



Housing & Redevelopment Authority

Crow Wing County HRA Board Meeting Agenda

5:00pm Tuesday March 12th, 2024

**Crow Wing County Land Services Building Pine/Maple Meeting Room
322 Laurel St. Brainerd, MN 56401**

**Commissioner Craig Nathan attending via WebEx at 8986 Sugarberry Creek,
Brainerd, MN 56401**

Join from browser:

<https://brainerdhra.my.webex.com/brainerdhra.my/j.php?MTID=m95e20d3a9045943f074773021d8ee4f5>

Join by phone: 415-655-0001

Meeting number (access code): 2554 222 4939

Meeting password: gTSRRiRJ588

"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. APPROVAL OF AGENDA

4. APPROVE MINUTES

- a.** Approval of the Tuesday, February 13th, 2024, Meeting Minutes (*Attachment 1*) Pg. 3

5. REVIEW & ACCEPT FINANCIAL STATEMENTS (*Attachment 2*) Pg. 7

- a.** CWC HRA Combined Balance Sheet January 2024
- b.** CWC HRA Combined Operating Statement January 2024
- c.** CWC HRA January 2024 Payments

6. UNFINISHED BUSINESS

- a.** Fund Balance Review (*Attachment 3*) Pg. 15
- b.** Review Proposed TIF Revolving Loan for 805 Laurel St (*Attachment 4*) Pg. 17

7. NEW BUSINESS

8. REPORTS/UPDATES:

- a.** Executive Director Report (*Attachment 5*) Pg. 27
- b.** Housing Trust Fund (*Attachment 6*) Pg. 31
- c.** Brainerd HRA/Rehab Programs (*Attachment 7*) Pg. 33
- d.** BLAEDC/CREDI (*Attachment 8*) Pg. 35
- e.** CWC

9. COMMISSIONER COMMENTS

10. NEXT MEETING Tuesday April 9th, 2024

11. 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 (12-31-28)

Michael Aulie, Commissioner - District 5 (12-31-26)

Craig Nathan, Commissioner - District 4 (12-31-25)



Crow Wing County HRA BOARD MEETING MINUTES 02/13/2024

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, Pine/Maple Meeting Room and via Webex video/teleconference at 5:00 p.m., Tuesday, February 13th, 2024.

1. **CALL TO ORDER:** Chair Zachary Tabatt called the meeting to order at 5:00 p.m.
2. **ROLL CALL:** Present: Commissioners, Michael Aulie, Richard (George) Burton, Zach Tabatt, & Michael Morford. Craig Nathan (via Webex)

Others present: Executive Director Eric Charpentier, Finance Director Karen Young, Rehab Coordinator John Schommer, Rehab Administrative Specialist Kristin Miller, Crow Wing County Administrative Services Director Deborah (Debby) Erickson.

Absent: BLAEDC Executive Director Tyler Glynn

Guests: Mike Duval, Skip Duchesneau

3. APPROVE OF AGENDA:

Amend the agenda to move line item 8a after line item 4 and accept all reports as written.

Moved and seconded by Commissioners Aulie and Burton to approve the amended agenda moving line item 8a after line item 4 on the February 13th, 2024, board meeting agenda and accept all reports as written. Through a roll call vote, all commissioners were in favor, and none were opposed. The amended agenda and written reports were approved.

4. OATH OF OFFICE:

a. Commissioner Nathan, Appointee, District 4

At the February 13th, 2024, County board meeting, Craig Nathan will be appointed as the District 4 representative on the Crow Wing County Housing and Redevelopment Authority board for a term expiring 12/31/25. This will fill the vacant role previously held by Jennifer Bergman and Commissioner Nathan will fill the remainder of that term.

NEW BUSINESS:

a. Brainerd Oaks Outlot F Conveyance to the CWC HRA

Moved by Commissioner Nathan and seconded by Commissioner Morford to Approve accepting conveyance of Outlot F from Brainerd HRA and adding it to the PDA and then conveying it to the developer at no cost. Through a roll call vote, all commissioners were in favor, and none were opposed. The motion passed.

5. APPROVE MINUTES:

Moved and seconded by Commissioners Morford and Burton to approve the minutes from the January 9th, 2024, board meeting. Through a roll call vote, all voting commissioners were in favor (Nathan abstained), and none were opposed. The minutes were approved.

6. Review and Accept Financial Statements:

The financial information for January 2024 was presented by Karen Young.

a. CWC HRA Tax Levy:

We reported last month that we had received \$729,582.76 in tax levy revenue for 2023. In January we received an additional deposit of \$18,109.74, for a total of \$747,692.50.

b. CWC Appropriation:

In January we received the additional appropriation of \$29,650 from CWC, which offsets the reduction in our 2024 levy request.

c. 2023 Audit:

The 2023 audit fieldwork is scheduled with CliftonLarsonAllen (CLA) during the third week of February.

d. 2023 BLAEDC/CREDI Funding

The second half funding payments to BLAEDC/CREDI were processed in January. Per the agreements with both entities, payment will be due and payable pursuant to the submission of the 2nd six months of reporting which was received in January.

Commissioner Burton moved to approve the January financial statements as submitted, followed by a second from Commissioner Aulie. Upon roll call, all commissioners voted in favor of the motion, and none were opposed. The motion carried.

