

Crow Wing County HRA

AGENDA

5:00 p.m. Tuesday, November 14, 2017

Jinx Ferrari Meeting Room

(Located on 2nd floor of the Historic Courthouse,
326 Laurel Street, Brainerd, MN)

AGENDA ITEM

1. **Roll Call**
2. **Call to Order**
3. **Review and Approve Minutes** (*Attachment 1*)
4. **Review and Approve Financial Statements** (*Attachment 2*)
5. **Old Business**
 - a. Authorize Contract Agreement between the CWC HRA and the Brainerd Lakes Area Development Corporation (*Attachment 3*)
6. **New Business**
7. **Reports**
 - a. Executive Director (*Attachment 4*)
 - b. Brainerd HRA
 - c. BLAEDC
 - d. CWC
8. **Meeting Agenda Topics for December 13, 2017**
9. **Adjourn**

2017 Officers and Commissioners

Chair – Craig Nathan/District 4 (12-31-20)

Vice Chair – Theresa Goble/District 1 (12-31-17)

Secretary – Sharon Magnan/District 3 (12-31-19)

Commissioner – David Kennedy/District 2 (12-31-18)

Commissioner – Michael Aulie/District 5 (12-31-21)



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Minutes from Tuesday, October 10th, 2017
Crow Wing County
Housing and Redevelopment Authority
Board Meeting

1. **ROLL CALL:** Present at the meeting were Chair Craig Nathan, Commissioners Theresa Goble, Sharon Magnan, Mike Aulie, and Executive Director Jennifer Bergman, Finance Director Karen Young, and Executive Assistant LeAnn Goltz. Also present: Sheila Haverkamp. Absent: Darrell Schneider.

2. **CALL TO ORDER:** Chair Craig Nathan called the meeting to order at 4:57 p.m.

3. **REVIEW AND APPROVE MINUTES FROM AUGUST 8, 2017:**

Commissioner Goble made a motion to approve the minutes from the regular board meeting held on August 8, 2017. Commissioner Magnan seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.

4. **REVIEW AND APPROVE FINANCIAL STATEMENTS:** Young reported that in May, we received \$22,500 from CWC in Local Income to be used for the City of Ironton along with their SCDP grants. In August, we paid out the \$2,500 that was used in conjunction with their prior SCDP grant. The remaining \$20,000 will be used with their current SCDP grant.

Bergman also shared that Jason Rausch with Crow Wing County just informed her that about \$26,000 of Local Income was generated in 2017, which will be transferred to the HRA for rehab use.

Commissioner Magnan made a motion to accept the August and September financial statements as presented. Commissioner Aulie seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

5. **OLD BUSINESS:** Chair Nathan thanked HRA staff for the State Funded Project Tour stating that he was very impressed and proud to be part of the CWC HRA Board.

6. **NEW BUSINESS:**

a. **Authorize the Executive Director to enter into the Contract Agreement with the City of Ironton and Community Fundraising Solutions:** Community Fundraising Solutions (CFS) received a SCDP grant for Ironton for approximately \$600,000 with \$300,000 in local leverage, which will be used to rehabilitate 10 owner-occupied houses, 36 rental units in two properties (The Villa and The Terrace), and two commercial properties.

Nancy and Dick Grabko with CFS proposed a partnership agreement with the CWC HRA for assistance with determining income eligibility of property owners. A fee has not yet been negotiated.

In addition, we are working with them on a potential partnership to assist in surveying communities in Crow Wing County to determine rehab needs and rank cities for future SCDP applications. We anticipate having a contract for consideration by the end of 2017.



The Board had a discussion about the contract agreement and Bergman pointed out page 6 of the contract that outlines the responsibilities of the HRA. Commissioner Nathan requested that an addendum to the contract that includes the fee would be brought to the next meeting for the Board's approval.

Commissioner Aulie made a motion to authorize the Executive Director to enter into the Contract Agreement with the City of Ironton and Community Fundraising Solutions. Commissioner Goble seconded the motion. All commissioners voted in favor and none were opposed. The motion passed.

7. REPORTS:

Executive Director: Bergman reported on the following items:

Downtown Tour

One of the goals of the Brainerd HRA is to tour other downtowns to see what other communities are doing to revitalize their downtowns. We have scheduled a tour for November 2nd and will be going to Fergus Falls, Fargo, and Detroit Lakes. The bus is leaving the Brainerd HRA at 7:00 a.m. and returning at 6:00 p.m. Bergman encouraged the Board to attend.

Bergman informed the Board that she attended a very informative micropolitan summit in Fergus Falls about their downtown riverfront initiatives.

