

Crow Wing County HRA
AGENDA
5:00 p.m. Tuesday, April 9th, 2019
Jinx Ferrari Room
(Located on 2nd floor of the Historic Courthouse,
326 Laurel Street, Brainerd, MN)

AGENDA ITEMS

- 1. CALL to ORDER**
- 2. ROLL CALL**
- 3. REVIEW and APPROVE MINUTES** (*Attachment 1*)
- 4. REVIEW and ACCEPT FINANCIAL STATEMENTS** (*Attachment 2*)
- 5. UNFINISHED BUSINESS**
 - a. Discussion on Legal Fees for LAHFH Crosby Tax Forfeited Property Purchase (*Attachment 3*)
- 6. NEW BUSINESS**
 - a. Approve Submission of an Application to Federal Home Loan Bank (*Attachment 4*)
- 7. REPORTS**
 - a. Brainerd HRA
 - b. BLAEDC
 - c. CWC
- 8. MEETING AGENDA TOPICS for MAY 14, 2019**
- 9. ADJOURN**

2019 Officers and Commissioners

Chair – Craig Nathan/District 4 (12-31-20)
Vice Chair – Theresa Goble/District 1 (12-31-22)
Secretary – Sharon Magnan/District 3 (12-31-19)
Commissioner – Michael Morford /District 2 (12-31-23)
Commissioner – Michael Aulie/District 5 (12-31-21)



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Minutes from Tuesday, March 12th, 2019
Crow Wing County
Housing and Redevelopment Authority
Board Meeting

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at 5:00 p.m., Tuesday, March 12th, 2019.

- 1. CALL TO ORDER:** Commissioner Magnan called the meeting to order at 5:00 p.m.
- 2. ROLL CALL:** Present at the meeting were Commissioners Sharon Magnan, Michael Aulie, and Michael Morford. Also present were Executive Director Jennifer Bergman, Rehab Coordinator John Schommer, Finance Assistant Roberta Piekarski, and Tyler Glynn with BLAEDC. Absent: Commissioners Theresa Goble and Craig Nathan.
- 3. OATH OF OFFICE:** Michael Morford was appointed to serve as commissioner for the Crow Wing County HRA representing District 2. Although HRA staff and the Board welcomed Commissioner Morford at last month's meeting, he was officially sworn in at today's board meeting.
- 4. REVIEW AND APPROVE MINUTES:**

Commissioner Aulie made a motion to approve the minutes from the February 12, 2019, board meeting. Commissioner Morford seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.

- 5. REVIEW AND APPROVE FINANCIAL STATEMENTS:**

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

- 6. UNFINISHED BUSINESS:**

- a. Adopt the 2019–2020 Strategic Plan:** At the February Board meeting, the Board conducted a strategic planning session. Bergman provided the Board with a draft of the Strategic Plan for 2019–2020.

Commissioner Aulie moved to adopt the 2019–2020 Strategic Plan. Commissioner Morford seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved.

- b. Workforce Housing Request for Proposal:** Responses for the Workforce Housing Study and Needs Analysis were due on February 28th. Only one response from Maxfield was received with a total cost of \$40,010 with an additional cost of \$1,000 for incidentals.

Based on past performance with Maxfield, staff did not recommend hiring them to complete the study. Staff recommended extending the response deadline for another month (May 1st) and attempt to solicit additional proposals. Bergman shared that she spoke with the executive director



at the Carver County HRA who had a similar issue with getting responses to a housing study RFP. She learned that several of the consultants were not responding due to the limited amount of time to complete the study, which was outlined in their RFP. Her suggestion was to amend the RFP to have the consultant tell the HRA how much time they need to complete the study rather than giving them only six months. She also suggested advertising the RFP on the League of MN Cities website. The Board discussed this and agreed to the suggestions made.

Commissioner Aulie made a motion to amend the Workforce Housing and Needs Analysis timeline and re-release the RFP. Commissioner Morford seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved.

7. NEW BUSINESS:

- a. **Consider LAHFH Tax Forfeited Property Proposal:** LAHFH (Lakes Area Habitat for Humanity), submitted a proposal to acquire a tax forfeited tract through our Tax Forfeited Property Policy. They were proposing building a 4-bedroom, 1 ½ bath owner-occupied home on the tract for a LMI family.

Contingent upon a clear title search, staff will utilize the policy to have the tract conveyed to the Crow Wing County HRA and will sell the parcel to LAHFH for 25% of the estimated market value (\$2,000) plus special assessments of \$11,450.02. The special assessments will be paid to Crow Wing County by a separate check from LAHFH at the same time the Crow Wing County HRA purchases the tract from the County.

Commissioner Morford moved to accept the proposal from Lakes Area Habitat for Humanity contingent upon a clear title search. Commissioner Aulie seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved.