7. UNFINISHED BUSINESS: None at this time.

8. NEW BUSINESS:

b. Request to Unified Fund for Return of Non TIF Loan Funds for Use in Housing Trust Fund

Moved by Commissioner Nathan and seconded by Commissioner Aulie to Authorize the letter of request to BLAEDC for the return of the CWC HRA non-TIF funds. Through a roll call vote, all commissioners were in favor, and none were opposed. The motion passed.

*Commissioner Morford dismissed himself from the meeting at 6:03PM.

c. Housing Trust Fund Request for Rental Rehabilitation Loans

Moved by Commissioner Burton and seconded by Commissioner Aulie to Table the loan requests in the amounts above for rental rehab through the Housing Trust Fund. Through a roll call vote, all commissioners were in favor, and none were opposed. The motion was tabled.

d. Housing Trust Fund Request for New Development Loan

Discussion:

- Commissioners discussed adding interest to the loans.
- The developer stated he would not be able to proceed with this project if he was not granted the funds from the Crow Wing County Housing Trust Fund.

Moved by Commissioner Nathan and seconded by Commissioner Aulie to Approve the housing trust fund loan request to DW Jones, Inc contingent upon the successful closing of the entity's primary construction loan through Bremer Bank, with a .05% interest rate differed on a 20-year term. Through a roll call vote, all commissioners were in favor and none were opposed. The motion passed.

9. REPORTS:

a. Housing Trust Fund:

Brainerd City Council granted municipal consent for funding of the housing trust fund at their regular meeting on January 16th which clears the way for applicants that are within the City of Brainerd can again be processed and reviewed. We are still waiting for Pequot Lakes and Crosby to review this municipal consent issue and will keep the board updated as those municipalities act. We continue to have discussions with several banks that are looking into what it would take to service our loan portfolio as the board continues to review if adding an interest rate to the development program is a viable option.

b. Brainerd HRA/Rehab Programs:

Garrison & Jenkins SCDP Grants

Kirstin met with the team at BLADC to brainstorm if they could help us get the word out so these grants get utilized, they have since posted the availability on their website in addition to reaching out to partners they have in each of those communities. We will continue reaching out any way we can to help get the grants utilized and improve the housing in these communities.

c. BLAEDC/CREDI:

January 2024 staff time billing reports were presented.

d. CWC: Nothing to report at this time.

10. HRA Commissioner Comments: None at this time.

11. NEXT MEETING: Tuesday, March 12th, 2024

12. ADJOURNMENT:

Commissioner Burton 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 the meeting was adjourned at 7:03 p.m.



Housing & Redevelopment Authority

To: CWC HRA Board Members

From: Karen Young, Finance Director

Date: March 6, 2024

Re: Review and Accept Financial Statements

Please find attached the financial information for February 2024.

2023 Audit

The 2023 audit fieldwork with CliftonLarsonAllen (CLA) was completed and we have received a draft audit for review. Mary Reedy will attend the April meeting to present the audit to the board.

TIF Revolving Loan Fund (RLF)

In 2019, the board approved a \$75,000 loan (through the BLAEDC Unified Fund) to PaulSquared Properties for the Victual retail store in Crosby. This loan had a five-year term and matured last month. Reflected in the February financials is the loan payoff which results in no outstanding TIF RLF loans at this time.

Action Requested: Accept the February financial statements as submitted.

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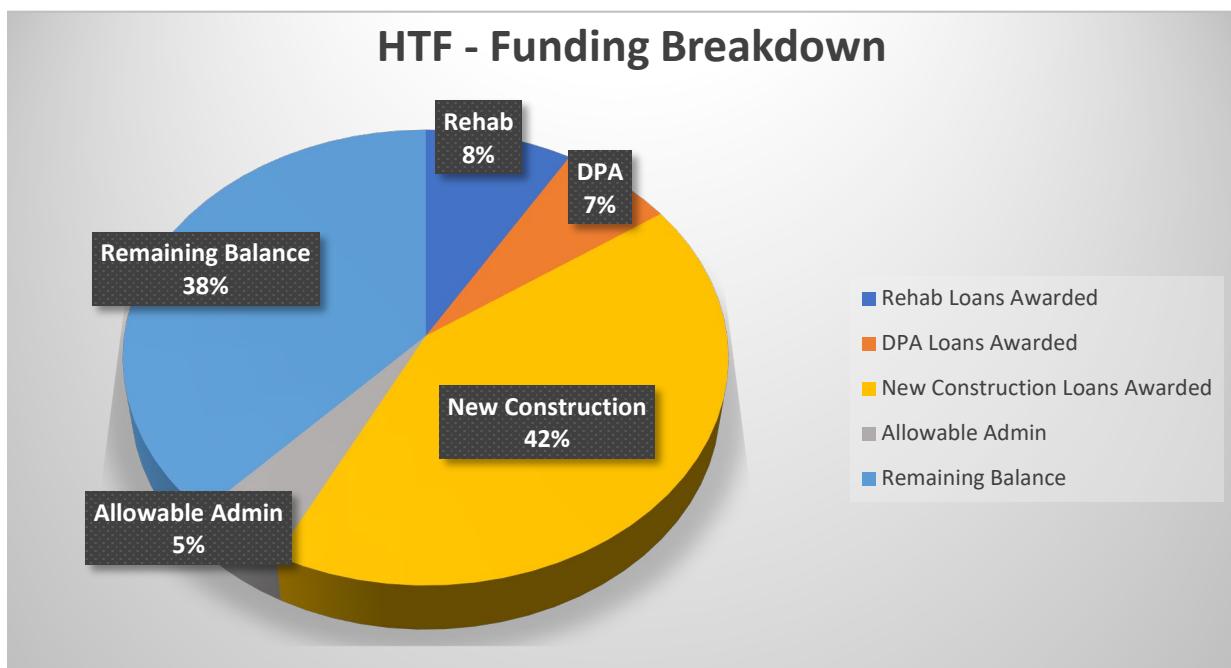
Housing Trust Fund Projection