Downtown Brainerd

The Destination Downtown Brainerd Business Challenge judges reviewed the 10 applications that were submitted and have narrowed it down to three finalists. The winner will be announced at the Chamber's Annual Event on November 16th. Invitations will be sent to Board members.

Workforce Housing

Bergman received a call from a landowner in Baxter who is interested in constructing multi-family workforce housing. She reached out to DW Jones, a developer of workforce housing, and they will be meeting with the landowner on October 12th to discuss a potential Workforce Housing Development Program to Minnesota Housing. It has not yet been determined what the HRA's role will be, but Bergman will keep the Board posted. The application is due January 23rd.

Brainerd Oaks/Serene Pines/Dal Mar Estate Update

An update from Kent Roessler with Paxmar was provided on Brainerd Oaks and Serene Pines.

Iron Rail

Bergman informed the Board that there is a potential buyer interested in the Iron Rail who made an offer on the property. The buyer has the funding to purchase the property as-is, however it requires asbestos removal, which is estimated to cost \$100,000 for abatement. The buyer has inquired if there is any funding available through the HRA and Bergman said she would bring it to the Board. She explained that although there is not a formal request from the buyer at this time, she wanted to know if they would support a project such as this.

The Board had a discussion about the project and the possibility of using the TIF Revolving Loan Fund or if it would be better for a project like this to go through the Unified Fund, should the Board decide to go that direction.



Haverkamp reemphasized that the Unified Fund was created to help potential business owners with projects such as this. The Board then had a discussion about the Unified Fund and determined they were not ready to make any decisions. Chair Nathan reminded Haverkamp that they had requested that BLAEDC host another informational session prior to making their decision, to which she had been agreeable. Together, they selected November 7th at 6:00 p.m. and Haverkamp will host the meeting in the CTC Room at BLAEDC.

The Board continued to discuss the Iron Rail project and the fact that without the HRA's assistance, the project would not likely happen as it is considered upside down. Bergman reminded the Board that for this reason, a TIF Revolving Loan would not be needed but rather a grant that wouldn't need to be repaid. Commissioner Goble suggested possibly partnering with the City of Brainerd or the Brainerd HRA.

The Board concluded that this topic deserved further discussion. Bergman will meet with the potential property buyer, get additional information, and bring it back to the Board at the next meeting.

SCDP

Rehab Coordinator John Schommer is currently working with the City of Emily for a SCDP owner occupied program.

- a. **Brainerd HRA:** The Brainerd HRA is in the process of a thorough policy review.
 - b. **BLAEDC:** Haverkamp reported that the Crow Wing County Board has given the approval to participate in the Unified Fund. Also, BLAEDC is working on a new website.
 - c. **CWC:** Nothing to report.
8. **NEXT MEETING TOPICS:** Today's agenda indicates the next meeting is November 7th, which is incorrect. The next meeting is November 14th. An update on the Iron Rail will be provided.
9. **ADJOURNMENT:**

Commissioner Magnan made a motion to adjourn the meeting. Commissioner Aulie seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved and meeting was adjourned at 6:23 p.m.



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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: November 8, 2017
Re: Review and Accept Financial Statements

Please find attached the financial information for October 2017.

Action Requested: Accept the October financial statements as submitted.

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Date/Time roberta
11/6/2017 1:16:40 PM

**Crow Wing County
CWC HRA Combined Balance Sheet
October, 2017**

Cumulative

ASSETS

550-000-1129.210 Cash Gen Fund	194,596.53
550-001-1129.210 Cash CWC SCDP	20,000.00
551-001-1129.210 Cash RLF	119,245.03
551-002-1129.210 Cash RLF TIF	357,880.86
556-000-1129.210 Cash - Development	-2,121.06
551-002-1143.000 Loan Rec Grand Oaks	48,000.00
551-002-1153.000 Accrued Int Grand Oaks	6,330.99
550-000-1211.000 Prepaid Insurance	295.80
556-000-1450.000 Land Held for Resale	772,954.63
TOTAL ASSETS	<u>1,517,182.78</u>

LIABILITIES

550-000-2600.000 Def Inflow of Resources	-6,330.99
556-000-2600.000 Def Inflow of Res - Dev	-772,954.63
TOTAL LIABILITIES	<u>-779,285.62</u>

SURPLUS

550-000-2700-000 Net Income	37,967.64
550-000-2806.000 Retained Earnings	-775,864.80
TOTAL SURPLUS	<u>-737,897.16</u>

