



Housing & Redevelopment Authority

## Crow Wing County HRA Board Meeting Agenda

5:00pm Tuesday June 13<sup>th</sup>, 2023

**Crow Wing County Land Services Building, Meeting Room 1 (Lower Level)  
322 Laurel St. Brainerd, MN 56401**

Join from browser:

<https://brainerdhra.my.webex.com.brainerdhra.my/j.php?MTID=meb161ffec2c0fe500df3cfb70deb31e8>

Join by phone: 415-655-0001

Meeting number (access code): 2555 079 2634

Meeting password: tRRqpB23Kk7

*"Our mission is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County."*

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. OATH OF OFFICE**
  - a. Appointment of Jennifer Bergman (*Attachment 1*) Pg. 3
- 4. APPROVAL OF AGENDA**
- 5. APPROVE MINUTES (*Attachment 2*) Pg. 7**
  - a. Approval of the Tuesday, May 9<sup>th</sup>, 2023 Meeting Minutes
- 6. REVIEW & ACCEPT FINANCIAL STATEMENTS (*Attachment 3*) Pg. 11**
  - a. CWC HRA Combined Balance Sheet May 2023
  - b. CWC HRA Combined Operating Statement May 2023
  - c. CWC HRA May 2023 Payments
- 7. UNFINISHED BUSINESS**

**8. NEW BUSINESS**

- a. Housing Trust Fund Loan Request for New Development Financing (*Attachment 4*) Pg. 19
  - i. **Baxter Multifamily LLC**

**9. REPORTS/UPDATES:**

- a. Executive Director (*Attachment 5*) Pg. 47
- b. Housing Trust Fund (*Attachment 6*) Pg. 49
- c. Brainerd HRA/Rehab Programs (*Attachment 7*) Pg. 51
- d. BLAEDC/CREDI (*Attachment 8*) Pg. 55
- e. CWC

**10. COMMISSIONER COMMENTS**

**11. NEXT MEETING** Tuesday July 11<sup>th</sup>, 2023

**12. ADJOURNMENT**

CWC HRA Commissioners

Zach Tabatt, Chair - District 3 (12-31-24)  
Richard (George) Burton, Vice Chair - District 1 (12-31-27)  
Michael Morford, Secretary/Treasurer - District 2 (12-31-23)  
Michael Aulie, Commissioner - District 5 (12-31-26)  
Jennifer Bergman, Commissioner - District 4 (12-31-25)



Housing & Redevelopment Authority

To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: June 7, 2023  
Re: Oath of Office Jennifer Bergman

---

Jennifer Bergman was recommended for appointment to the Crow Wing County HRA Board by Commissioner Franzen at the County Board Meeting on May 23<sup>rd</sup>, 2023, this appointment was approved by the full board.

She will be filling the term that is set to expire on 12/31/25 that was previously held by Commissioner Nathan.

Following the oath of office (see attachment 1), please join in welcoming commissioner Bergman to the board.

**Action Requested: Proceed with the Oath of Office for Commissioner Bergman**

This page intentionally left blank.

# Oath

---

STATE OF MINNESOTA

COUNTY OF CROW WING

ss.

I, **Jennifer Bergman**, do solemnly affirm that I will support the Constitution of the United States, the Constitution of the State of Minnesota, and that I will faithfully and impartially discharge the duties as a commissioner of the **CROW WING COUNTY HOUSING AND REDEVELOPMENT AUTHORITY**, to which I have been appointed to the best of my knowledge and ability, so help me God.

---

Jennifer Bergman

Subscribed and sworn to before me this 13th day of June, 2023.

---

ERIC CHARPENTIER  
Executive Director

This page intentionally left blank.



**Crow Wing County HRA  
BOARD MEETING MINUTES  
05/09/2023**

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 the Crow Wing County Land Services Building, Meeting Room 2 (Lower Level) and via Webex video/teleconference at 5:00 p.m., Tuesday, May 9th, 2023.

1. **CALL TO ORDER:** Chair Zachary Tabatt called the meeting to order at 5:01 p.m.
2. **ROLL CALL:** Present: Commissioners Craig Nathan (via webex), Michael Aulie, Michael Morford (joined at 5:12pm), Richard (George) Burton, and Zach Tabatt.

**Others present:** Executive Director Eric Charpentier, Finance Director Karen Young, Rehab and Maintenance Director John Schommer, Rehab Administrative Specialist Kristin Miller, BLAEDC Executive Director Tyler Glynn, and Crow Wing County Administrative Services Director Deborah (Debby) Erickson. Guest: Crow Wing County Commissioner Steve Barrows.

3. **APPROVE AGENDA:**

**Moved and seconded by Commissioners Aulie and Burton to approve the agenda as presented for the May 9th, 2023, board meeting. Through a roll call vote (Burton, Aulie, Nathan, Tabatt), all commissioners were in favor and none were opposed. The motion passed.**

**Commissioner Burton moved to proceed with the Public meeting, Burton seconded this motion. Through a roll call vote (Burton, Aulie, Nathan, Tabatt), all commissioners were in favor and none were opposed. Chair Tabatt proceeded to open the public meeting.**

**Chair Tabatt Closed the CWC HRA Board Meeting and opened the Public Meeting at 5:03PM. Tabatt called three times for any public questions or concerns. There were none.**

4. **PUBLIC HEARING: Proposed Sale of 5 Lots to Lakes Area Habitat for Humanity**  
The board previously approved LAHFH (Lakes Area Habitat for Humanity), a local non-profit organization, acquiring a tax forfeited tract through our tax forfeited property policy. In order to sell the property, we are required to hold a public hearing to allow comments from the public. A Notice of Public Hearing was published in the Brainerd Dispatch on April 22<sup>nd</sup> (Attachment provided).

Attachments of the Purchase and Development Agreement and Resolution 2023-03 approving the Purchase and Development Agreement between the CWC HRA and LAHFH for the Board's review and approval. (Attachment was provided).

**Chair Tabatt Opened Public Meeting at of 5:03PM**  
**Tabatt Called three times for any public questions or concerns. There were none.**

**Commissioner Aulie moved to close the Public meeting, Burton seconded this motion. Through a roll call vote (Burton, Aulie, Nathan, Tabatt), all commissioners were in favor and none were opposed. Chair Tabatt proceeded to open the public meeting.**

**Back to open CWC Board Meeting at 5:08PM**

**Moved by Commissioner Aulie and seconded by Commissioner Burton to approve the Purchase and Development Agreement between the CWC HRA and LAHFH for the sale of these parcels. Through a roll call vote (Burton, Aulie, Nathan), Tabatt abstained from voting. The motion passed.**

**Moved by Commissioner Aulie and seconded by Commissioner Nathan to approve resolution No. 2023-03. Through a roll call vote (Burton, Aulie, Nathan), Tabatt abstained from voting. The motion passed.**

**5. APPROVE MINUTES:**

**Moved and seconded by Commissioners Burton and Aulie to approve the minutes from the April 11th, 2023, board meeting. Through a roll call vote (Burton, Morford, Aulie, Nathan, Tabatt), all commissioners were in favor and none were opposed. The minutes were approved.**

**6. FINANCIAL:**

**a. REVIEW and ACCEPT FINANCIAL STATEMENTS:**

*The financial information for April 2023 was presented by Karen Young.*

**Commissioner Morford moved to approve the April financial statements as submitted, followed by a second from Commissioner Burton. Upon roll call vote, (Burton, Morford, Aulie, Nathan, Tabatt), all commissioners were in favor and none were opposed. The motion carried.**

**Housing Trust Fund (HTF) Loan**

Reflected in the April financial statements is the 12th HTF Loan Receivable. This latest loan was for \$20,000 down payment assistance.

**7. UNFINISHED BUSINESS:**

**8. NEW BUSINESS:**

**A. PURCHASE AND REDEVELOPMENT AGREEMENT BETWEEN CWC HRA AND LEVEL CONTRACTING**

On Thursday, May 3<sup>rd</sup>, 2023 Level Contracting LLC requested to purchase five lots, two in Brainerd Oaks, two in Serene Pines and one in Dalmar Estates with a total purchase price of \$63075.04. Kennedy & Graven is drafting the Purchase and Redevelopment Agreement and corresponding resolution which was provided at the meeting.

**Moved by Commissioner Nathan and seconded by Commissioner Aulie to approve resolution No. 2023-04, and the Purchase and Development Agreement between the CWC HRA and Level Contracting for the sale of these parcels. Upon roll call vote, (Burton, Morford, Aulie, Nathan, Tabatt), all commissioners were in favor and none were opposed. The motion passed.**

**9. REPORTS:**

**a. Executive Director:**

**Pequot Lakes HRA**

Eric attended the Pequot HRA board meeting on April 21<sup>st</sup> to be available to the board in case they had any questions regarding what a shared services agreement between our organizations might look like. At that meeting their board formally requested that the Brainerd HRA provide an organizational plan including services that would be provided, staffing and the funding amount that would be required. We brought this request back to the Brainerd HRA board at our April 26<sup>th</sup> meeting for discussion. The Brainerd board has asked staff to bring back a recommendation on how the Brainerd HRA would proceed. We will be presenting our thoughts to the Brainerd board at our May 17<sup>th</sup> meeting at which time we should know what direction our board would like us to take.

**Discussion Points:**

- Commissioners are in support of this process, but they would like more details on what the service agreement would be like.
- What would the employee ratio look like?
- Question about the levy variance.
- Would this agreement help to thin the gap between the two agencies?
- Assessing the daily costs between agencies can be tricky.
- This capacity will be a full plate.

**Redevelopment of Former Thrifty White**

We are currently working with Baker Tilly, our financial advisors, in putting together a timeline calendar to investigate the feasibility of and creation of a redevelopment TIF district to support the redevelopment project that is being proposed by the developer. The developer would ideally like this district to be up and running by August so that they can include that in their application for funding through MN Housing and MN DEED. This will need to be authorized by the Brainerd City Council before the Brainerd HRA board can work through the creation. I met with our financial advisors the last week of April to discuss this timeline and they believe we have a tight, but achievable calendar. We are still awaiting the proforma statement and updated drawings, but the developer believes they will have that information for us by the 2nd week in May.

**b. Housing Trust Fund:**

John and Eric met with a builder who is considering purchasing for sale property in the City of Brainerd and would specifically like to build affordable single-family homes. They discussed our housing trust fund and how it could be utilized for a project such as they are looking at. The site is approximately 11 acres in size and with the goal of building homes for resale at \$250,000. This price point would meet the criteria for workforce housing and could qualify for funding. At the end of this informational meeting the builder was going to talk with their business partner to see if purchasing this land would be feasible and then start to work on build plans if they move forward.

**c. Brainerd HRA/Rehab Programs:**

SE Brainerd SCDP Application

After talking with our DEED representative and being guided to expand our target area, Kristin sent out more interest letters for the application. We received 43 letters of interest from homeowners in the primary target area, 6 letters from homeowners in the secondary target area and 71 letters for rental rehab which is city wide. Given the large increase in the number of letters we received, we applied for 8 units of owner-occupied rehab and 12 units of single-family rental rehab. The application was due May 1st.