HTF - Funding Breakdown	
Revenue Sources:	
Levy Approved Total	\$ 2,200,000.00
CWC Local Housing Aid	\$ 157,496.00
Interest Earned To Date	\$ 16,838.00
Total	\$ 2,374,334.00
Loans Awarded:	
Rehabilitation	\$ 204,591.00
Down Payment Assistance	\$ 160,000.00
New Construction	\$ 1,000,000.00
Total	\$ 1,364,591.00
5% Allowable Admin	\$ 110,000.00
Remaining Balance	\$ 899,743.00

Approved Applications:	
DPA	\$ -
Rehab	\$ 25,000.00
New Construction	\$ 1,300,000.00
Total	\$ 1,325,000.00
Balance	\$ (425,257.00)

Other Funding Sources:	
TIF - RLF	\$ 431,400.00
Non-TIF RLF	\$ 119,245.00
CWC Funding	\$ -
MH Funding	\$ -
Total	\$ 550,645.00
Balance	\$ 125,388.00

Applications:	
Pueringer	\$ 425,000.00
Total	\$ 425,000.00
Balance	\$ (299,612.00)



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**Crow Wing County
CWC HRA Combined Balance Sheet
February, 2024**

Attachment 2b

Cumulative

ASSETS

556-000-1120.000 A/R Other Dev	36.37
550-000-1129.210 Cash Gen Fund	190,044.38
550-001-1129.210 Cash CWC SCDP	96,684.91
551-002-1129.210 Cash RLF TIF	431,402.19
556-000-1129.210 Cash Development Fund	-45.75
557-000-1129.210 Cash Tax Forf Property	-2,109.67
558-000-1129.210 Cash HTF	617,635.65
558-000-1141.000 Loan Rec HTF	1,340,207.00
556-000-1450.000 Land Held for Resale	145,516.68
TOTAL ASSETS	<u>2,819,371.76</u>

LIABILITIES

558-000-2115.000 HTF Escrow	-7,979.87
556-000-2600.000 Def Inflow of Res - Dev	-145,516.68
TOTAL LIABILITIES	<u>-153,496.55</u>

SURPLUS

550-000-2700-000 Net Income	-632,626.73
550-000-2806.000 Retained Earnings	-2,033,248.48
TOTAL SURPLUS	<u>-2,665,875.21</u>

TOTAL LIABILITIES & SURPLUS

-2,819,371.76

Proof 0.00

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Crow Wing County
CWC HRA Combined Operating Stmt
February, 2024

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	Current Period	Current Year	Year To Date Budget	Variance
INCOME				
550-000-3610.000 Investment Earnings	-1,719.95	-3,484.48	-333.34	-3,151.14
550-000-3690.000 Other Revenue	0.00	-29,650.00	-8,275.00	-21,375.00
550-000-3691.000 Property Tax Revenue	0.00	0.00	-124,720.00	124,720.00
551-002-3610.000 RLF TIF Interest Rev	-971.94	-1,936.03	-461.66	-1,474.37
556-000-3696.000 Development Revenue	0.00	0.00	-14,453.34	14,453.34
557-000-3696.000 TFP Revenue	0.00	0.00	-1,666.66	1,666.66
558-000-3696.000 HTF Revenue	-157,496.00	-157,496.00	0.00	-157,496.00
TOTAL INCOME	-160,187.89	-192,566.51	-149,910.00	-42,656.51
EXPENSE				
550-000-4110.000 Administrative Salaries	300.00	525.00	750.00	-225.00
550-000-4130.000 Legal	0.00	0.00	1,666.66	-1,666.66
550-000-4140.000 Staff Training	0.00	0.00	250.00	-250.00
550-000-4150.000 Travel	0.67	0.67	66.66	-65.99
550-000-4171.000 Auditing Fees	0.00	2,940.00	3,000.00	-60.00
550-000-4172.000 Management Fees	15,430.00	30,860.00	30,860.00	0.00
550-000-4190.000 Other Administrative	0.00	0.00	33.34	-33.34
550-000-4500.000 TIF Expense	30.00	30.00	100.00	-70.00
550-000-4510.000 Insurance	0.00	2,763.00	2,900.00	-137.00
550-000-4540.000 Employer FICA	22.95	40.17	58.34	-18.17
550-000-4590.000 Other General Expense	0.00	0.00	24,135.00	-24,135.00
550-001-4600.000 CWC SCDP Expense	0.00	0.00	3,333.34	-3,333.34
551-002-4600.000 RLF TIF Expense	6.67	6.67	20.00	-13.33
556-000-4600.000 Development Expense	9.38	9.38	14,453.34	-14,443.96
557-000-4600.000 TFP Expense	0.00	0.00	1,666.66	-1,666.66
558-000-4600.000 HTF Expense	0.00	0.00	3,333.34	-3,333.34
TOTAL EXPENSE	15,799.67	37,174.89	86,626.68	-49,451.79
NET INCOME(-) OR LOSS	-144,388.22	-155,391.62	-63,283.32	-92,108.30