TOTAL LIABILITIES & SURPLUS

-1,517,182.78

Proof 0.00



Crow Wing County
CWC HRA Combined Operating Stmt
October, 2017

	Current Period	Current Year	Year To Date Budget	Variance
INCOME				
550-000-3691.000 Property Tax Revenue	0.00	-54,692.24	-49,250.00	-5,442.24
550-000-3692.000 Other Tax Revenue	0.00	-130.49	0.00	-130.49
556-000-3696.000 Development Revenue	0.00	-116,772.26	-191,200.00	74,427.74
TOTAL INCOME	0.00	-171,594.99	-240,450.00	68,855.01
EXPENSE				
550-000-4110.000 Administrative Salaries	300.00	3,000.00	3,750.00	-750.00
550-000-4130.000 Legal	0.00	0.00	4,166.70	-4,166.70
550-000-4140.000 Staff Training	0.00	0.00	1,250.00	-1,250.00
550-000-4150.000 Travel	0.00	219.89	208.30	11.59
550-000-4171.000 Auditing Fees	0.00	6,500.00	6,500.00	0.00
550-000-4172.000 Management Fees	5,000.00	50,000.00	50,000.00	0.00
550-000-4190.000 Other Administrative	53.48	185.92	166.70	19.22
550-000-4194.000 Office Supplies	64.00	64.00	0.00	64.00
550-000-4430.000 Contracts Costs	0.00	2,500.00	0.00	2,500.00
550-000-4500.000 TIF Expense	0.00	1,315.80	916.70	399.10
550-000-4510.000 Insurance	147.92	1,479.20	1,750.00	-270.80
550-000-4540.000 Employer FICA	22.96	229.50	291.70	-62.20
550-000-4590.000 Other General Expense	175.00	25,175.00	35,000.00	-9,825.00
556-000-4600.000 Development Expense	427.70	118,893.32	191,200.00	-72,306.68
TOTAL EXPENSE	6,191.06	209,562.63	295,200.10	-85,637.47
NET INCOME(-) OR LOSS	6,191.06	37,967.64	54,750.10	-16,782.46



**Crow Wing County HRA
October 2017 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
459	10/12/17	John Schommer	Brainerd Oaks & Serene Pines Mileage	\$ 14.45
460	10/12/17	LeAnn Goltz	Legislative Tour Beverages-CWC Portion	\$ 6.23
21295	10/12/17	First Impression Printing	Jennifer & John Business Cards	\$ 64.00
21298	10/12/17	Heartwood	Meal for Legislative Tour-CWC Portion	\$ 47.25
21300	10/12/17	Kennedy & Graven, Chartered	Paxmar Legal Fees	\$ 413.25
21320	10/12/17	Wells Fargo - CC	Coach Bus for Legislative Tour-CWC Portion	\$ 175.00
Total				\$ 720.18



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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: Jennifer Bergman, Executive Director
 Date: November 8, 2017
 Re: Authorize Contract Agreement between the CWC HRA and the Brainerd Lakes Area Development Corporation

The CWC HRA Board has had several discussions about the BLAEDC Unified Fund (BUF) for the past few months. One of the recommendations of the Board was for BLAEDC to call a meeting with all of the decision makers who are considering allocating their funds to the BUF. We had anticipated having this meeting on November 7th; however, BLAEDC was presenting to the Baxter City Council that same evening. Also, since our last meeting, the City of Brainerd agreed to commit their Federal MIF funds to the BUF and Crow Wing County also contributed their funds to the BUF. The only communities left are the City of Baxter and the City of Deerwood. BLAEDC has also met with both communities since our last meeting.

Staff has recommended allocating the Non-TIF Revolving funds to the BUF. These funds have been available for over a decade and have not been used on any project. Staff believes that providing the \$119,245 to the BUF will be beneficial to local and potential businesses in Crow Wing County. Our concern has always been with the TIF Revolving funds since there are limitations on the use of the funds and the CWC HRA is responsible for reporting on these funds to the Office of the State Auditor annually.

The Agreement specifies that the CWC HRA will have final authority to approve or deny loans made with the TIF funds. We would also recommend that each request is accompanied with a legal opinion stating that it meets all TIF laws.

Staff has reached out to BLAEDC and Martha Ingram from Kennedy & Graven to clarify a few items:

1. The resolution states that the loans will be consistent with the CWC HRA's Redevelopment Plan. We currently do not have a Redevelopment Plan and we have asked the attorney if we would need a separate Plan for each loan or if this can just be one Plan for the loan program. Also, if TIF and/or Non-TIF funds can be used to cover the costs of creating the Plan.
2. If the CWC HRA has a project they would like to provide funds to that do not meet the Guidelines, can the CWC HRA use the TIF Revolving outside of the BUF.