**d. BLAEDC/CREDI:**

Staff time billing reports were presented for April 2023. Glenn presented an overview of happenings at BLAEDC.

**e. CWC:**

Erickson gave an overview of all happenings in Crow Wing County.

**10. CWC HRA Commissioner Comments:**

Craig Nathan – Announced that he has resigned so this will conclude his last meeting with the CWC HRA Board. He presented a brief overview of his time in service.

**11. NEXT MEETING:** Tuesday, June 13th, 2023

**9. ADJOURNMENT:**

**Commissioner Burton made a motion to adjourn the meeting. Commissioner Morford seconded the motion. All commissioners voted in favor of the motion, and none were opposed. The motion was approved, and the meeting was adjourned at 6:00 p.m.**



Housing & Redevelopment Authority

To: CWC HRA Board Members

From: Karen Young, Finance Director

Date: June 7, 2023

Re: Review and Accept Financial Statements

---

**Housing Trust Fund (HTF)**

Through May, there have been 13 HTF loans awarded for a total of \$278,375. Of this amount, \$193,982 has been expended out of the Fund towards these loans - as reflected in the May financials. In June, an additional \$20,000 Down Payment Assistance loan was recorded for a total of \$298,375 loans awarded out of the Fund to date.

We have included a Housing Trust Fund Projection for the board to have a visual snapshot reflecting approved funding and loans - along with the proposed New Construction Application.

**Action Requested: Accept the May financial statements as submitted.**

This page intentionally left blank.

## Housing Trust Fund Projection

Levy Approved Total \$ 1,800,000.00

Interest Earned To Date \$ 5,516.00

**Loans Awarded**

Rehabilitation \$ 158,375.00

Down Payment Assistance \$ 140,000.00

Total \$ 298,375.00

10% Allowable Admin \$ 180,000.00

Remaining Balance \$ 1,327,141.00

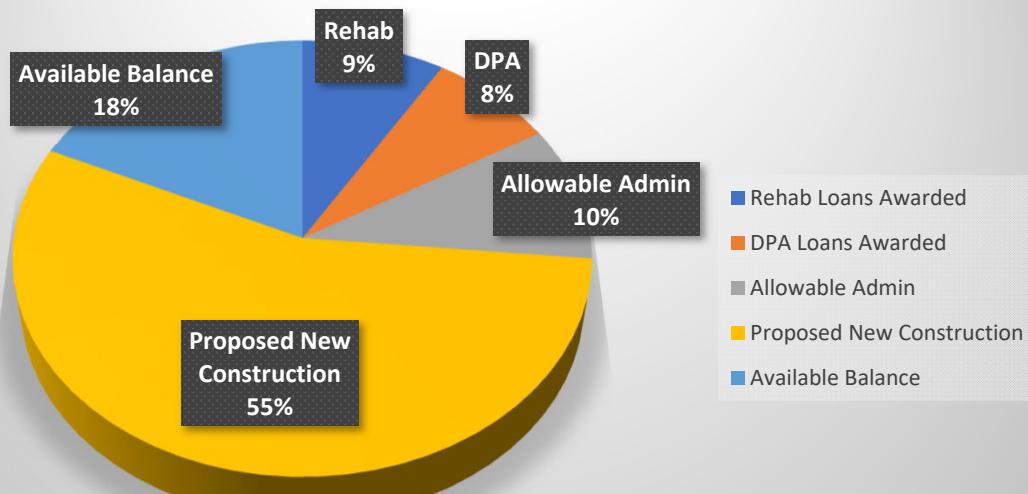
**Proposed**

New Construction \$ 1,000,000.00

Total \$ 1,000,000.00

Available Balance \$ 327,141.00

### HTF - Levy Approved with Interest Breakdown



This page intentionally left blank.

Date/Time joe  
6/7/2023 2:15:33 PM

**Crow Wing County  
CWC HRA Combined Balance Sheet  
May, 2023**

**Cumulative**

**ASSETS**

556-000-1120.000 A/R Other - Dev	8,971.21
550-000-1129.210 Cash Gen Fund	56,482.23
550-001-1129.210 Cash CWC SCDP	87,331.72
551-002-1129.210 Cash RLF TIF	409,946.38
556-000-1129.210 Cash Development Fund	-8,316.19
557-000-1129.210 Cash Tax Forf Property	2,066.99
558-000-1129.210 Cash HTF	1,197,235.58
551-002-1141.000 Loans Rec RLF TIF	14,416.14
558-000-1141.000 HTF Loan Receivable	193,982.00
556-000-1450.000 Land Held for Resale	236,511.70
<b>TOTAL ASSETS</b>	<b><u>2,198,627.76</u></b>

**LIABILITIES**

557-000-2115.000 Escrow Account TFP	-5,000.00
556-000-2600.000 Def Inflow of Res - Dev	-236,511.70
<b>TOTAL LIABILITIES</b>	<b><u>-241,511.70</u></b>

**SURPLUS**

550-000-2700-000 Net Income	-378,827.73
550-000-2806.000 Retained Earnings	-1,578,288.33
<b>TOTAL SURPLUS</b>	<b><u>-1,957,116.06</u></b>

**TOTAL LIABILITIES & SURPLUS**

**-2,198,627.76**

Proof 0.00

Date: 6/7/2023

Time: 2:15:41 PM

joe

**Crow Wing County**  
**CWC HRA Combined Operating Stmt**  
**May, 2023**

Page: 1

Rpt File: F:\HMS\REP

	<b>Current Period</b>	<b>Current Year</b>	<b>Year To Date Budget</b>	<b>Variance</b>
<b>INCOME</b>				
550-000-3610.000 Investment Earnings	-767.99	-3,950.09	0.00	-3,950.09
550-000-3690.000 Other Revenue	-200.00	-600.00	0.00	-600.00
551-002-3610.000 RLF TIF Interest Rev	-310.42	-1,578.69	-341.65	-1,237.04
556-000-3696.000 Development Revenue	0.00	0.00	-79,666.65	79,666.65
557-000-3696.000 TFP Revenue	0.00	0.00	-4,166.65	4,166.65
<b>TOTAL INCOME</b>	<b>-1,278.41</b>	<b>-6,128.78</b>	<b>-84,174.95</b>	<b>78,046.17</b>
<b>EXPENSE</b>				
550-000-4110.000 Administrative Salaries	300.00	1,200.00	1,875.00	-675.00
550-000-4130.000 Legal	0.00	0.00	4,166.65	-4,166.65
550-000-4140.000 Staff Training	355.00	355.00	625.00	-270.00
550-000-4150.000 Travel	44.80	105.85	104.15	1.70
550-000-4171.000 Auditing Fees	524.52	9,005.77	7,980.00	1,025.77
550-000-4172.000 Management Fees	13,564.16	67,820.80	67,820.80	0.00
550-000-4190.000 Other Administrative	54.65	54.65	83.35	-28.70
550-000-4500.000 TIF Expense	0.00	0.00	250.00	-250.00
550-000-4510.000 Insurance	0.00	2,748.00	2,900.00	-152.00
550-000-4540.000 Employer FICA	22.97	91.87	145.85	-53.98
550-000-4590.000 Other General Expense	0.00	0.00	10,835.00	-10,835.00
550-001-4600.000 CWC SCDP Expense	0.00	0.00	8,333.35	-8,333.35
556-000-4600.000 Development Expense	0.00	9.18	79,666.65	-79,657.47
557-000-4600.000 TFP Expense	177.12	177.12	4,166.65	-3,989.53
558-000-4600.000 HTF Expense	-440.52	692.96	16,666.70	-15,973.74
<b>TOTAL EXPENSE</b>	<b>14,602.70</b>	<b>82,261.20</b>	<b>205,619.15</b>	<b>-123,357.95</b>
<b>NET INCOME(-) OR LOSS</b>	<b>13,324.29</b>	<b>76,132.42</b>	<b>121,444.20</b>	<b>-45,311.78</b>

**Crow Wing County HRA****May 2023****Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
984	5/4/2023	Eric Charpentier	Mileage & BLAEDC Annual Mtg	\$ 64.14
985	5/4/2023	John Schommer	Mileage	\$ 19.65
25420	5/4/2023	Bremer Bank Credit Card	NAHRO Training-Board	\$ 355.00
25429	5/4/2023	Crow Wing Cty Recorder's Office	HTF OOR Recording Fee	\$ 46.00
25431	5/4/2023	Forum Communications Company	Habitat Lots Public Hearing Notice	\$ 74.32
25441	5/4/2023	Kristin Miller	Mileage	\$ 10.49
25445	5/4/2023	Office Shop	HTF Table Display Supplies	\$ 34.65
25456	5/15/2023	Crow Wing County Land Services Dept	Habitat Lots Rec. Fee & Purchase	\$ 102.80
25457	5/18/2023	Atlas Abstract & Title	O&E Report HTF-OOR	\$ 100.00
25464	5/18/2023	CliftonLarsonAllen LLP	2022 audit CWC	\$ 524.52
<b>Total</b>				<b>\$ 1,331.57</b>

This page intentionally left blank.



Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: June 13<sup>th</sup>, 2023  
Re: Housing Trust Fund Loan Request – New Development Financing

---

Baxter Multifamily LLC in concert with Lofts of Novotny LLC have applied for funding through the Housing Trust Fund for a new development project located at 7405 Novotny Rd in Baxter. The financing request is to help build a multi-family new development apartment complex with 64 units of multi-family housing in Baxter. The owner of the pledged real estate will be Lofts of Novotny LLC. The parent organization is Baxter Multifamily LLC with Christian Allen and George Leon who make up the general partners of the parent organization and are the decision makers for the proposed project. Fort Caroline Investments is a limited partner and a financial contributor but is not involved in the decision making for the development.

The request for funding would be to cover a gap in their financing model that has surfaced in the past 9 months due to the rising interest rate environment for their primary construction loan lender. There were some delays that the developer had not anticipated when they broke ground in the fall of 2022 that has provided this opportunity to potentially partner on this project. The financing request represents approximately 8% of their total projected project costs, which is in line with traditional gap funding. The development group has infused capital into the project of approximately 29% of the total cost and the primary lender would be looking at a loan to value of 58% for their primary mortgage position.

The development would have a mixture of studio, 1- and 2-bedroom apartments for rent and the rent amounts would range from \$975 - \$1,805 depending on the layout of the unit. Per the housing trust fund guidelines that have been adopted by this board, 40 percent of the units will have rent amounts at or below 115% of the area median income (AMI) and an

additional 20% of the units will have rent amounts at or below 80% of the AMI. The guidelines also stipulate that all housing trust fund assisted units shall be occupied by households with incomes at or below the targeted income categories unless compliance with federal, state or local laws require otherwise. The above-mentioned rents would meet the requirements with the guidelines that we have laid out. These rent amounts will adjust on a yearly basis based off the AMI calculation that is provided by HUD on a yearly basis, for Crow Wing County. The management company will be responsible for reviewing the rents yearly to verify compliance with the AMI parameters and tenants in the units to ensure that the overall intent of these units meets the workforce goals of the trust fund. INH Properties will be the management company that Lofts at Novotny LLC will be partnering with to oversee this building.