Crow Wing County HRA

February 2024

Payments

Payment Number	Payment Date	Vendor	Description	Check Amount
26049	2/8/2024	Baker Tilly Municipal Advisors, LLC	21 & 22 TIF Reports	\$ 1,500.00
26063	2/8/2024	Initiative Foundation	1% Virtual Loan Fee	\$ 6.67
26065	2/8/2024	Kristin Miller	Mileage	\$ 10.05
26074	2/8/2024	Quick Construction, Inc	HTF-Owner Occupied Rehab Loan	\$ 8,758.13
26095	2/22/2024	Crow Wing County Treasurer	TIF Audit Reporting	\$ 30.00
Total				\$ 10,304.85

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Housing & Redevelopment Authority

To: CWC HRA Board Members

From: Karen Young, Finance Director

Date: March 5, 2024

Re: Review Fund Balance

The Fund Balance Policy sets the recommended unassigned fund balance to be maintained at 8 to 12 months of General Fund operating expenses for the year. The following classifications are established for governmental funds and define the constraints placed on the current fund balance.

1. **Nonspendable** - fund balance not expected to be converted to cash such as inventory or prepaid expenses.
2. **Restricted** - fund balance with constraints from an external source such as the Housing Trust Fund, TIF Revolving Loan Funds and CWC Local Income (SCDP).
3. **Committed** – fund balance constrained for a specific purpose by the HRA board prior to yearend.
4. **Assigned** – fund balance that is intended for a specific purpose by the board or Executive Director/Finance Director. These funds are neither restricted nor committed.
5. **Unassigned** – General Fund balance that is available for any purpose.

The estimated unassigned fund balance at yearend should be approximately 9.75 months of operating expenses. This amount is between the recommended amount of 8 to 12 months as set by policy.

No Action Requested: Review of fund balance for 2023 yearend.

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: March 12th, 2024
Re: TIF Revolving Loan Fund Request – New Development Financing

At the February 13th, 2024 meeting the board authorized funding for the project by DW Jones, Inc which will be located at 805 Laurel Street in downtown Brainerd. The board action that was taken was specifically for funding through the Housing Trust Fund. As was discussed at that meeting, the funding available in the trust fund is not sufficient to cover the funding request that was approved and thus staff spoke about utilizing our TIF revolving loan fund to complete the funding request.

Since this is a separate loan fund staff would like the board to take formal action approving the funding for a portion of this project with the TIF revolving fund. The board has previously adopted a separate set of loan guidelines for this loan program which have been attached for your review. These guidelines do differ from our housing trust fund guidelines and staff are requesting that the board approve this request with the same loan terms that were approved at the February board meeting for the housing trust fund portion.

Staff continue to work with Kennedy and Graven to ensure that this redevelopment project meets the criteria for use of these TIF revenues under Minnesota Statutes 469.174 through 469.1794 (The TIF Act). That review was still being completed by our counsel at the time of packet publication. Staff will have the results of that review at the board meeting and provide an update at that time.

Action Requested: Staff recommends approval of loan funding through the TIF Revolving Loan Fund in the amount of \$430,000 with a loan rate of 1/2% for a term of 20 years to match the approval of funding for this project through the Housing Trust Fund.

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CROW WING COUNTY HRA TIF LOAN PROGRAM

I. PURPOSE

The Housing and Redevelopment Authority in and for the County of Crow Wing (CWC HRA) has established a Tax Increment Financing (TIF) Revolving Loan Program (the "TIF Loan Program") to assist the financing of projects that promote economic development or redevelopment within Crow Wing County (the "County") or that provide affordable housing which meets the public purpose goals and objectives of the CWC HRA and County. Without limitation, the funds in the TIF Loan Program may be used, as permitted by law, for the following general purposes:

1. To provide a fund in support of qualifying projects which allows the CWC HRA flexibility to respond when such projects require financial assistance, including unexpected or interim financial assistance.
2. To provide a source of funding which can be used to avoid the need for or can reduce the extent of long-term debt incurred to assist the CWC HRA's projects.
3. To provide a single depository for any debt incurred to assist the CWC HRA's projects.
4. To centralize financial control of assisted projects.
5. To provide a depository for funds received by the CWC HRA in the future.
6. To facilitate the establishment of other funding sub-accounts to further develop the TIF Loan Program Account.

The TIF Loan Program Account contains sub-accounts which are restricted as to the re-use of funds. For example, tax increment, land proceeds, state and federal grants, private contributions, shall be segregated into sub-accounts which have like restrictions as to use.