8. REPORTS:

- a. **Executive Director:** Bergman reported on the following items:

Breezy Point

On February 12th, Bergman met with City Administrator Patrick Wussow and Bob Spizzo, owner of Breezy Point Resort, to discuss a potential affordable housing development. There is a shortage of housing for their employees and they are considering building some affordable housing. They were interested in discussing potential funding sources such as Tax Increment Financing. She followed up by providing our Housing TIF Application.

Tax Forfeit Property Policy

After using the Tax Forfeit Property Policy a few times now, there are a few items that need to be addressed to clarify the policy. Staff is working with Attorney Martha Ingram to assist them with those changes and a revised policy will be brought to the April meeting agenda for the Board's consideration.

BLAEDC Information and Discussion

Bergman attended the February 27th BLAEDC information and discussion meeting. BLAEDC was soliciting input from partners on what they could do to assist their partners in the future.



NAHRO Day at the Capitol

On February 6th, Bergman attended the Minnesota NAHRO Day at the Capitol. She had meetings scheduled with Senator Ruud, Representative Heintzman, and Representative Lueck. She shared with them what HRAs do and specifically projects that the Brainerd HRA and CWC HRA are currently working on.

- b. Brainerd HRA:** Bergman informed the Board that Housing Manager Teresa Hettver has accepted the position as executive director of the Aitkin County Housing and Redevelopment Authority. She will be leaving the Brainerd HRA at the end of March.
- c. BLAEDC:** Glynn reported that BLAEDC held their annual meeting on February 25th at Arrowwood Lodge in Baxter. It was well attended and centered around downtown redevelopment. They unveiled the Vitual plans for their storefront located in downtown Crosby. The keynote speaker was former mayor of Duluth, Don Ness. He discussed what Duluth did to reinvigorate their downtown during this presentation. Glynn also reported that they been working on an 80-acre industrial park development with the City of Pequot Lakes. They will be assisting in promoting the sale of these lots for the establishment of future industrial business.
- d. Crow Wing County:** Nothing to report.

9. NEXT MEETING: Wednesday, April 9, 2019

10. ADJOURNMENT:

Commissioner Morford made a motion to adjourn the meeting. Commissioner Aulie seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved and meeting was adjourned at 5:54 p.m.



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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: April 3, 2019
Re: Review & Accept Financial Statements

Please find attached the financial information for March 2019.

Tax Forfeited Property Escrow

Reflected in the March financial statements is a \$500 non-refundable administrative fee payment and a \$1,000 refundable maintenance and holding cost payment from Habitat for Humanity. This is part of their application process to purchase tax forfeited lots in Crosby.

2018 Audit

Auditors from CliftonLarsonAllen have completed the 2018 audit (electronic copy sent separately). Mary Reedy will attend the April meeting to present the audit to the Board. Bound copies of the audit will be available at the meeting.

Action Requested: Accept the March financial statements as submitted.



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Date/Time roberta
4/3/2019 11:11:20 AM

**Crow Wing County
CWC HRA Combined Balance Sheet
March, 2019**

Cumulative

ASSETS

550-000-1129.210	Cash Gen Fund	187,325.32
550-001-1129.210	Cash CWC SCDP	53,802.24
551-002-1129.210	Cash RLF TIF	282,880.86
556-000-1129.210	Cash Development Fund	-30.57
557-000-1129.210	Cash Tax Forf Property	1,750.67
551-002-1141.000	Loans Receivable	75,000.00
551-002-1143.000	Loan Rec Grand Oaks	48,000.00
551-002-1153.000	Accrued Int Grand Oaks	7,423.04
550-000-1211.000	Prepaid Insurance	1,036.49
556-000-1450.000	Land Held for Resale	648,843.33
TOTAL ASSETS		<u>1,306,031.38</u>

LIABILITIES

557-000-2115.000	Escrow Account TFP	-1,000.00
550-000-2600.000	Def Inflow of Resources	-7,423.04
556-000-2600.000	Def Inflow of Res - Dev	-648,843.33
TOTAL LIABILITIES		<u>-657,266.37</u>

SURPLUS

550-000-2700-000	Net Income	842.77
550-000-2806.000	Retained Earnings	-649,607.78
TOTAL SURPLUS		<u>-648,765.01</u>

TOTAL LIABILITIES & SURPLUS

Proof	0.00
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Date: 4/3/2019
Time: 11:11:29 AM
roberta