The developer group is still working through the final items that are required for final approval of their construction loan with US Bank. The bank is still waiting for an appraisal before they can give final approval for the construction loan. The proposed construction term is 15 months with a 6 month lease up period to stabilize the rents for a total term of 21 months. US Bank will also have the option of providing their long-term financing on the property after the construction loan matures. Typical commercial real estate covenants such as personal guaranties, annual financial statements, tax returns as well as an overall debt service coverage ratio of 1.25X are part of the proposed construction loan and would likely be similar in a permanent financing package.

Collateral to be pledged for the Housing Trust Fund loan will be a subordinate mortgage to the primary lender. We understand that we would not be in a primary position on the real estate and that is by design for gap financing such as this. The developer is also looking at the potential of a smaller loan through BLAEDC's unified fund (BUF). At the time of this memo, that loan request had not been received or presented to that board. At such time that the final financing moves to close, the CWC HRA would be willing to subordinate our lien position to the primary financing bank at that time. We would also request that if the BUF loan does come to fruition, that the HRA maintains its 2<sup>nd</sup> lien position on the real estate and request that BUF subordinates to our mortgage.

This proposed loan would be at 0% interest for a 20-year term. The repayment requirement is a balloon payment at maturity. By not requiring a monthly payment for the borrower it allows the project to maintain a strong debt service coverage ratio while the property stabilizes, and the property builds equity. The borrower can pay the debt off prior to the maturity if they choose to, without any prepayment penalty to consider. If the debt is paid off prior to maturity, the rent restrictions would no longer apply.

Members from the development team will be attending our meeting to give this board a presentation of their project and explain why this gap financing is important to bring this development to completion.

**Action Requested: Staff recommend approval of the housing trust fund loan request to Lots of Novotny, LLC contingent upon the successful closing of the entity's primary construction loan through US Bank.**

This page intentionally left blank.



**NEW DEVELOPMENT/REDEVELOPMENT  
FINANCING PROGRAM  
BORROWER APPLICATION**

**INSTRUCTIONS:** Complete all information on this application. Please print. Use Ink.

---

**General Project Information**

---

Project Name Lofts at Novotny

Site Address(es) 7405 Novotny RD

City Baxter County Crow Wing Zip Code 56425

Total Amount of Funding Requested \$ 1,000,000

Grant \$ \_\_\_\_\_  
 Loan \$ 1,000,000

Period of Affordability \_\_\_\_\_ years (minimum 15 years)

Number of buildings: 1, number of units: 64, type of units: Studio 7, 1BR 30, 2BR 27

<input checked="" type="checkbox"/> New construction rental	<input type="checkbox"/> New construction ownership
<input type="checkbox"/> Rehabilitation rental	<input type="checkbox"/> Rehabilitation ownership
<input type="checkbox"/> Conversion rental	<input type="checkbox"/> Conversion ownership
<input type="checkbox"/> Preservation rental	<input type="checkbox"/> Preservation ownership

**Building Type**

<input type="checkbox"/> Single family	<input type="checkbox"/> Condominium
<input type="checkbox"/> Duplex	<input type="checkbox"/> Twin Home
<input type="checkbox"/> Townhome	<input type="checkbox"/> Manufactured home

Project specifics (priority will be given to projects with the greatest percentage of affordable units)

Population served	Total	0 BR	1 BR	2 BR	3 BR	4BR
Extremely Low Income (at or below 30% AMI)						
Very Low Income (at or below 50% AMI)						
Low Income (at or below 80% AMI)	30%					
Moderately Low Income (at or below 115% AMI)	40%					
Workforce Housing (between 50% to 115% AMI, at least one household member employed)						
Market Rate	30%					
Employee Occupied						
Other:						

### Affordability Units of Ownership Projects

Applicant acknowledges that the price must be affordable to households with incomes at or below 115% AMI, and shall include mortgage payments, property taxes, insurance, and Homeowners' Association dues (if applicable) that are no greater than 30% of gross income for a household at or below 115% AMI.

For each type of unit, list the following on an annual basis:

Unit Size	0 BR	1 BR	2 BR	3 BR	4 BR
Sales price					
Property tax					
Insurance					
Association					
Total annual					

### Targeting of Units (Indicate type and % of units)

Families with children 100 %  
 Housing for older persons   %  
 Persons with physical disabilities   %  
 Persons with mental disabilities   %  
 Homeless   %  
 Other: \_\_\_\_\_   %

### Supportive services

Will be provided  
 Included in rent  
 Not included in rent, estimated cost per month \$ \_\_\_\_\_  
 Will not be provided

Provide a description of the service(s) or special accommodations: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Description of accessibility related to housing \_\_\_\_\_  
\_\_\_\_\_

Letter of intent from service agency attached  
 Evidence of prior experience with housing projects that provide supportive services attached  
 Information on compliance with federal and state accessibility standards

---

## Developer/Applicant Information

---

Applicant/Developer Baxter Multifamily LLC

Applicant Federal Taxpayer ID No. \_\_\_\_\_

Mailing Address 1819 Goodwin Street

City Jacksonville State FL Zip Code 32204

Contact Person Billy Zeits

Phone No. 904-551-2540 Email wzeits@cornerlotdevelopment.com

E-Mail Address \_\_\_\_\_

Lead Developer (majority interest in project)  
 Joint Venture party (minority interest in project)

Contact Person During Application Process (if different from the applicant)

Contact Person Billy Zeits

Company Corner Lot Development Group

Mailing Address Same as above

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone No. \_\_\_\_\_ Email wzeits@cornerlotdevelopment.com

Joint Venture Entity (if applicable) \_\_\_\_\_

Joint Venture Federal Taxpayer ID No. \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Contact Person \_\_\_\_\_

Phone No. \_\_\_\_\_ Email \_\_\_\_\_

Lead Developer  
 Joint venture minority interest

Attachments

**Copy of Joint Venture Agreement**

Has the Lead Developer previously developed and operated multifamily housing? If yes please list the project(s) below and attach additional sheets if necessary. No    Yes X

Project name and location Avery

Date of completion 10/22

Project description 270 unit class A multi family development

Project name and location Camelia

Date of completion 12/22

Project description 210, one, two and three bedroom class A multifamily development

## Use Of Funds

### Construction

Describe proposed use of funds Gap loan for construction of asset. The leverage and interest rates of financial institutions is not sufficient to allow developer to offer workforce housing solutions. The project will ensure the rents associated with 80% and 115% of the AMI will not be exceeded during the term of the loan from the Housing Trust Fund.

### Acquisition

Applicant acknowledges that the purchase price of the property to be acquired shall not exceed its appraised value unless the HRA finds that the project's merit justifies a higher price; provided that the appraised value does not exceed the purchase price by more than 10%.

Describe proposed use of funds N/A

Conversion to residential

Applicant acknowledges that the must include activities to make building safe, decent, and sanitary and to abate potential lead exposure.

Describe proposed use of funds N/A

Relocation

Describe proposed use of funds N/A

Rehabilitation

Describe proposed use of funds N/A

Administrative fees

Applicant acknowledges that no administrative fees may not exceed 10 percent of the loan amount.

Describe proposed use of funds N/A

Other

Describe proposed use of funds N/A

---

## FINANCIAL INFORMATION

---

### Pro Forma

Provide a projection of cash flow (Pro forma) using the total Project income from rent and including all expenses for the entire mortgage period. This Pro forma will be calculated using the following prescribed method: Potential Gross Income less Vacancy Loss equals Effective Gross Income, less Operating Expenses equals Net Operating Income, less Debt Service equals Cash Flow. Project the cash flow annually.

**Pro forma attached.**

### Cost Effectiveness

Projected cost per square foot \$ 238.75

Projected cost per affordable unit \$ 194,085

**Documentation supporting cost effectiveness attached**

### Other financing sources (attach additional pages if necessary)

Name of Source U.S. Bank

Address 6410 Southpoint Parkway STE 110

City Jacksonville State FL Zip Code 32216 Phone 904-423-4066

Amount of funds 7,750,000 Interest rate 6% Term TBD  Construction Permanent (circle)

Repayment Terms \_\_\_\_\_

Name of Source BLADEC

Address 224 W Washington St

City Brainerd State MN Zip Code 56401 Phone 218-828-0096

Amount of funds 500,000 Interest rate 6% Term TBD  Construction Permanent (circle)

Repayment Terms \_\_\_\_\_

Name of Source \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Phone \_\_\_\_\_

Amount of funds \_\_\_\_\_ Interest rate \_\_\_\_\_ Term \_\_\_\_\_ Construction/Permanent (circle)

Repayment Terms \_\_\_\_\_

Name of Source \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Phone \_\_\_\_\_

Amount of funds \_\_\_\_\_ Interest rate \_\_\_\_\_ Term \_\_\_\_\_ Construction/Permanent (circle)

Repayment Terms \_\_\_\_\_

---

## Document Checklist

---

- Letter of intent from service agency providing supportive services (if applicable)
- Evidence of prior experience with housing projects that provide supportive services (if applicable)
- Joint Venture Agreement (if applicable)
- Pro Forma
- Documentation supporting cost effectiveness
- Information on compliance with federal and state accessibility standards

---

## Applicant Certification

---

**The undersigned hereby acknowledges the following:**

Applicant acknowledges that submission of an application does not ensure approval, and that, if this application is approved for funding, such funding will be further contingent on entering into an agreement with the Crow Wing County HRA that will clearly the conditions and requirements connecting with the funding.

Applicant certifies that it has reviewed the Housing Trust Fund guidelines and the Housing Trust Fund Ordinance and understands and accepts the information in those documents regarding the evaluation of this application and further requirements related to the receipt of funds.

Applicant certifies that the statements contained in this application and its attachments are true, accurate and compete to the best of its knowledge and belief. If any of the information included in this Application changes prior to the receipt of funds, Applicant agrees to notify the Crow Wing County HRA of these changes within 5 business days.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has caused this document to be executed in its name on this 18 day of May, 2023.