To the extent practically and legally possible, the CWC HRA shall maintain the TIF Loan Program as a revolving loan fund which shall be used, at the discretion of the CWC HRA, for the benefit of all qualifying projects of the CWC HRA heretofore and hereafter undertaken, and to such extent, the Authority shall endeavor to maintain the TIF Loan Program as an ongoing active fund. To such end, the CWC HRA shall, to the extent possible, provide directly or indirectly for the replenishment of the TIF Loan Program for funds disbursed therefrom.

The TIF Loan Program funds can be used in conjunction with the BLAEDC Unified Fund (BUF) when requested by the BUF Board and approved by the CWC HRA, as provided in II – PROCESS below.

II. PROCESS

No use of or disbursement from the TIF Loan Program account shall be made without the prior consent and majority vote of the CWC HRA Board. The following guidelines serve to direct the CWC HRA Board in their deliberations and do not constitute laws. A project may not meet all the criteria listed in these guidelines and yet may serve the economic development, redevelopment, or housing public policy needs of the CWC HRA and County.

Tax increment revenues must be segregated in a separate sub-account and expended

pursuant to the requirements of Minnesota Statutes, sections 469.174 through 469.1794, as amended (the "Tax Increment Financing Act"). The tax increment sub-account shall be used for the following activities: land write down, costs of streets and utilities, grading costs, utility hook-up fees, demolition and relocation costs, landscaping and lighting, and other reimbursable expenses as authorized by the Tax Increment Financing Act.

Guidelines to Consider for Qualifying Projects

1. The project shall meet a development, redevelopment, or housing need of the County and shall demonstrate a relative need for financial assistance.
2. The highest priority shall be given to those projects which provide:
 - a. Significant new employment potential
 - b. Increased tax base
 - c. Potential for future development
 - d. Support for existing industrial or commercial operations in the County
 - e. High quality construction in the facility to be built
 - f. Development which will meet a specific community need as determined by the CWC HRA Board
 - g. Redevelopment of an area which is under-developed or blighted
 - h. Significant other development or redevelopment
3. To the extent possible, projects should not compete directly with existing businesses unless there is a need for additional business of that type.
4. The CWC HRA Board shall be provided information that the proposed project is environmentally safe.

III. ELIGIBLE USES

All improvements eligible for financial assistance must be physically attached to the property and be permanent in nature. The following types of activities are eligible:

Redevelopment

- Site acquisition of blighted sites or sites requiring pollution cleanup
- Acquisition of an adjacent parcel or parcels to assemble a site large enough to redevelop
- Clean up of hazardous substances, pollution of contaminants
- Site preparation such as clearing the land and installation of utilities, roads, sidewalks
- Providing parking facilities for the site

Housing

- Acquisition, construction, or rehabilitation of the housing
- Planning, engineering, and architectural services, and related financing costs
- Public improvement or infrastructure costs must be directly related to the project. For example, sewer and water connections for or a public access road to the housing could be financed.

Economic Development

Increment may not be used to assist developments if more than 15% of the buildings and facilities (on a square footage basis) are used for a purpose other than:

- Manufacturing
- Warehousing, storage and distribution of tangible personal property (excluding retail sales)

- Research and development related to the aforementioned activities
- Telemarketing if that activity is the exclusive use of the property
- Tourism facilities
- Qualified border retail facilities
- Space necessary for and related to the above

IV. ELIGIBLE PROPERTIES

The property must be located in Crow Wing County and must meet one of the criteria listed in Section III.

V. OWNERSHIP REQUIREMENTS

1. The applicant(s) for rehabilitation assistance must possess at least a one-half interest in one of the following types of ownership in the property to be improved:
 - a. Fee title
 - b. Life estate
 - c. Fee title or life estate subject to a mortgage or other lien securing a debt
 - d. Mutually binding contract for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments. An applicant purchasing property by Land Sales Contract must provide titleholder's written approval before proceeding.
2. Ownership includes the titleholders and their spouses.
3. If an applicant is separated, the spouse must also sign all forms necessary for the completion of rehabilitation.
4. If an applicant is divorced, but the spouse still holds title, the spouse must either quit claim his/her interest or a divorce decree must be provided which states sole ownership (not only occupancy) in the applicant's name.
5. Only one property per owner or one ownership interest. If a property owner owns more than one property in the project area, only one property will be eligible for this program unless funds are available after all applications are exhausted.

VI. THE APPLICATION

The application for use of the TIF Loan Program shall include the following information:

1. Statement of the public purpose and need
2. Description of the project and the estimated costs
3. Description of the company and a financial statement or a certified letter from a financial institution with knowledge of such financial capacity
4. Amount of assistance being requested and the use to which the assistance will be applied
5. Plans and drawings of the project, including landscaping
6. Letter of feasibility
7. Zoning and planning analysis

8. Description of the financial institutional support for the project

VII. LOANS

Guidelines for the Use of Revolving Loan Funds

All revolving loan requests shall be evaluated by the BUF and shall be subject to the BLAEDC Unified Fund Governance Guidelines and Policies. If the BUF Board recommends a loan, such loan shall be approved by majority vote of the CWC HRA. The CWC HRA may also consider a direct loan which would follow the guidelines below:

1. There shall be a demonstrated need for financial assistance.
2. The proposed project shall be analyzed within the context of the CWC HRA's overall risk.
3. The applicant must demonstrate the ability to repay a loan provided through the TIF Loan Program for a proposed project.
4. The applicant shall provide adequate security for the loan whenever possible.
5. The maximum loan under this program is \$100,000 or shall have a preferred term of six years or less with a maximum 10-year term. Loans of under \$10,000 shall be discouraged.
6. A priority for the TIF Loan Program will be to shorten the term of a project and to reduce or eliminate the need to establish a new tax increment financing district.
7. Tax increment from any new tax increment financing district cannot be placed in the TIF Loan account unless it is an indirect repayment of a loan from the TIF Loan Account. (Tax increment generated from the establishment of a new tax increment financing district must follow all statutory requirements of the Tax increment Financing Act.)
8. If the revenues used to provide a loan from the TIF Loan account come from the tax increment sub-account, the use of the funds must meet the requirements of the Tax Increment Financing Act.
9. Within the context of reducing long-term debt, the TIF Loan account may be used when there is a comparative advantage to be gained from its use. For example, the funds may reduce interest costs and loan term by substituting compound accrued interest for capitalized interest.
10. TIF Loans should be adequately secured, to the extent possible, by liens, ownership options, tax increment revenues, letters of credit, and other security devices.
11. If possible, the funds should be allocated directly or indirectly to a number of projects. Spreading the funds over several projects will reduce the risk that funds to be repaid will not be available for future use.
12. Interest rates on loans shall be based, to the extent possible, on competitive rates. Effects should be made to maintain an average minimum interest rate for the TIF Loan account of not less than the true interest costs for general obligation bonds of the County for an equivalent loan term and creditworthiness of the borrower.

Guidelines for the Use of Deferred Loan Funds

1. The Owner must justify the need for the deferred loan.
2. The maximum amount of a Deferred Loan will be \$24,999.
3. The loan will be a 0% interest loan deferred for a maximum of 10 years.
4. The loan will be forgiven at 10% per year.
5. The Owner must provide a documented minimum of a 1:1 equity match.
6. The Owner must submit a minimum of two (2) bids.
7. The Owner must complete the required application.

8. Application and bids will be reviewed by CWC HRA to ensure they comply with program requirements.
9. The Owner must execute all required documents after which a Notice to Proceed will be issued.

VIII. REPAYMENT

Revolving Loans

Interest rates on loans shall be based, to the extent possible, on competitive rates and shall be the equivalent of the true interest cost for the general obligation bonds of the County. The Owner will make direct payments to the CWC HRA of interest and principal, or a lump-sum repayment of interest and principal as may occur through sharing the projects from the sale of any assisted project. A Repayment Agreement must be executed between the Owner and the CWC HRA which will include terms, interest and payment amounts. A lien will be placed on the property.

Deferred Loan

All recipients of this assistance will need to sign a Promissory Note as a condition for receiving such assistance. Promissory Notes will have a 10-year term (120 months) from the date that the assistance is disbursed and the principal of the Promissory Note shall be reduced on an annual basis as outlined below. As a condition for receiving such assistance, the recipient will promise to stay in business and not sell or otherwise convey the land and/or buildings for ten years. If the recipient sells or conveys the property prior to ten years, repayment must occur according to the following schedule:

<u>Time</u>	<u>Repayment</u>
0–12 months	100%
13–24 months	90%
25–36 months	80%
37–48 months	70%
49–60 months	60%
61–72 months	50%
73–84 months	40%
85–96 months	30%
97–108 months	20%
109–120 months	10%
121 months–	0%

IX. DISBURSEMENT OF FUNDS

After the loan has been approved, the Rehab Coordinator shall proceed with executing the Agreement. CWC HRA funds will not be disbursed until the property owner has paid their match portion to the Contractor.

The following shall guide the disbursement of funds to the Contractor:

1. No pre-payments are allowed for any reason.
2. Partial payments are not allowable for any work not yet completed and will be limited to 80% of the total due on the completed portions of the project.
3. Payments will be made only after the work is completed according to the application and Rehab Coordinator. In order for the contractor to be paid, a signed (by both the applicant(s) and the Rehab Coordinator) Completion

Certificate must be executed at the time of payment.

4. Payments will be made only upon presentation of the following documents:
 - a. Billing Statement
 - b. Lien Waiver.
 - c. Completion Certificate
 - d. Proof of completion of contractors affidavit (final payment only)

No disbursement of TIF Loan funds shall be authorized until the Rehabilitation Coordinator has approved that the work has been completed and all compliance requirements have been met. Approval shall be evidenced by an executed Contractor Payment Request signed by all parties including the owner.

Disbursement of funds shall be authorized by the Rehab Coordinator with approval by the applicant evidenced by a Contractor Payment Request signed by the applicant, CWC HRA and contractor.

X. **CHANGE ORDERS**

Any alterations, variation, modification or waiver of the provisions of this Agreement shall be valid only after it has been reduced to writing, approved and signed by owner, contractor and Rehab Coordinator.

XI. **INTERIM INSPECTIONS**

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

XII. **CONFLICT OF INTEREST**

Any potential conflicts of interest under Minnesota Statutes 471.88 shall be evaluated on the basis of a legal opinion to be requested from the County Attorney. No rehab work may begin until such opinion has been made.

