd HRA Board plus one member from the CWC HRA Board and one from the Crosby HRA Board. Board members can suggest questions prior to the interview by sending them to the selection committee. Members from CWC HRA and Crosby HRA can also provide input but will not take part in the candidate selection.
 - **Staff Interview:** Department heads plus executive assistant will also interview the candidates. They can also provide feedback to the Board but will not take part in the candidate selection.
 - **Partner Interview:** Mr. Weiers suggested the Board select community partners to take part in an interview with the candidates. This is done with many of his clients and was also done at the City of Brainerd in the search to fill the city administrator position. The Board discussed the possibility and Mr. Weiers asked them to think about it and decide at a later date.
 - **Tour:** Candidates will be offered a tour of the area, HRA properties, and projects.

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. As such, we are requesting the approval to write off all balances outstanding at 12/31/2019 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 Johnson moved to write off uncollectible Accounts Receivable for 2019, seconded by Commissioner Kent. All commissioners voted in favor of the motion and none were opposed. The motion was approved.

- b. **Fund Balance Review and Discussion:** 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 currently has funds committed for Housing Rehab and the Scattered Sites Replacement Program (SSRP). Staff recommendation was to commit funds to Housing Rehab but not SSRP due to underutilization for the past two years. The Board also has funds assigned for Downtown Redevelopment. Changes to assigned fund balance can be made after year-end and staff recommended the Board assign funds for Housing and Redevelopment Initiatives after year-end when the calculation can be finalized.

Commissioner Kent moved to approve Resolution No. 2019-11 to remove the commitment of funds for the Scattered Site Replacement Program (SSRP) and commit funds for Housing Rehab in an amount to be determined in the subsequent period after year-end financial statements are finalized. Commissioner Johnson seconded the motion. Via roll call vote, all commissioners were in favor of the motion and none were opposed. The motion was approved.

- c. **Approve Lease Subsidy Agreement with Minnesota Makerspace, LLC:** In 2017, the Brainerd Lakes Chamber of Commerce, in conjunction with Range Deluxe and several community partners, created the Destination Downtown Brainerd competition. The purpose of the program was to provide an incentive for a business to locate downtown Brainerd. The third and final competition for 2019 selected three winners: grand prize, first runner up and second runner up. The Board agreed to provide a lease subsidy for all three finalists: \$8,000 for the grand prize winner and \$6,000 for runners up.

Minnesota Makerspace, LLC, was a runner up and the Brainerd HRA's contribution to this prize package was a lease subsidy for 50% of the rent or \$6,000, whichever is less, for one year. Minnesota Makerspace has chosen to locate their business at 217 South 7th Street owned by Pueringer Investments. The rent is \$1,600 monthly and the lease begins on January 1st, 2020.

The Brainerd HRA will provide a forgivable loan of up to \$6,000 at zero percent interest. The loan will be forgiven 20% per year and completely forgiven after five years. The Brainerd HRA will pay the subsidy directly to the property owner in the amount of \$500 per month.

Commissioner Kent moved to adopt Resolution No. 2019-12, approving a loan agreement between the Housing and Redevelopment Authority in and for the City of Brainerd, Minnesota, and Minnesota Makerspace, LLC., seconded by Commissioner Johnson. Via roll call vote, all commissioners were in favor of the motion and none were opposed. The motion was approved.

- d. Consider Tax Forfeited Property Assignment Request:** In late 2018, Galilee Ministries of Minnesota acquired 1201 Pine Street through our Tax Forfeited Property Policy. The Purchase and Development Agreement (PDA) requires that minimum improvements be substantially completed within 12 months which has not happened. Tom DeMers, president of Galilee Ministries, has since been deployed overseas and indicated that they would like to donate the property to Lakes Area Habitat for Humanity (LAHFH).

LAHFH executive director Kevin Pelkey has indicated they would be interested in the parcel but their 2020 build schedule is full and they would not be able to complete the minimum improvements until 2021. The PDA would need to be assigned to LAHFH with an amendment extending the construction time should the HRA consent.

Attorney Martha Ingram stated that Galilee Ministries does have the authority under the PDA to transfer it to another developer with the approval of the Brainerd HRA Board. Staff recommended approving assignment of the PDA to LAHFH and extending the construction timeline for completion of the minimum improvements to the end of 2021.