We would like to have a discussion about this and prepare to make a recommendation for the December CWC HRA Board meeting.

No Action Requested: Discussion Item



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**AGREEMENT BETWEEN HOUSING AND REDEVELOPMENT AUTHORITY IN AND
FOR THE COUNTY OF CROW WING
AND THE BRAINERD LAKES AREA DEVELOPMENT CORPORATION**

THIS AGREEMENT is entered into this ____ of _____, 2017, by the Housing and Redevelopment Authority in and for the County of Crow Wing (the “County HRA”) and the Brainerd Lakes Area Development Corporation (“BLADC”), a nonprofit corporation serving the economic development needs of the Brainerd Lakes region.

WHEREAS, BLADC’s mission is to foster economic development and redevelopment throughout the Brainerd Lakes and Cuyuna Lakes area (the “Area”), and to provide streamlined services to potential developers and employers throughout the Area; and

WHEREAS, the County HRA currently administers a revolving loan fund for economic development purposes (the “Loan Fund”) within the Area, funded by a combination of tax increments (the “Increment”) from a decertified tax increment financing district in the County established pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (the “TIF Act”) and moneys levied by the County HRA pursuant to Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”) and allocated to the Loan Fund (the “Levy Funds”); and

WHEREAS, BLADC has proposed the establishment of a consolidated revolving loan fund to be known as the BLADC Unified Fund (the “BUF”), made up of multiple revolving loan funds currently administered by individual jurisdictions within the Area; and

WHEREAS, BLADC has submitted proposed BLAEDC Unified Fund Governance Guidelines and Policies (the “Guidelines”) for review by the County HRA, in the form attached to this Agreement as Exhibit A and incorporated herein by reference, and has requested that the County HRA become a member of the BUF subject to the terms of such Guidelines and this Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto represent, warrant and agree as follows:

1. All capitalized terms, if not otherwise defined in this Agreement, shall have the meanings provided in the Guidelines.
2. The County HRA hereby grants to BLADC all amounts in its Loan Fund consisting of Levy Funds, in the total principal amount of \$_____. The parties agree that the Levy Funds are subject to certain limitations on use pursuant to the HRA Act, and that it will be BLADC’s responsibility to ensure that any loans made using the Levy Funds shall meet all requirements for the use of such funds under the HRA Act, and to provide the County HRA with reports concerning the use of the Levy Funds from time to time, but at least annually.
3. The parties further agree that the Increment is subject to certain limitations on use pursuant to the TIF Act, including the requirement that the County HRA shall have final



authority to approve or deny loans made with Increments. The County HRA grants to BLADC the authority to use the Increment as a funding source of BUF loans to prospective borrowers, provided, however, that final approval or denial of such loans must be made by the Board of Commissioners of the County HRA as required under the TIF Act.

4. BLADC will establish and maintain the BUF for the benefit of all eligible businesses located within the Area, and will use repayments of all loans made from the BUF to offer additional loans meeting the requirements of the Guidelines and this Agreement.

5. BLADC will administer all moneys in the BUF, and subject to the Guidelines and this Agreement, will review applications, make recommendations to the BUF Board and/or BUF Loan Committee (as applicable), make and administer loans to qualifying businesses, and account for all repayments of loans made under the BUF.

6. The County HRA will appoint an authorized representative (the “County HRA Representative”) to the BUF Board and BUF Loan Committee, and the County HRA Representative will participate in the loan application review and approval process. The term of service of the County HRA Representative will be as provided in the Guidelines.

7. The parties expressly agree and acknowledge that the BUF Loan Committee or BUF Board shall have the final authority for making decisions regarding the approval or denial of loan applications for loans using the Levy Funds, as provided in the Guidelines, and that neither the County HRA or BLADC individually shall have such authority.

8. BLADC will provide all staff required to perform services under this Agreement. BLADC will appoint a liaison who will be responsible for communication with the County HRA Representative and with the governing body of the County HRA when warranted.

9. BLADC will retain in its possession the principal and interest from the repayment of all loans made from the Levy Funds, and will utilize such funds solely for additional loans and reasonable administrative fees as described in the Guidelines.

10. The County HRA may not recall the Levy Funds portion of the BUF from BLADC unless:

- a. BLADC fails to carry out its obligations to administer the BUF, and/or
- b. BLADC ceases to exist.