**Crow Wing County
CWC HRA Combined Operating Stmt
March, 2019**

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

	Current Period	Current Year	Year To Date Budget	Variance
INCOME				
550-000-3690.000 Other Revenue	0.00	0.00	-6,750.00	6,750.00
556-000-3696.000 Development Revenue	0.00	0.00	-47,799.99	47,799.99
557-000-3696.000 TFP Revenue	-500.00	-500.00	0.00	-500.00
TOTAL INCOME	-500.00	-500.00	-54,549.99	54,049.99
EXPENSE				
550-000-4110.000 Administrative Salaries	225.00	900.00	1,125.00	-225.00
550-000-4130.000 Legal	0.00	0.00	1,250.01	-1,250.01
550-000-4140.000 Staff Training	0.00	0.00	375.00	-375.00
550-000-4150.000 Travel	24.36	24.36	50.01	-25.65
550-000-4171.000 Auditing Fees	6,150.00	6,150.00	6,650.00	-500.00
550-000-4172.000 Management Fees	5,000.00	15,000.00	15,000.00	0.00
550-000-4190.000 Other Administrative	0.00	0.00	50.01	-50.01
550-000-4500.000 TIF Expense	0.00	30.00	150.00	-120.00
550-000-4510.000 Insurance	115.17	345.51	525.00	-179.49
550-000-4540.000 Employer FICA	17.20	68.86	87.51	-18.65
550-000-4590.000 Other General Expense	0.00	0.00	15,249.99	-15,249.99
550-001-4600.000 CWC SCDP Expense	0.00	0.00	6,750.00	-6,750.00
556-000-4600.000 Development Expense	4.06	12.18	47,799.99	-47,787.81
557-000-4600.000 TFP Expense	0.00	107.75	0.00	107.75
TOTAL EXPENSE	11,535.79	22,638.66	95,062.52	-72,423.86
NET INCOME(-) OR LOSS	11,035.79	22,138.66	40,512.53	-18,373.87



**Crow Wing County HRA
March 2019 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
606	3/14/2019	Jennifer Bergman	Mileage	\$ 24.36
607	3/14/2019	John Schommer	B.O. Mileage	\$ 4.06
22337	3/14/2019	CliftonLarsonAllen LLP	2018 Audit	\$ 6,150.00
Total				\$ 6,178.42



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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: John Schommer, Rehabilitation Coordinator
 Date: April 3, 2019
 Re: Discussion on Legal Fees for LAHFH Crosby Tax Forfeited Property Purchase

When conducting a title search for this tract, the attorney discovered there would need to be a proceeding subsequent, which is a court proceeding to cure a title defect in Torrens land, for each parcel in the tract. Only the owner of the property can request the proceeding subsequent.

The appraised value of the land is \$8,000 with LAHFH paying 25% of that or \$2,000 through our tax forfeited property policy plus the special assessments of \$11,450.02 for a total cost of \$13,450.02. Kennedy and Graven's estimate for the proceeding is \$4,000–\$5,000 for each of the four lots for a total of approximately \$16,000–\$20,000. Due to lot size and setback requirements, LAHFH will only be able to build two homes on this tract bringing the cost of each buildable lot to \$16,725.

The tax forfeited property policy does not currently address who is responsible to pay for the cost to obtain clear title. In the table below, we show the 2019 budget line item for the tax forfeit property policy. As you can see, we budgeted an estimated revenue in the program. We are finding, however, that the legal expenses to clear the title to date has pretty much been revenue neutral. Based on the above situation, if the CWC HRA were to pay for the legal fees to clear the title (as estimated by Kennedy & Graven), we would have a budget shortfall of approximately \$18,000.

	2019 Budget	Current Project
Revenue	\$20,000	\$2,000
Legal Expense	(\$10,000)	(\$20,000)
Tax Forfeit Property Expense	(\$5,000)	\$0
	\$5,000	(\$18,000)

Staff would like to discuss with the Board next steps. There are a couple of options for you to consider:

- 1) Require LAHFH to pay 100% of the legal fees to clear the title
- 2) Share the cost of the legal fees to clear the title with LAHFH
- 3) The CWC HRA could pay 100% of the legal fees

A couple of things to consider when weighing these options. Does this meet the mission of the CWC HRA? Will the decision set a precedence for future requests? Will LAHFH be able to acquire these lots and provide affordable housing if they need to pay an additional \$20,000 to get clear title? Is there another attorney we could work with that would charge less to clear title?



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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: John Schommer, Rehabilitation Coordinator
Date: April 4, 2019
Re: Approve Submission of an Application to Federal Home Loan Bank

We are exploring a potential application for additional funds for owner-occupied housing rehab through the Federal Home Loan Bank's (FHLB) Affordable Housing Program. We are required to partner with a FHLB member bank and have reached out to Mid-Minnesota Federal Credit Union to see if they are interested in sponsoring our application. Funds are awarded through a points system that get reviewed on a first-come, first-served basis.

Since we currently have two SCDP grants, we would like to start small. The application will be available beginning May 1st and Mid-Minnesota Federal Credit Union needs to grant us access. Since we would like to submit this application within the first week of May, we are asking for the Board to authorize submission. We anticipate requesting \$200,000, which would allow us to do approximately 6–8 owner-occupied rehabilitation loans in Crow Wing County. Starting small will give us the opportunity to be successful and possibly apply for a larger amount in the future. I will have more information to share at the board meeting.

Action Requested: Approve submission of an application to Federal Home Loan Bank for owner-occupied rehabilitation through the Affordable Housing Program.



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