XIII. **DATA PRIVACY**

The CWC HRA Board and staff are not authorized to discuss loan applications or other business contacts related to the TIF Loan Fund with any persons other than loan officers of involved financial institutions and representatives of public business finance programs. Files belonging to the CWC HRA are not open for public inspection except as regulated by the Minnesota Data Practices Act. The CWC HRA may find it appropriate to verify any data contained in the application.

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

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: March 12th, 2024
Re: Executive Director Report

Request to BLAEDC and BUF for Return of non-TIF Funds

In February the board authorized staff to draft a letter formally requesting the return of the non-TIF funds that were given to BLAEDC to be utilized in the Brainerd Unified Fund revolving loan fund. We have requested that the funding be returned so that it can be placed into our local housing trust fund which will supplement and increase the amount of permanent funding we have available to use for projects within Crow Wing County. Attached is the letter that was sent to Tyler Glynn on behalf of the board and agency.

Action Requested: No action requested, for informational purposes only

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Housing & Redevelopment Authority

March 5th, 2024

Tyler Glynn, Executive Director

Brainerd Lakes Area Economic Development Corporation

224 W Washington St

Brainerd, MN 56401

Re: Return of Non-TIF Loan Funds to the Crow Wing County HRA

Mr. Glynn,

On behalf of the Crow Wing County Housing and Redevelopment Authority Board of Commissioners I am formally requesting the return of the non-TIF revolving loan funds that had been authorized for use within the Brainerd Unified Fund. The Crow Wing County HRA is requesting that these funds be returned so that they can be utilized within our local housing trust fund to be used to provide down payment assistance, housing rehabilitation and housing development funding. These funds will be used within the housing trust fund and will be a continually renewable source of revenue to meet, in part, the housing needs of moderate, low, and very low-income households within Crow Wing County.

Regards,

Eric Charpentier

Executive Director

Crow Wing County Housing and Redevelopment Authority

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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Eric Charpentier, Executive Director
Date: March 12th, 2024
Re: Housing Trust Fund Report

Our regional directors group received an update on Minnesota Housing's local housing trust fund grants program from the Director of Local Government Housing Programs, which happens to be Jennifer Bergman. She has stated that her team is planning to release the RFP for this program sometime this summer and that their team is working to finalize the funding request guidelines. We do believe that we are well positioned to apply for up to \$450,000 in a matching grant but that total will be dependent on how many other applicants there are as there is a maximum amount of \$5.8 million available. We will continue to monitor program updates so that we can apply for the funding when it is available.

Staff continue to discuss loan servicing with our current provider as well as with 2 additional potential providers. I do have follow up conversations scheduled with another bank prior to our board meeting to discuss our needs and we are reengaging with the initiative foundation to determine if they have any interest in servicing our portfolio.

Action Requested: No action needed, for informational purposes only.

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Housing & Redevelopment Authority

To: Crow Wing County HRA Board Members
From: John Schommer, Rehab & Maintenance Director
Date: March 7, 2024
Re: Programs Report

Outlot F

At last month's meeting the board took action to accept conveyance of Outlot F from Brainerd HRA so it could be added to the Purchase and Development Agreement (PDA) with the developer, Level Contracting, at no cost to them. Staff reached out to Kennedy and Graven to start the process which is outlined below:

1. Brainerd HRA must approve conveyance of the lot to the County HRA. (Board approved on 1/24/24)
2. CWC HRA must adopt a resolution accepting the property.
3. Brainerd HRA must convey the lot to CWC HRA by quit claim deed.
4. CWC HRA and Level Contracting must negotiate a Fourth Amendment to Master PDA.
5. CWC HRA must adopt a resolution amending the Master PDA (fourth amendment) and the Redevelopment Plan to add the property.
6. CWC HRA must hold a public hearing on the sale of the property to Level Contracting.
7. CWC HRA must approve the negotiated Fourth Amendment to the Master PDA by resolution following public hearing.
8. Closing, where CWC HRA conveys the lot to developer by quit claim deed.

Staff have been in contact with the city and developer and will continue to work through the process and present the resolution for the board's consideration when all parties are ready for the transfer to occur.

Brainerd Oaks/Serene Pines/Dalmar Estates

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	72	66	0	4
Serene Pines	24**	21	19	0	2
Dalmar Estates	7	4	3	0	1

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

**Originally 23 lots, 1 was added

Action Requested: None, discussion items.