Christian Allen

Legal Name of Applicant

Ch

Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Tiffany Gayton



TIFFANY GAYTON  
Commission # HH 305513  
Expires December 26, 2026

# THE LOFTS AT NOVOTNY

## A 64 UNIT APARTMENT BUILDING - BAXTER, MN.

### PROJECT TEAM:

**DEVELOPER:** CORNER LOT DEVELOPMENT GROUP  
1819 GOODWIN STREET  
JACKSONVILLE, FL 32204  
PHONE: (904) 551-2540  
EMAIL: [wzeits@cornerlotdevelopment.com](mailto:wzeits@cornerlotdevelopment.com)  
CONTACT: WILLIAM ZEITS

**GENERAL CONTRACTOR:** MILLER ARCHITECTS & BUILDERS  
3325 WEST ST. GERMAIN STREET  
ST. CLOUD, MN 56301  
PHONE: (320) 249-3164  
EMAIL: [shane@millerbab.com](mailto:shane@millerbab.com)  
PROJECT MANAGER: SHANE GOERGER

**ARCHITECT:** COLE GROUP ARCHITECTS  
216 PARK AVENUE SOUTH  
SUITE 102  
ST. CLOUD, MN 56301  
PHONE: (320) 654-6510  
EMAIL: [steve@colegrouparchitects.com](mailto:steve@colegrouparchitects.com)  
PROJECT MANAGER: STEVE HANKES

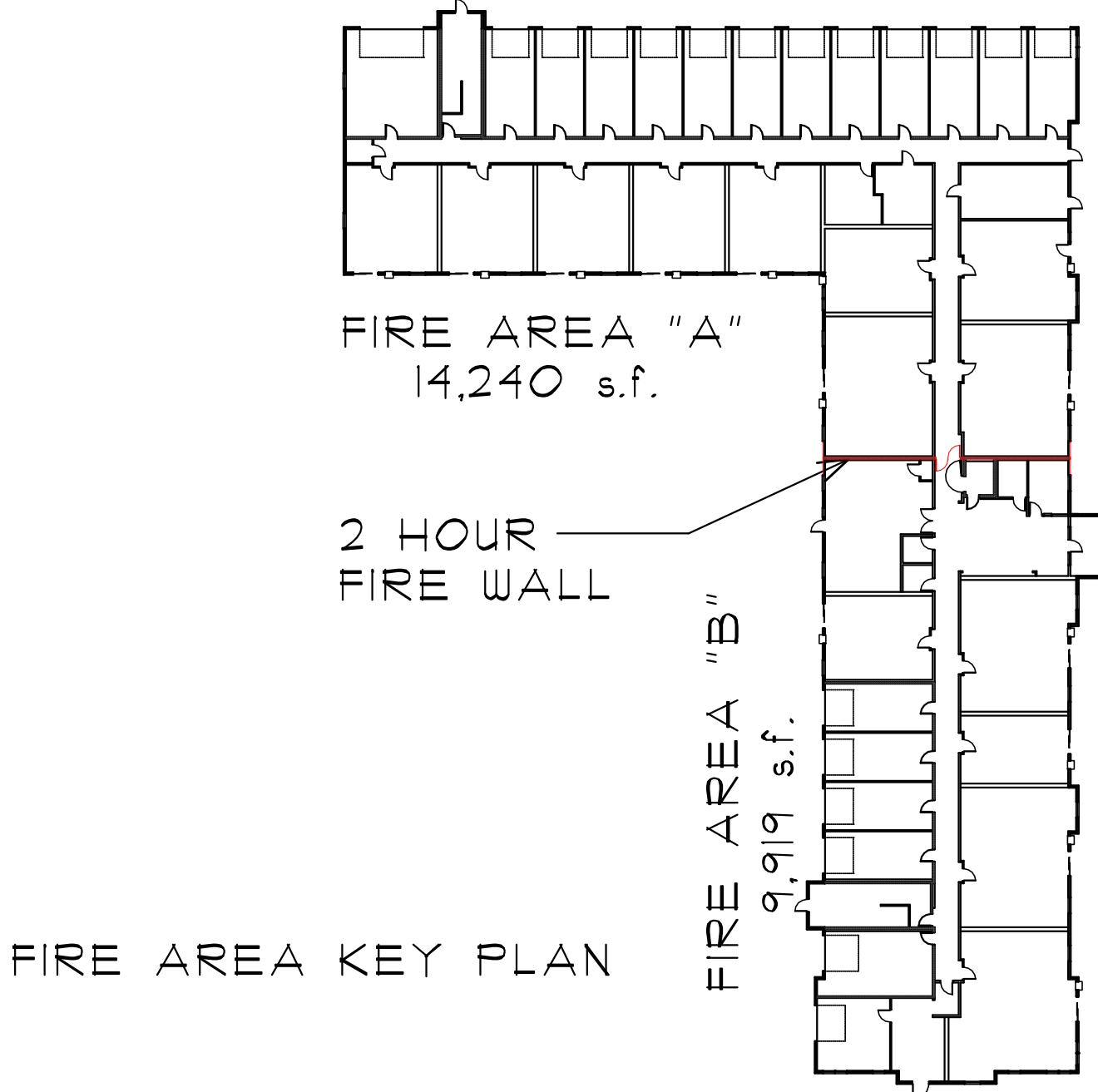
**STRUCTURAL ENGINEER:** SANDMAN STRUCTURAL ENGINEERS  
1581 30TH AVE. SOUTH  
MOORHEAD, MN 56560  
PHONE: (218) 284-3050  
EMAIL: [michael.telste@sandmanse.com](mailto:michael.telste@sandmanse.com)  
PROJECT ENGINEER: MIKE TELSTE

**CIVIL ENGINEER:** WIDSETH  
5248 26th STREET  
P.O. BOX 130  
WYOMING, MN, 55092-0130  
PHONE: (651) 358-2355  
EMAIL: [brian.kallio@widseth.com](mailto:brian.kallio@widseth.com)  
PROJECT ENGINEER: BRIAN KALLIO

**MECHANICAL, ELECTRICAL, FIRE SPRINKLER ENGINEER:** DESIGN BUILD DEFERRED SUBMITTAL

### DRAWING LOG

PERMIT SET 09-26-22	
A	-
B	-
C	-
D	-
E	-
F	-



### CODE SUMMARY

#### I. BUILDING DESCRIPTION:

A NEW (3) STORY 12,445 GROSS S.F. APARTMENT BUILDING (INCLUDING 6,683 GROSS S.F. OF ATTACHED GARAGE) AND A SEPARATE 3,848 S.F. DETACHED GARAGE BUILDING

2018 IBC, 2020 MINNESOTA STATE BUILDING CODE, AND OTHER RELATED CODES, BUILDING ENVELOPE ENERGY CALCULATIONS PROVIDED USING ASHRAE STANDARD 90.1-2016

A. CHAPTER 3 - USE AND OCCUPANCY CLASSIFICATION

R-2 OCCUPANCY - APARTMENT HOUSE - (I.B.C. SECTION 303.3) MAIN OCCUPANCY  
S-2 OCCUPANCY - ENCLOSED PARKING GARAGE - (I.B.C. SECTION 313.3) SEPARATED OCCUPANCY  
B OCCUPANCY - OFFICE - (I.B.C. SECTION 304.1) ACCESSORY OCCUPANCY (180 SF)  
U OCCUPANCY - PRIVATE GARAGE - (I.B.C. SECTION 312.1) ACCESSORY BUILDING

B. CHAPTER 4 - SPECIAL DETAILED REQUIREMENTS BASE ON USE AND OCCUPANCY

- AUTOMATIC SPRINKLER REQUIRED FOR R-2 (I.B.C. SECTION 903.3.12 NFPA 13R)  
- WALLS SEPARATING DUELLING UNITS IN R-2 CONSTRUCTED AS FIRE PARTITIONS (I.B.C. SECTION 402.2)  
- FIRE 1 SMOKE ALARMS (I.B.C. SECTION 901.2.9) DESIGNED BY OTHERS  
- FIRE BARRIERS SEPARATING PRIVATE GARAGES INTO AREAS OF LESS THAN 1,000 S.F. (I.B.C. SECTION 404.3)

C. CHAPTER 5 - GENERAL BUILDING HEIGHTS AND AREAS

ALLOWABLE HEIGHT: (I.B.C. TABLES 504.3 & 504.4)

R-2 OCCUPANCY ALLOWABLE: 3 STORIES & 50'-0"

S-2 OCCUPANCY ALLOWABLE: 4 STORIES & 50'-0"

B OCCUPANCY ALLOWABLE: 3 STORIES & 50'-0"

U OCCUPANCY ALLOWABLE: 1 STORY & 40'-0"

ALLOWABLE AREA: (I.B.C. TABLE 504.2)

EQUATION 5-2 (FRONTAGE INCREASE)

AVG. WIDTH (W) =  $(A' \times 30') + (B' \times 30') + (C' \times 30') + (D' \times 30') / A+B+C+D$

AVG. WIDTH (W) = 28.2'

$$\begin{array}{c} F - 0.25 \\ P \end{array} \begin{array}{c} W \\ 30 \end{array} \begin{array}{c} IF = .75 \text{ (MAX)} \\ \hline \end{array}$$

$$\begin{array}{c} A+B+C+D - 0.25 \\ 30' \end{array} \begin{array}{c} 30' \\ 30' \end{array} \begin{array}{c} IF = .75 \\ \hline \end{array}$$

R-2 FRONTAGE INCREASE: 12,000 x 0.15 = 1,800 S.F.  
S-2 FRONTAGE INCREASE: 21,000 x 0.15 = 3,150 S.F.  
B FRONTAGE INCREASE: 18,000 x 0.15 = 2,700 S.F.  
TOTAL: 18,000 x 0.15 = 2,700 S.F.

ALLOWABLE FLOOR AREA WITH FRONTAGE INCREASE FOR R-2 = 21,000 S.F.

ALLOWABLE FLOOR AREA WITH FRONTAGE INCREASE FOR S-2 = 34,150 S.F.

ALLOWABLE FLOOR AREA WITH FRONTAGE INCREASE FOR B = 31,500 S.F.

ACTUAL FIRST FLOOR FIRE AREA = 24/91 S.F. A FIRE WALL IS REQUIRED TO MAINTAIN FIRE AREAS UNDER THE ALLOWABLE MAXIMUM PER FLOOR

ACTUAL SECOND FLOOR FIRE AREA = 24/21 S.F. MAINTAIN FIRE AREAS UNDER THE ALLOWABLE MAXIMUM PER FLOOR

ACTUAL THIRD FLOOR FIRE AREA = 24/21 S.F. MAINTAIN FIRE AREAS UNDER THE ALLOWABLE MAXIMUM PER FLOOR

OCCUPANCY USE SEPARATION:

COMMUNITY ROOM - FIRST FLOOR (SMALL ASSEMBLY SPACE LESS THAN 50 OCCUPANTS OR UNDER 150 S.F.) SHALL NOT BE CLASSIFIED AS ASSEMBLY OCCUPANCY (I.B.C. 303.2) CONSIDERED R-2 OCCUPANCY

FITNESS ROOM - SECOND FLOOR (SMALL ASSEMBLY SPACE LESS THAN 50 OCCUPANTS OR UNDER 150 S.F.) SHALL NOT BE CLASSIFIED AS ASSEMBLY OCCUPANCY (I.B.C. 303.2) CONSIDERED R-2 OCCUPANCY

OFFICE - ACCESSORY USE LESS THAN 10% OF THE FLOOR AREA NO SEPARATED REQUIRED (I.B.C. SECTION 508.2)

GARAGE - SEPARATED OCCUPANCY - A ONE HOUR FIRE BARRIER IS PROVIDED BETWEEN THE R-2 AND S-2 OCCUPANCIES (I.B.C. SECTION 508.4)

ALLOWABLE AREA FOR SEPARATED OCCUPANCIES: (I.B.C. SECTION 508.4)

FIRST FLOOR AREA: 0.83 + 0.18 + 0.01 = 1.02 (I) (ACTUAL/ALLOWABLE = 1)