Commissioner Kent made a motion to approve assigning the Purchase and Development Agreement from Galilee Ministries to Lakes Area Habitat for Humanity allowing staff to work with Attorney Martha Ingram to complete the assignment. Commissioner Storm seconded the motion. All commissioners were in favor of the motion and none were opposed. The motion was approved.

6. **BILLS AND COMMUNICATIONS**

a. Financial Report:

2020 HUD Budget

HUD has been operating under a Continuing Resolution (CR), but it was just announced that Congress was able to finalize the funding allocations between the appropriations bills for FY 2020. This means we will have a finalized budget.

Estimated 2020 HCV Proration

HUD recently released estimated HCV HAP and Admin Fee prorations for 2020. Estimated HAP prorations are 99% with an inflation factor of 3.1%. This nets to 102.1% of 2019 HAP expenditures as the calculation for our 2020 funding. Our 2020 budget was estimated at 100% funding of 2019 expenditures, so this will help reduce the anticipated HAP deficit. Admin Fees are estimated to be funded between 78% and 81%.

Commissioner Johnson moved to approve the payments as presented. Commissioner Kent seconded the motion. All commissioners were in favor of the motion and none were opposed. The motion was approved.

- b. **HCV/Section 8:** Eller reported that UML through November was 99% and HAP utilization through October was 91%.

FYI Vouchers

Nick Vogel from DHS reached out to us strongly encouraging us to apply for FYI (Foster Youth to Independence) vouchers. FYI is a HUD program that targets youth ages 18–24 who have left foster care or will leave foster care within 90 days. These youth must be homeless or risk of becoming homeless. FYI participants are referred to the HRA from the PCWA (Public Child Welfare Agency) and supportive services are tied to the eligible youth. Case management is required in the program. When a referral from PCWA is received, the request to HUD is submitted for approval of the voucher. There is no application deadline. Participants can be on FYI rental assistance for a maximum of 36 months. The maximum number of vouchers that can be requested is 25 per year. Staff is still learning about the program.

- c. **Public Housing Report:** The Resident Handbooks for North Star, Valley Trail, and Scattered Site units have all been updated and a copy provided to each tenant for review. A 30-day review and comment period ends December 31st and the updated handbooks go into effect on January 1st, 2020. Most of the revisions were related to updating contact information, clarifying ambiguous sections, and applying consistent formatting throughout the document. The section covering options for rent payment was updated to reflect the no cash policy beginning January 1st. To help answer questions tenants may have, a resident meeting was held on Wednesday, December 18th.

ROSS Program Updates

Warner has been working on outreach and program activities including attending a “Client-Centered Practices & Engaging Difficult Clients” seminar, connecting with the American Legion to facilitate delivery of Thanksgiving meals, attending a state-wide meeting of ROSS Coordinators, working with the Resident Council to provide leadership and organizational training, and collaborating with UofM Extension office and Crow Wing Energized to organize a diabetes prevention and management seminar series. The Senior Nutrition Assistance program is still going strong with an average of 25 residents receiving food boxes each month and there were six participants in the nutrition seminar that is scheduled to coincide with the food box distribution.

- d. **Executive Director Report:**

Homeless Shelter Discussion

A group of partners and parishioners throughout the County have convened several meetings and focus groups to continue the discussion of the homeless population in Crow Wing County and potential solutions. They have formed a short-term group and a long-term group. The HRA continues to be at the table for these discussions. The Initiative Foundation has pledged \$10,000 for assistance with these efforts and Brainerd Community Action has agreed to be the fiscal host.

Housing Trust Fund

The CWC HRA authorized staff to forward the ordinance establishing a housing trust fund in Crow Wing County to the County Board. The County Board will review and discuss the ordinance at their January Committee of the Whole meeting. It is anticipated to be approved at the February County Board meeting. The Brainerd HRA Board discussed the ordinance and Bergman explained that it outlines ways allowed by statute to provide assistance using the housing trust fund. Once it is approved, staff will create guidelines that will provide detailed information of what the HRA will offer.

Housing Specialist

Staff interviewed five excellent candidates for the housing specialist position on December 11th. Roxanne Hurt was the selected candidate and she will begin her employment on Monday, January 6th, 2020.

e. Rehab Update: Schommer provided his report to the Board.

7. Commissioner Comments: Commissioner Johnson reported that the following organizations are seeking new directors: Northland Arboretum, Brainerd Community Action, and the Nisswa Chamber of Commerce.

8. Adjournment:

Moved by Commissioner Johnson and seconded by Commissioner Kent, the meeting was adjourned at 3:11 p.m.

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