BLAEDC/CREDI STAFF TIME- February



Date Range: 2/1/2024 - 2/29/2024

Project	Task	Date	Comment	Hours	Amount
Crow Wing County HRA					
CWC HRA-Redev Redevelopment Projects					
	Dev Development				
2/1/2024	BLAEDC staff attending and providing detail information regarding multi-family housing in the Brainerd Lakes Area for Central Lakes College Foundation board. The board owns units in the area and is looking to potential start a new housing project in the area. Staff provided the housing study and talked through existing projects that will affect housing in the region.	50.50	\$7,575.00		
2/5/2024	Meeting with developer in Pequot Lakes to tour property that includes blighted buildings and will include development of 3 new businesses. Housing is an option for portion of property, infrastructure needs are required in the development for mixed use.	2.50	\$375.00		
2/7/2024	Meeting with developer to discuss program incentives in the housing trust fund. Developer looking at possible incentive programs through state bond fund to assist with infrastructure. Attended and presented at Crosslake EDA meeting regarding program updates and to discuss recent housing plan for city.	3.50	\$525.00		
2/8/2024	Meeting in Brainerd regarding Childcare facility and the repurposing of a building for new childcare location. building currently is not an existing facility but would be excellent location for redevelopment. met with potential buyers to discuss needs, financing and staffing.	2.50	\$375.00		
2/9/2024	BLAEDC staff presenting to board and city leaders regarding projects and staff activity regarding housing and redevelopment projects located throughout Crow Wing County. Staff time to prepare reports and present to board and leaders.	3.00	\$450.00		
2/12/2024	Face to face meeting with local company to discuss housing project. Reviewed preliminary development plans. Also discussed needs for infrastructure needs to property and discussed options with city staff in Baxter.	2.50	\$375.00		
2/14/2024	Meeting with Pequot Lakes developer who will take down blighted property in Pequot Lakes and develop area with possible multi-family housing and other economic development opportunities at the property site. Site does need water and sewer to the site to complete project needs.	3.00	\$450.00		

2/15/2024	Tour of multiple properties located in the Brainerd/Baxter communities for the start of a new business. Each location we visited would require redevelopment to fit the needs of this new business. Staff time to locate properties for redevelopment. Staff time with clients to tour locations.	4.00	\$600.00
2/16/2024	Meeting with potential business housing project located in Baxter. Land is already owned privately and owner is looking for assistance to bring infrastructure to the property. This would provide over 30 single family homes to the area. Future research by staff to determine best path forward.	3.00	\$450.00
2/20/2024	Pequot Lakes EDC meeting attended by staff to present reports regarding housing projects and development projects in the city. 2 separate housing projects are currently under development with another prepping for development this summer. Staff provided verbal reports regarding development projects that are under way at this time.	4.00	\$600.00
2/21/2024	Board meeting in Crosby to discuss projects currently under development in Crosby and Ironton. 2 projects have redeveloped properties and another has taken down a blighted property. Worked with city staff to obtain IRRRB funds for demolition and clean up of blighted property. Staff provided written and verbal reports for meeting.	4.00	\$600.00
2/22/2024	Meeting and tour of housing project in Crow Wing County. Discussed marketing plans for project and presented options to work with BLAEDC staff to work together to market properties for single family homes. Development has a total of 62 single family lots for purchase or development. Further discussions with developer and blaedc staff.	3.00	\$450.00
2/23/2024	BLAEDC staff tour of local housing unit that is located in Baxter that is near completion and units are now being offered for lease. Staff will assist in marketing for multi-unit housing project as needed by ownership group.	2.50	\$375.00
2/26/2024		3.00	\$450.00
2/28/2024	Tour of properties in Brainerd and Baxter for new business development. Toured 4 properties that all would need redevelopment to allow for business to lease. Business needs space that has visibility. Tour was with BLAEDC staff, realtors and business owners.	4.00	\$600.00
2/29/2024	BLAEDC staff meetings in Crosslake with city staff and EDA representatives to discuss housing project that was recently approved for development of single family housing. Toured the property and discussed city involvement in project as lot sizes have been reduced to increase density. Developer is working to keep costs down for affordability.	3.50	\$525.00
<i>E-mail</i>	<i>E-mail Correspondence</i>	15.00	\$2,250.00
		15.00	\$2,250.00
2/2/2024	video conference call and zoom meeting with national developer regarding housing opportunities in Pequot Lakes. City owns a development that would be available for an additional 15-20 single family homes.	1.50	\$225.00
2/6/2024	email correspondence with city of Pequot Lakes staff and state leaders regarding funding opportunities for infrastructure needs of housing development in the city.	1.50	\$225.00
2/8/2024	video conference call with Florida developer regarding next phases of Baxter multi-family housing project as well as Pequot Lakes housing project and potential use of public funds to complete projects with funding assistance.	2.00	\$300.00

2/13/2024	email correspondence and phone call with state staff regarding grant dollars for infrastructure funds for housing development and economic development. Further discussions with city staffs regarding applications for funding.	1.50	\$225.00
2/14/2024	phone conference with local business group who is working on a plan to develop owned property for a mix of single family and multi-family housing project. Total project could be over 50 units in total.	1.50	\$225.00
2/20/2024	email and phone discussion with developer for Crosby housing project. Discussed housing trust fund as well as other financing options for project. Owners have initial development plans for multi-family housing project.	1.50	\$225.00
2/21/2024	video conference call with national developer regarding 2 new projects in Crow Wing County. Both projects will involve multi-family housing units. Developer is discussing financing options that include housing trust fund. Reviewed plans and discussed timelines.	2.00	\$300.00
2/27/2024	email correspondence with mn housing partnership staff regarding housing funds that are available for multi-family and single family housing project in Baxter. Programs have funding available for this type of development.	1.50	\$225.00
2/28/2024	Communication and phone call with Baxter city staff and owners of property that is looking for assistance for housing development project.	2.00	\$300.00

65.50 \$9,825.00

65.50 \$9,825.00

65.50 \$9,825.00

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

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