R-2 = 11328 S.F./21,000 S.F.=.528

S-2 = 6,683 S.F./34,150 S.F.=.198

B = 180 S.F./31,500 S.F.=.001

ALLOWABLE MAXIMUM PER FLOOR

BUILDING DIAGRAM

STORY 3 FIRE AREA: (R-2 OCC) 24/21 S.F. NFPA-1R IHR SEP	MAX 3 STORIES MAX 50'-0"
STORY 2 FIRE AREA: (R-2 OCC) 24/21 S.F. NFPA-1R IHR SEP	
STORY 1 FIRE AREA: (R-2, S-2, B OCC) 24/21 S.F. NFPA-1R NA	STORY 1 LESS THAN 6'-0" ABOVE AVG. GRADE PLANE

D. CHAPTER 6 - TYPE OF CONSTRUCTION

TYPE V-A ONE HOUR (I.B.C. SECTION 602.5) AT APARTMENT BUILDING

TYPE V-B NOT RATED (I.B.C. SECTION 602.5) AT PRIVATE GARAGE

E. CHAPTER 7 - FIRE AND SMOKE PROTECTION FEATURES

104 FIRE WALLS - 2-HR RATED PROVIDED TO SEPARATE BUILDING INTO TWO FIRE AREAS WITHIN MAXIMUM BUILDING AREA REQUIREMENTS.

101 FIRE BARRIER - IHR RATED (I.B.C. SECTION 713) PROVIDED AT STAIRWAY & ELEVATOR SHAFTS AND BETWEEN R-2 AND S-2 OCCUPANCIES

108 FIRE PARTITION - IHR RATED (I.B.C. SECTION 402.2) PROVIDED AT WALLS SEPARATING DUELLING UNITS.

109 SMOKE BARRIER - IHR RATED (I.B.C. SECTION 109.3) NOT REQUIRED

F. CHAPTER 8 - INTERIOR FINISHES

INTERIOR WALL & CEILING FINISH MATERIALS SHALL BE CLASSIFIED IN ACCORDANCE WITH ASTM E84 OR UL 173.

CLASS A - FLAME SPREAD INDEX 0-25, SMOKE DEVELOPED INDEX 0-450

CLASS B - FLAME SPREAD INDEX 26-75, SMOKE DEVELOPED INDEX 0-450

CLASS C - FLAME SPREAD INDEX 76-200, SMOKE DEVELOPED INDEX 0-450

#### INTERIOR WALL AND CEILING FINISH REQUIREMENTS BY OCCUPANCY<sup>1</sup>

SPRINKLERED BUILDING <sup>1</sup>			
GROUP	INTERIOR EXIT STAIRS, RAMPS & PASSAGeways	CORRIDORS AND ENCLOSURE FOR EXIT ACCESS STAIR & RAMPS	ROOMS AND ENCLOSED SPACES
R-2	C	C	C
B	B	C	C
S-2	C	C	C

<sup>1</sup> Finish materials as provided for in other sections of the code.

<sup>1</sup> Applies when protected by an automatic sprinkler system installed in accordance with Section 903.3.1 or 903.3.2.

G. CHAPTER 9 - FIRE PROTECTION SYSTEMS

R-2 AUTOMATIC FIRE SPRINKLER SYSTEM PER NFPA-1R (I.B.C. SECTION 903.3.2)  
R-2 FIRE ALARM & SMOKE ALARMS W/ MANUAL FIRE ALARM SYSTEM (I.B.C. SECTION 901.2.9) DESIGNED BY OTHERS

H. CHAPTER 10 - MEANS OF EGRESS (I.B.C. TABLE 1004.5)

THIRD FLOOR:

APARTMENT (R-2) = 24/21 S.F./200 S.F. PER OCC. = 121

(2) EXITS REQUIRED, (2) EXITS PROVIDED.

SECOND FLOOR:

APARTMENT (R-2) = 23,490 S.F./200 S.F. PER OCC. = 119

FITNESS ROOM (R-2) = 431 S.F./50 S.F. PER OCC. = 9

119 + 9 = 128 OCCUPANTS TOTAL

(2) EXITS REQUIRED, (2) EXITS PROVIDED.

STAIRWAY LOAD = 125 (I.B.C. SECTION 1005.3.)

REQUIRED STAIRWAY WIDTH = .3 x 125 = 37.5" (44" MIN. REQ'D)

PROVIDED STAIRWAY WIDTH = 56" MINIMUM

FIRST FLOOR:

APARTMENT (R-2) = 14,603 S.F./200 S.F. PER OCC. = 84

COMMUNITY ROOM (R-2) = 725 S.F./15 S.F. PER OCC. = 49

PARKING GARAGE (S-2) = 4,836 S.F./200 S.F. PER OCC. = 34

OFFICE (B) = 180 S.F./150 S.F. PER OCC. = 2

84 + 49 + 34 + 2 = 169 OCCUPANTS TOTAL

TOTAL OCCUPANT LOAD ALL FLOORS 3RD (121) + 2ND (128) + 1ST (169) = 418

(2) EXITS REQUIRED, (5) EXITS PROVIDED. (I.B.C. TABLE 1015.1)

APARTMENT EXIT DOOR LOAD = 241 (I.B.C. SECTION 1005.3.2)

REQUIRED DOOR WIDTH = .2 x 418 = 83.6"

PROVIDED DOOR WIDTH = 180"

I. CHAPTER II - ACCESSIBILITY

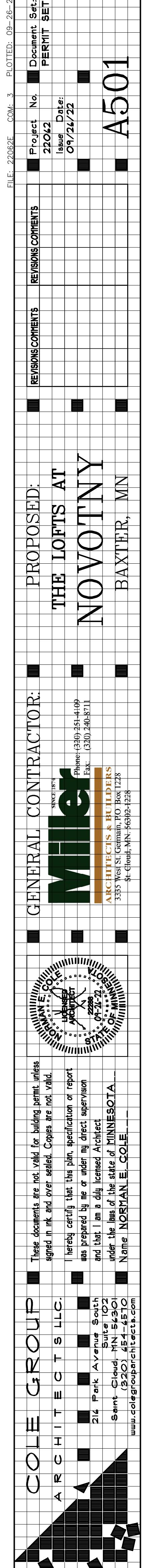
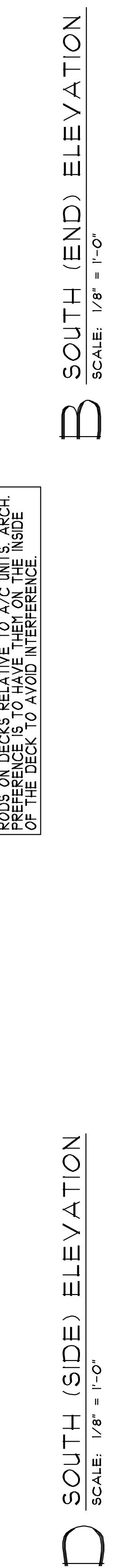
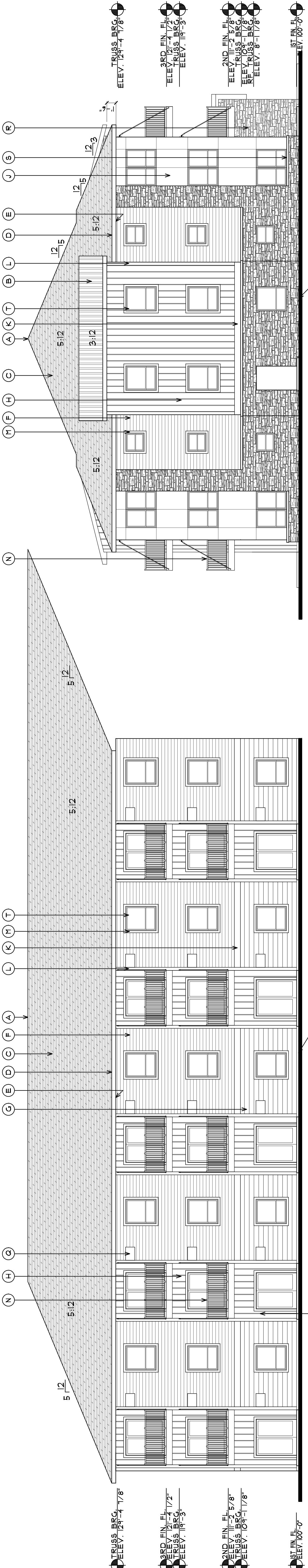
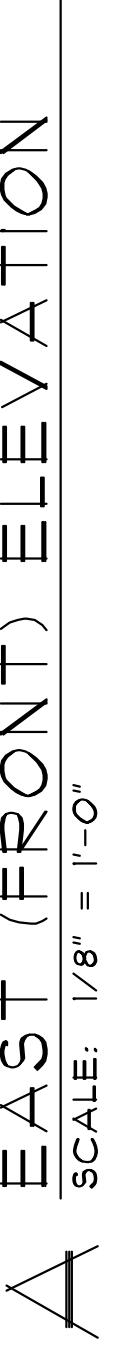
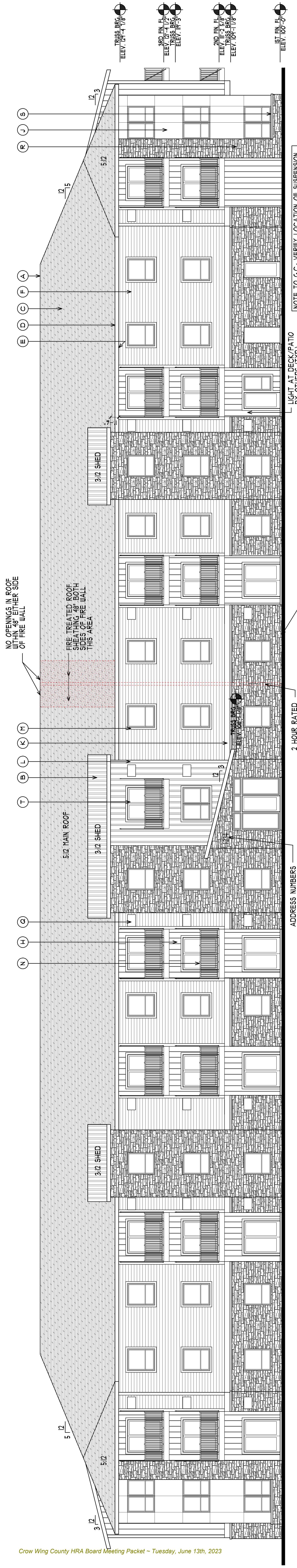
ALL INTERIOR AND EXTERIOR COMMON AREA SPACES SHALL COMPLY (SEE SHEETS A301 & A302).

REQUIRED UNIT TYPES: (I.B.C. SECTION 1014.2)

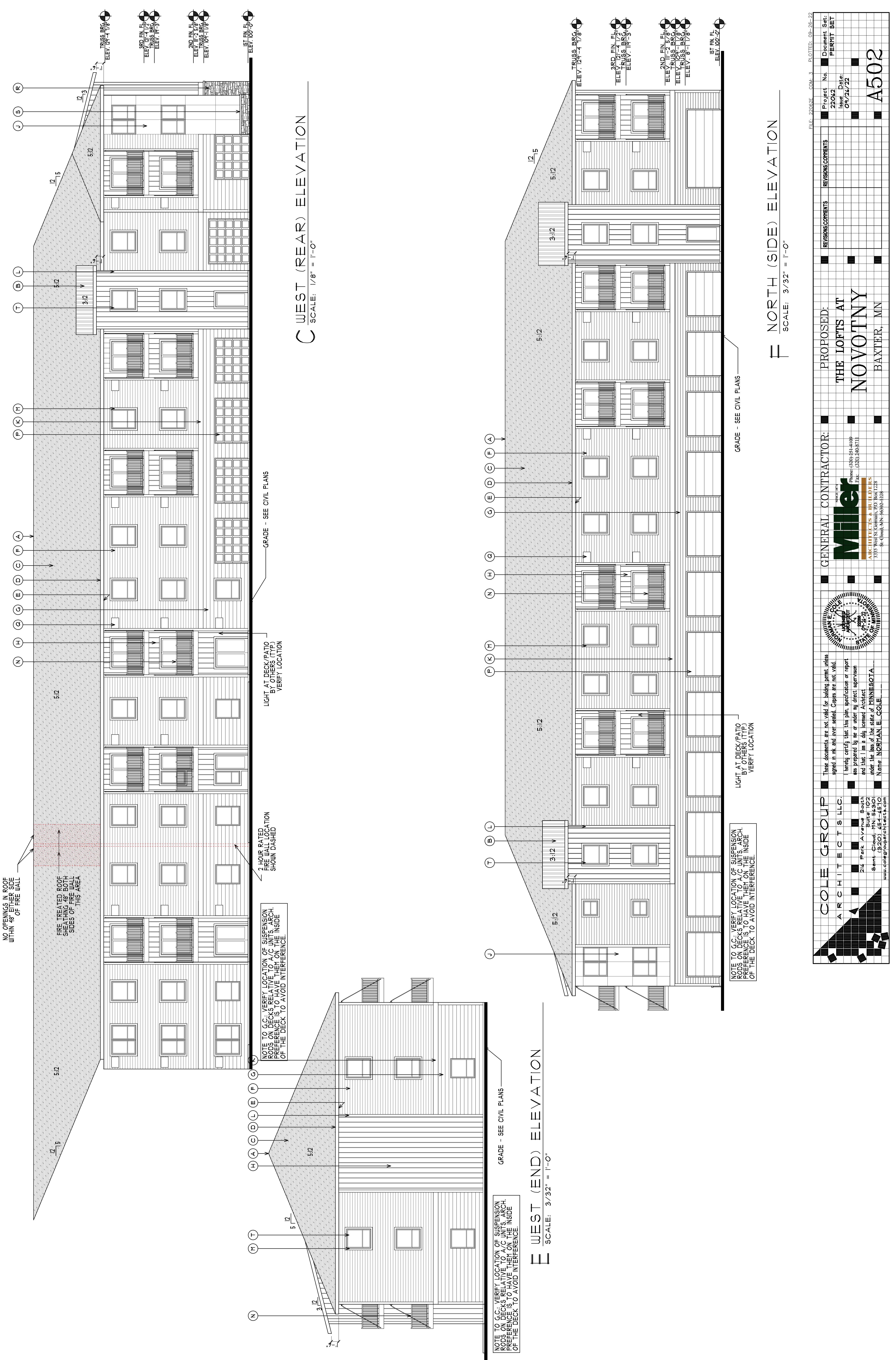
R-2 REQUIRES 2% TYPE "A" UNITS THE REMAINDER TYPE "B" UNITS

64 TOTAL UNITS PROVIDED

This page intentionally left blank.



This page intentionally left blank.



This page intentionally left blank.

## Loan Analysis Form

### Loan Purpose/Reason

Gap financing for a 64 unit multi-family housing development

### Borrower Information

Borrower/Applicant:	Lofts at Novotny LLC	Obligated to pay debt and benefits from loan.
Co Borrower/Co Applicant:	Baxter Multifamily LLC	
Co Signer:		Provides support to loan. Liable to pay debt. Not benefiting from loan.
Guarantor:		Liable to pay debt when bank exhausts all other collection efforts.
Grantor:		Individual pledging collateral other than borrower, co borrower, etc.

### Type of Loan / Collateral Info.

<input type="checkbox"/> 1st Lien Position Mortgage of CRE	<p><i>Subordinate Lien Position to primary lender US Bank during construction period and anticipated subordination agreement as the project moves from construction to permanent financing. Primary construction loan anticipated to close in July of 2023 pending final review of appraisal and loan committee authorization from US Bank.</i></p>
<input checked="" type="checkbox"/> Subordinate Lien Position Mortgage of CRE	
Location/Address of CRE:	<p>7180 Novotny Rd, Baxter, MN 56425</p>
Relationship to Development	
<input type="checkbox"/> Personal Guaranty	<p><i>No guaranty for the primary shareholders of Baxter Multifamily LLC, US Bank is requiring a personal guaranty from both Christian Allen and George Leone for their construction loan.</i></p>
Relationship to Development	

Secured by Deposits	Account #:		<p><i>Not to include, MRT, title and legal fees.</i></p>
Account Balance:	Account Type:		

### Loan Terms

Amount Requested:	\$1,000,000.00	Not to include, MRT, title and legal fees.
Renew Loan Amount:		
Renew Loan #:		
Total Fees Financed:	\$5,000.00	<i>(Estimated)Legal fees for doc prep, filing fees for the mortgage, MRT</i>
<b>Total Loan Amount:</b>	<b>\$1,005,000.00</b>	<i>Total amount to be repaid</i>
<b>*Rate:</b>	<b>0.00%</b>	
<b>Term:</b>	<b>240</b>	<i>Listed in Months</i>
New Loan Number:	TBD	
Disbursement made payable to:	Lofts at Novotny LLC	
Owner Equity for Project	\$3,621,444	

### Loan to Value (Including Additional Financing)

Construction Cost Estimate	\$12,421,444.00	Additional Financing	\$7,800,000.00
LTV (cost)	8.05%	LTV (Total Cost)	70.89%

### Total Debt on Project.

*FNMA 1st Mortgage (Class Code F46=22 or 23) and Collateralized Deposit loans do not count in aggregate debt total*

Other Debt:	\$7,800,000.00	Total Debt:	\$8,805,000.00
-------------	----------------	-------------	----------------

### Debt To Income

Employer Name:		Length of Employment:	
Projected Net Operating Income:	Source of Income	Amount	Monthly Debt Payments
Borrower - Net Operating Income	Rents Collected	\$68,220.00	Mortgage
			New Financing
Other Income			Other Payments
Total Income		<b>\$68,220.00</b>	<b>Total Payments</b>
			<b>Debt Service Coverage Ratio</b>
			<b>1.394322153</b>

### Desirable Loan Strengths

### Policy Exceptions/Weaknesses

Current active customer		Collection/Judgement/Bankruptcy*
		<i>*Bankruptcy requires Board Approval</i>
Credit score 650+ (Secured & Ready Reserve Loans)		Credit score below 650
Score/s:	Date Report Pulled:	Score/s:
		<i>If Credit Score is below 700 or negative info or past due payments reported, must search applicant(s) name here: <a href="http://pa.courts.state.mn.us/default.aspx">http://pa.courts.state.mn.us/default.aspx</a></i>
Credit score 720+ (Unsecured Personal Lines of Credit)		Credit score below 720
Score/s:	Date Report Pulled:	Score/s: Date Report Pulled:
		<i>If Credit Score is below 700 or negative info or past due payments reported, must search applicant(s) name here: <a href="http://pa.courts.state.mn.us/default.aspx">http://pa.courts.state.mn.us/default.aspx</a></i>
X DSC 1.25% or More		DSC less than 1.25%
DSC 1.10% or More		DSC less than 1.10%
X Loan to Value		Loan to Value
		Collateral position
		Rate
		Term

### Loan Officer Comments

*List strengths of borrower/s. Explain why credit was approved. If an exception, provide explanation on why approved.*

Lofts at Novotny LLC is a subsidiary of Christian Allen Inc and Leone Development LLC. Christian (Andy) Allen and George Leone have a long track record of multi family development, primarily in and around the Jacksonville, Florida area. Mr. Allen has family ties to Crow Wing County in Central Minnesota. This development would bring much needed rental units to the market at a rent level that would fall within our definition of workforce housing, something that is much needed in the County. The experience that the development team brings to this project is a positive as well as the partnership equity that is being infused. The over LTV of the project is well within typical lending guidelines and the projected debt coverage ratio is also very strong. The utilization of the CWC HRA Housing Trust Fund for a project such as this will help solidify the borrower position and help maintain a strong LTV for their primary lender. The proposed zero percent loan will allow the project to maintain a healthy DSC.

Date:	
Date:	

This page intentionally left blank.

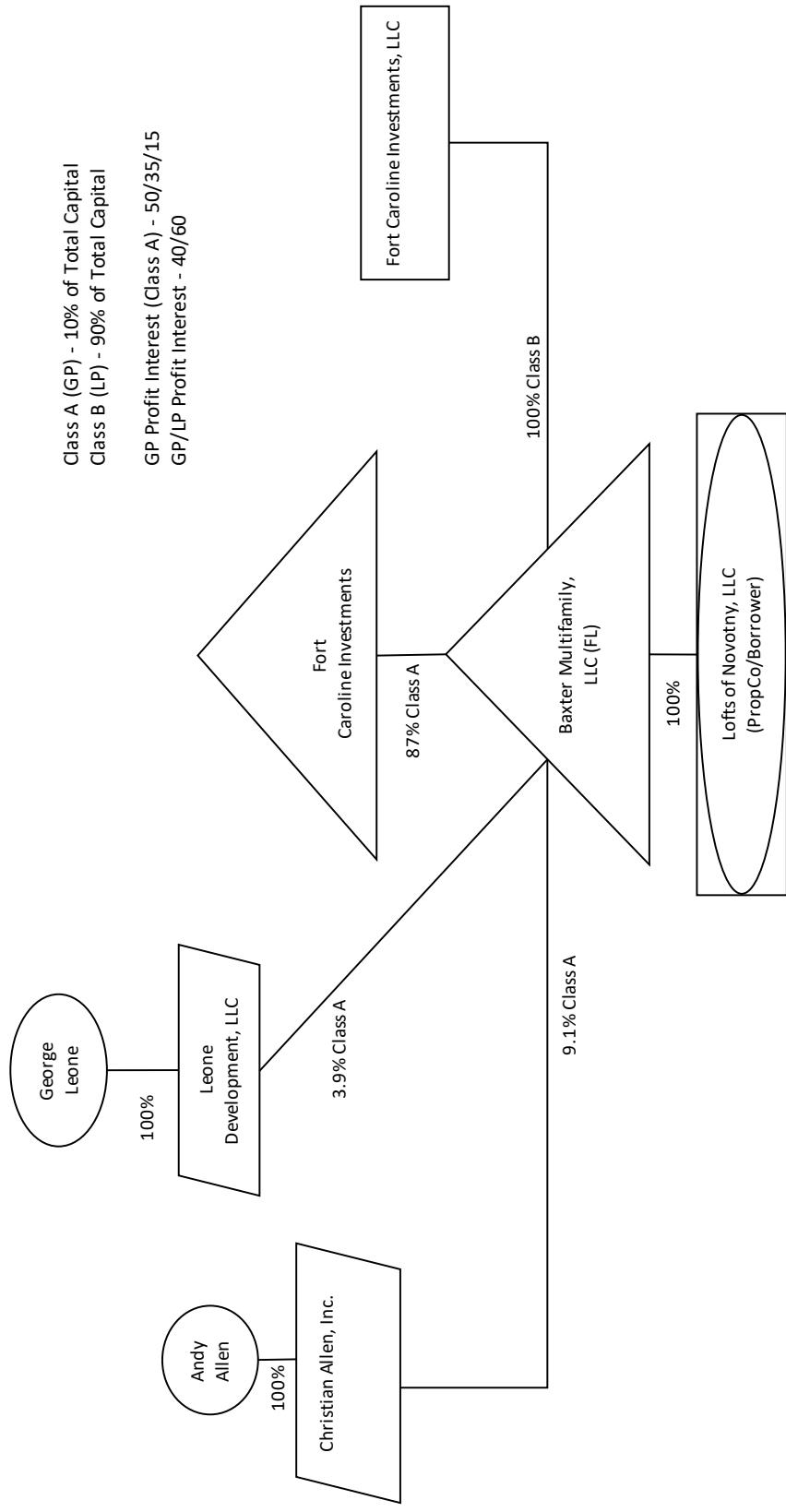
DEVELOPMENT BUDGET						
LAND	Total	Per Unit	Per NSF	% of Total		
Purchase Price	\$356,999	\$5,578	\$6.86	2.9%		
Acquisition Costs	\$0	\$0.00	\$0.00	0.0%		
<b>SOFT COSTS</b>	<b>\$356,999</b>	<b>\$5,578</b>	<b>\$6.86</b>	<b>2.9%</b>		
Legal & Due Diligence	\$21,000	\$3,288	\$0.40	0.2%		
Architectural & Engineering	\$369,200	\$5,769	\$7.10	3.0%		
Zoning, Permitting, & Impact Fees	\$36,456	\$8,882	\$10.31	4.3%		
Inspection & Consultant Fees	\$1,067	\$1,067	\$1.51	0.5%		
Financing Fees & Insurance	\$180,000	\$28,133	\$3.46	1.4%		
Other Soft Costs	\$238,147	\$37,211	\$4.58	1.9%		
Soft Cost Contingency	\$0	\$0.00	\$0.00	0.0%		
Development Fees	\$458,902	\$71,700	\$8.82	3.7%		
Interest Reserve	\$650,000	\$103,100	\$8.65	3.6%		
Operating Reserve	\$40,000	\$6,250	\$0.77	0.3%		
	<b>\$2,361,977</b>	<b>\$36,306</b>	<b>\$45.40</b>	<b>19.0%</b>		

PROJECT CAPITALIZATION						
	Total	Per Unit	Per NSF	% of Total		
Debt						
Construction Loan	\$7,300,000	\$114,063	\$140.31	58.8%		
BLADEC Loan	\$500,000	\$7,813	\$9.61	4.0%		
Housing Trust Fund Loan	\$1,000,000	\$15,625	\$19.22	8.1%		
Total Debt	\$8,800,000	\$137,500	\$169.14	70.8%		
Equity						
Sponsor Equity	\$362,144	\$5,659	\$6.96	2.9%		
LP Equity	\$2,559,259	\$50,927	\$65.65	26.2%		
Total Equity	\$3,621,444	\$56,585	\$68.61	29.2%		
<b>TOTAL CAPITALIZATION</b>	<b>\$12,421,444</b>	<b>\$194,085</b>	<b>\$238.75</b>	<b>100.0%</b>		

UNIT MIX	Unit Type	Count	%	Lease SF	NSRF	Market	Effective Rent	Rent/SF	Eff/Rent/NSRF	Qualified Units (80% AMI)	Qualified Rent (80% AMI)	Qualified Units (115% AMI)	Qualified Rent (115% AMI)
A1 (Studio/1 Bath)	3	4.69%	495	\$45	\$75	\$95	\$94	\$1.97	\$	< \$1,167	3		
A2 - (Studio/1 Bath)	4	6.25%	606	\$605	\$1,005	\$921	\$1,066	\$1.66	\$	< \$1,167	4		
B1 (1/1)	23	35.94%	662	\$1,085	\$1,085	\$1,086	\$1,288	\$1.79	\$	< \$1,333	23		
B2 (1/1) - Den	4	6.25%	798	\$1,005	\$1,005	\$1,005	\$1,288	\$1.76	\$	1,61	1,61		
B3 (1/1)	2	3.13%	769	\$1,285	\$1,285	\$1,198	\$1,198	\$1.67	\$	1,53	< \$1,333	2	
B4 (1/1)	1	1.56%	734	\$1,285	\$1,285	\$1,178	\$1,178	\$1.75	\$	1,60	< \$1,333	1	
C1 (2/1)	4	6.25%	939	\$1,965	\$1,965	\$1,471	\$1,471	\$1.71	\$	1,57	< \$2,321	4	
C2 (2/1)	3	4.69%	934	\$1,605	\$1,605	\$1,471	\$1,471	\$1.72	\$	1,58	< \$2,322	3	
C3 (2/1)	2	3.13%	935	\$1,605	\$1,605	\$1,471	\$1,471	\$1.72	\$	1,57	< \$2,323	2	
C4 (2/1)	3	4.69%	963	\$1,635	\$1,635	\$1,499	\$1,499	\$1.70	\$	1,56	< \$2,324	3	
C5 (2/2)	3	4.69%	994	\$1,675	\$1,675	\$1,535	\$1,535	\$1.69	\$	1,54	< \$2,325	3	
C6 (2/2)	5	7.81%	1,019	\$1,760	\$1,760	\$1,613	\$1,613	\$1.73	\$	1,58	< \$2,326	5	
C7 (2/2)	5	7.81%	1,122	\$1,775	\$1,775	\$1,627	\$1,627	\$1.58	\$	1,45	< \$2,327	5	
C8 (2/2)	2	3.13%	1,212	\$1,905	\$1,905	\$1,655	\$1,655	\$1.49	\$	1.37	< \$2,328	2	
Average	64	100.00%	5,027	\$2,027	\$9,335	\$8,133	\$1,396	\$1.20	\$	1.57	\$1.56	33.00	42.19%

This page intentionally left blank.

## Baxter Multifamily - Capital



This page intentionally left blank.

## Business Record Details »

Minnesota Business Name  
**BAXTER MULTIFAMILY LLC**

**Business Type**  
Limited Liability Company (Foreign)

**File Number**  
13406425000021

**Filing Date**  
10/6/2022

**Renewal Due Date**  
12/31/2023

**MN Statute**  
322C

**Home Jurisdiction**  
Florida

**Status**

Active / In Good Standing

**Registered Office Address**

202 N CEDAR AVE  
STE #1  
OWATONNA, MN 55060  
USA

**Registered Agent(s)**  
REGISTERED AGENTS INC

**Home Business Name**  
BAXTER MULTIFAMILY LLC

**Principal Place of Business Address**  
1819 GOODWIN STREET  
JACKSONVILLE, FL 32204  
USA

**Home Office Address**  
1819 GOODWIN STREET  
JACKSONVILLE, FL 32204  
USA

## Filing History

### Filing History

Select the item(s) you would like to order: Order Selected Copies

**Filing Date**  **Filing**

10/6/2022

Original Filing - Limited Liability Company (Foreign)  
(Business Name: BAXTER MULTIFAMILY LLC)

© 2023 Office of the Minnesota Secretary of State -  
Terms & Conditions

The Office of the Secretary of State is an equal  
opportunity employer

Subscribe for email updates!  
Vulnerability Disclosure

**Business Record Details »**

Minnesota Business Name  
**LOFTS OF NOVOTNY LLC**

**Business Type**  
Limited Liability Company (Foreign)

**File Number**  
13539673000020

**Filing Date**  
12/6/2022

**Renewal Due Date**  
12/31/2023

**MN Statute**  
322C

**Home Jurisdiction**  
Florida

**Status**  
Active / In Good Standing

**Registered Office Address**  
202 N CEDAR AVE  
STE #1  
OWATONNA, MN 55060  
USA

**Home Office Address**  
1819 Goodwin Street  
Jacksonville, FL 32204  
USA

**Registered Agent(s)**  
REGISTERED AGENTS INC

**Principal Place of Business Address**  
1819 Goodwin Street  
Jacksonville, FL 32204  
USA

**Home Business Name**  
LOFTS OF NOVOTNY, LLC

## Filing History

## Filing History

Select the item(s) you would like to order: Order Selected Copies

Filing Date       Filing

12/6/2022

Original Filing - Limited Liability Company (Foreign)  
(Business Name: LOFTS OF NOVOTNY LLC)

© 2023 Office of the Minnesota Secretary of State -  
Terms & Conditions

The Office of the Secretary of State is an equal  
opportunity employer

Subscribe for email updates!  
Vulnerability Disclosure



Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: June 13<sup>th</sup>, 2023  
Re: Executive Director Report

---

**Developer Meeting**

I met with a developer and the City of Baxter on 6/2 to discuss a number of tax forfeited parcels that the developer was interested in purchasing through our tax forfeited property policy, all within the City limits of Baxter. The developer will be working with the City Administrator on a final list of parcels they are interested in and will then fill out an application for our program. They are intending on requesting the use of some revolving loan funds that the City has access to, to address the outstanding assessments on these parcels.

**Observance of Juneteenth:**

The Minnesota Legislature approved a bill this session to establish Juneteenth as a state recognized holiday. A provision included in the state and local government omnibus bill adjusted the previous effective date to make the holiday required this year. The holiday is to recognize the date on which slavery was abolished in the United States. Public business cannot be conducted on June 19<sup>th</sup> in observance of this holiday. We have adjusted our work schedule to reflect that our offices will be closed on Monday June 19<sup>th</sup> of this year and our staff will be paid for the holiday. We will be adding this holiday to our list of recognized holidays going forward.

**Redevelopment of Former Thrifty White:**

The Brainerd HRA board had a joint meeting with the Brainerd City Council on May 30<sup>th</sup> to discuss a redevelopment TIF district to help support this development. While no formal action was taken at this meeting there was consensus support to have the HRA continue the process of reviewing the financial viability of a TIF district for this proposed redevelopment. We have received the pro forma statement from the developer, and we continue to work through this process with our financial advisors and bond counsel.

**Action Requested: No action requested, for informational purposes only**

This page intentionally left blank.



To: CWC HRA Board Members  
From: Eric Charpentier, Executive Director  
Date: June 13<sup>th</sup>, 2023  
Re: Housing Trust Fund Report

---

We continue to receive applications for our down payment assistance program as well as our rehab programs. Depending on the outcome of the loan request today, our funds available in the trust fund will be effectively exhausted if the loan request is approved. I have met with the County administration to brief them on the status of the trust fund.

There is a State Housing Trust Fund match program that has been approved by Minnesota Housing in which we will be allowed to apply for matching funds based off what local funds have been committed to our local housing trust fund on or after June 29<sup>th</sup>, 2021. The details of the program are still being finalized and we anticipate further guidance after July 1<sup>st</sup> of this year. We intend on applying through their RFP process for matching funding to help replenish our trust fund.

As we are moving into budget season we will also need to look at what our levy request may need to be for 2024, with additional projects in the County that may be requesting funding in the near future. There continues to be a demonstrated need for funding through the trust fund and our staff will be working on putting together a cash flow projection for the long-term viability of the fund, knowing that these dollars will revolve back to be utilized for future projects. Staff would like to have a budget only special board meeting as we did in August of 2022 to devote more time to this topic and to present options to you all for what we would ultimately like to present to the County Commissioners for our levy request in 2024.

**Action Requested: Discussion and direction on a special board meeting to discuss our 2024 levy budget request.**

This page intentionally left blank.



Housing & Redevelopment Authority

To: Crow Wing County HRA Board Members  
 From: John Schommer, Rehab & Maintenance Director  
 Date: June 2, 2023  
 Re: Rehab Programs Report

---

**SE Brainerd SCDP Preliminary Proposal**

The application for 8 units of owner-occupied rehab and 12 units of single-family rental rehab was submitted prior to the May 1<sup>st</sup> deadline. We should find out sometime around July if our application is funded.

**Brainerd Oaks/Serene Pines/Dalmar Estates**

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	66	62	0	3
Serene Pines	24**	21	18	0	3
Dalmar Estates	7	4	3	0	0

*\*Originally 83 lots, 2 have been merged/combined into a single parcel*

*\*\*Originally 23 lots, 1 was added*

**Action Requested: None, discussion items.**

This page intentionally left blank.

June 6<sup>th</sup>, 2023**1. CURRENT PROJECTS IN PROCESS**

	HTF	MHFA	SCDP	Total
County of Crow Wing	8	5	7	20

**2. GARRISON SMALL CITIES – (2 Commercial Rehab / 5 Owner-Occupied)**

	App. Request	App. Review	Inspection Scheduled	Work Writeup/ Review	Out for Bid	Prebid Meeting	Closing Loan Scheduled	Under Constr.	Complete
CML.				1				1	
OOR.								1	1

**3. JENKINS SMALL CITIES – (5 Owner Occupied Rehab)**

	App. Request	App. Review	Inspection Scheduled	Work Writeup/ Review	Out for Bid	Prebid Meeting	Closing Loan Scheduled	Under Constr.	Complete
OOR.				2				2	

**4. HOUSING TRUST FUND**

	App. Request	App. For Review	Inspection Scheduled	Work Writeup/ Review	Out for Bid	Prebid Meeting	Closing Loan Scheduled	Under Constr.	Complete
DPA.	1	2	N/A	N/A	N/A	N/A	1-June 30th	N/A	6
OOR.				2				4	3
COM	1								

**5. MINNESOTA HOUSING IN CROW WING COUNTY**

	App. Request	App. Review	Inspection Scheduled	Work Writeup/ Review	Prebid Mtg.	Out for Bid	Closing Loan Scheduled	Under Constr.	Complete
OOR.		1		1				3	1

**6. COMPLETED OWNER-OCCUPIED REHAB. PROJECTS IN CROW WING COUNTY**

	HTF	MHFA	SCDP	Total
January – December 2022	1	4	3	8
January – December 2023	1	1		2
<b>Total</b>				<b>10</b>

\*City of Emily SCDP Grant was closed in 2022 w/ 5 Owner-Occupied Projects completed

This page intentionally left blank.

**STAFF TIME- May**

Date Range: 5/1/2023 - 5/31/2023

Project	Task	Date	Comment	Hours	Amount
<b>Crow Wing County HRA</b>					
<b>CWC HRA-Redev    Redevelopment Projects</b>					
	E-mail Correspondence			18.00	\$2,700.00
	5/2/2023		email communication of property information, tax statements and future assessments on development land in Baxter. Property has been available for a number of years, but new development opportunity has driven some interest.	1.50	\$225.00
	5/4/2023		virtual meeting with developer to discuss property located in Brainerd for single family housing. Prior to meeting information was sent to developer of available land and opportunities for assistance from local funding sources, like housing trust fund.	1.50	\$225.00
	5/8/2023		email correspondence and multiple phone calls from staff to childcare applicants regarding projects that they have submitted that will require construction and in a handful of cases, redevelopment of existing structures throughout Crow Wing County.	2.50	\$375.00
	5/10/2023		email with state DEED representatives along with a phone call to discuss project that is looking at central MN for expansion. Worked through a list of potential properties and buildings that could be offered for sale and redevelopment.	1.00	\$150.00
	5/15/2023		Review and communication with Main Street grant applicants to discuss projects and determine where they are in completion of redevelopment projects. Staff time to connect with recipients and discuss projects.	2.50	\$375.00
	5/17/2023		email correspondence with individual looking at a building in Emily to redevelop for a new business in that community. Reviewed the building with the client and reviewed her business idea. More communication will occur when the individual is able to tour the building again. More to follow with assistance needed.	1.50	\$225.00
	5/22/2023		video call with developer who is set to move forward with purchase of land in Crosslake for multi-family housing development. Call was to discuss incentives and other land opportunities if this property can not be purchased for the price point they need to financial afford this build. Will discuss incentives with city staff.	1.00	\$150.00
	5/24/2023		email correspondence with Baxter city administrator regarding lots inside the city for development. BLAEDC has been contacted regarding lots for sale that are for commercial development. Also discussed local lots that are for sale for single family housing.	1.50	\$225.00
	5/25/2023		email correspondence and phone call with developer and local government officials regarding property in Brainerd being discussed for incentives to develop land for single family homes. Group has also discussed opportunities to consider the housing trust fund.	2.00	\$300.00

5/26/2023	email correspondence with Crosby city officials regarding building that city owns that could be used as childcare facility within the city limits. Building would need significant redevelopment and city staff are wondering what funds are available to assist potential owners.	1.50	\$225.00
5/31/2023	email communication and phone call with local business that has inquired about open lots for housing development in the city of Baxter.	1.50	\$225.00
Mtgs Meetings 5/1/2023	BLAEDC staff attending meeting in Crosslake to discuss housing and incentives with city staff and members of the community and Crosslake EDC. Staff presented and provided documents for the meeting. Discussions centered around opportunities for growth in the community along with city opportunities for new development.	<b>46.50</b> 3.00	<b>\$6,975.00</b> \$450.00
5/2/2023	Tour of local development land in the city of Baxter. Property is available for development for both commercial and single family and multi family housing. Communication regarding land has been delivered to 2 development companies for consideration and purchase.	2.50	\$375.00
5/3/2023	Staff meeting w/CREDI board members in Crosby to review and tour a new property that has come on the market for redevelopment. Developer looking at building for possible childcare facility.	2.50	\$375.00
5/4/2023	Staff assisting with capital development meeting to discuss expansion plans for Brainerd YMCA. Plan is reviewing data and information to determine if new build or redevelopment of existing location is optimal for growth of center. Staff have reviewed and provided assistance to Y staff for assistance for funding.	3.00	\$450.00
5/5/2023	BLAEDC staff along with local developer and local mayor to discuss housing and development opportunities in Crow Wing County. Developer has been discussing sites located in Brainerd, Breezy Point and Crosslake for land to develop affordable housing for Crow Wing County residents. Discussions included options for tax forfeited lands, and possible assistance from housing trust fund.	3.00	\$450.00
5/9/2023	Attendance by BLAEDC staff and the CWC HRA monthly meeting. Staff presented at the meeting and provided updated reports prior to meeting. Staff time needed to complete reports and attend meeting to present.	3.00	\$450.00
5/10/2023	Staff meeting with potential business owner to tour local commercial property for purchase and redevelopment for new business concept coming to the area. Staff provided business plan assistance, along with financing opportunities that are available with local, regional and state funds for redevelopment.	2.00	\$300.00

5/11/2023

2.50

\$375.00

Meeting w/state representatives regarding a new project development in the Brainerd Lakes area. Out state developer is looking at multiple sites and has identified 2 in the BLA. State officials are working through RFP proposal and are working with BLAEDC staff to review property for redevelopment purposes and how to proceed with state assistance.

5/12/2023

2.00

\$300.00

Housing and redevelopment meetings to discuss properties in the Brainerd area that could be redeveloped or developed with new developers coming to the area. Working to identify all properties that can fit that criteria.

5/15/2023

3.00

\$450.00

Meetings with county staff regarding grant opportunities and the types of applications received, locations of applicants, and the types of building improvements that are required for new applicants to be approved for licensing. Major redevelopment will need to occur in at least 5 of the applications, some are already moving forward and staff have reviewed and toured those facilities. Will continue to work with applicants on redevelopment and funding opportunities that are available outside of county grant for project completion.

5/16/2023

3.50

\$525.00

Pequot Lakes EDC meeting, BLAEDC staff presented and provided reports to city staff, along with attending the meeting. Toured a local building that is now vacant in the center of Pequot Lakes, staff are requesting options for redevelopment or that building and others in the city. BLAEDC staff will put together a listing of properties to list and redevelop.

5/18/2023

2.50

\$375.00

Meeting with HRA ED and Corner Lot development team to discuss housing trust fund and its use for the company in their Baxter multi family housing project. Staff spent significant time setting meeting and coordinating the call.

5/23/2023

2.50

\$375.00

BLAEDC staff toured a newly redeveloped property that our Unified Fund was responsible for providing funding to complete the project. Met with the ownership group to tour the facility and discuss the changes to address the issues to their growth and expansion and why the redevelopment was necessary.

5/25/2023

3.00

\$450.00

Staff meeting with developer which we met on site and a property in Pequot Lakes to tour and determine needs and fit for this particular developer to work with the property for redevelopment and a new business concept in Pequot Lakes. Met with city staff after meeting to discuss options and next steps.

5/26/2023

2.50

\$375.00

Staff met with existing property owners to review and tour redevelopment project. Building was another business and now is being redeveloped into a child care facility in Brainerd. Owners have had to completely renovate the property and have applied for a number of grants to assist with the cost. Property should be opened in the next couple of months with assistance of funding.

5/30/2023

2.50 \$375.00

BLAEDC staff meeting with local business owner who is working on multiple projects that will require local and state assistance. These projects are looking at multiple sites inside Crow Wing County to purchase and redevelop commercial property for business growth. Business owner is also considering partnering with a local community to assist with building single family homes.

5/31/2023

3.50 \$525.00

Staff discussions with individual business owners who have applied for and accepted funds in the Main Street Revitalization grant process to update staff with regards to redevelopment projects and completion timelines. Staff also toured a newly redeveloped building in Crosby that is now open for business. Funding assistance was provided along with support for state funds to assist with local incentives.

Redevelopment Projects Subtotal	64.50	\$9,675.00
<b>Crow Wing County HRA Subtotal</b>	<b>64.50</b>	<b>\$9,675.00</b>
<b>Grand Total</b>	<b>64.50</b>	<b>\$9,675.00</b>

Staff time and notes listed above have been reviewed and approved by BLAEDC Executive Director, Tyler Glynn, upon submittal of this report.



Tyler Glynn  
BLAEDC Executive Director