11. Upon any dissolution of the BUF, each participating member will receive an allocation of the total BUF funds existing at the time of such dissolution, based on the percentage of the BUF represented by such member’s original Loan Fund contribution at the time of the initial organizational meeting of the BUF Board. If additional members commence participation in the BUF after the initial organizational meeting of the BUF Board, BLADC shall recalculate each member’s percentage of the total BUF pool and present such recalculated percentages to the BUF Board at the next succeeding meeting.

12. The County HRA and BLADC have approved this Agreement by action of their respective governing bodies.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed as of the date first written above.

BRAINERD LAKES AREA
DEVELOPMENT CORPORATION

President

Executive Director

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE
COUNTY OF CROW WING

Chair

Executive Director



EXHIBIT A

BLAEDC Unified Fund Governance Guidelines and Policies

The primary purpose of the BLAEDC Unified Fund (the “BUF”) is to offer economic development financing for business to enhance the economic base and vitality of the community.

Authority

BLAEDC Board of Directors is the governing entity of the BUF program. It has the oversight of the program development, operating guidelines and procedures, loan policies, committee structure, fund management, contractual agreements, insurance and accounting requirements, reporting, compliance with original funding sources, and all aspects of the program.

Partner Organizations – Partner organizations and entities are being asked to consider partnering with BLAEDC and the BUF program. They will utilize the BUF program for marketing, vetting, loan packaging, committee review and approval of loans, and loan documentation, collections, and workout.

Note: Consolidated Telephone Communications (CTC) and Crow Wing (CW Power) have revolving loan funds that were capitalized in part by USDA Rural Utility Service (RUS) funds, which require that the revolving loan funds must remain under the control of CTC and CW Power. Once these organizations commit to BUF, they will utilize the BUF program for marketing, vetting, loan packaging, committee review, approval recommendations, and loan documentation, collections, and workout. However, CTC and CW Power will have final approval of loans made with RUS funds.

Similarly, the Housing and Redevelopment Authority in and for the County of Crow Wing (the County HRA) administers a revolving loan fund comprised of tax increment from a decertified Crow Wing County tax increment financing district. State law requires that the County HRA retain final approval and state reporting responsibilities with regard to this fund, but like CTC and CW Power, the County HRA will utilize the BUF program for marketing, vetting, loan packaging, committee review, approval recommendations, and loan documentation, collections and workout.

Operating Guidelines and Procedures – See Exhibit A.

Loan Policies – See Exhibit A.

Structure/Organizational Chart

BUF Board Members – A standing BUF Board of Directors exists to implement the BUF operating guidelines and procedures and loan policies. The BUF Board members include:

- 2 BLAEDC Board Members
- 1 Cuyuna Range Economic Development Inc. (CREDI) Board Member
- One designated representative of each entity that has allocated its funds to the BUF pool, or in the case of RUS- or TIF-funded revolving loan funds, has committed to participate in and utilize the BUF process. The City of Crosslake will also participate as a member of the BUF Board in recognition of its transfer of

RUS funds from the former Crosslake Telecommunications Company to the Crow Wing Cooperative Power and Light Company.

Each entity will appoint a designated representative to serve on the BUF Board upon approval of entry into the BUF. The designated representative will serve until the earlier of such representative's resignation or termination of such representative by the member entity. A new designated representative will be appointed by such entity in a timely manner.

BUF Board Decision-Making Process and Oversight – The BUF Board's responsibilities include:

- Implementing the operating guidelines, procedures and loan policies.
- Periodically reviewing the operating guidelines, procedures, and loan policies and recommend changes.
- Holding 2 standing meetings per year
- Holding meetings as needed to review and approve loan applications (or to recommend approval to CTC and CW Power if RUS funds are proposed, or to County HRA if TIF funds are proposed as part of the overall BUF financing structure for a given loan). In the case of loan applications that have been reviewed by the BUF Loan Committee, but for which the BUF Loan Committee has been unable to reach a consensus, the BUF Board shall have final authority to approve or deny such loan applications.
- Supporting the BUF program including fundraising activities and promotion and marketing initiatives.

BUF Loan Committee Members – An ad hoc loan committee will be established to make loan decisions as authorized in the operating guidelines and procedures and loan policies. The loan committee members include:

- 1 BLAEDC Board Member
- One representative from each proposed loan pool and/or geographic location of the proposed project, if represented on the BUF Board.

BUF Loan Committee Decision Making Process and Oversight – The BUF Loan Committee's responsibilities include:

- Holding meetings as needed to review and approve or deny loan applications (or to recommend approval to CTC and CW Power if RUS funds are proposed, or to County HRA if TIF funds are proposed as part of the overall BUF financing structure for a given loan).
- Supporting the BUF program including fundraising activities and promotion and marketing initiatives.
- In the event that the BUF Loan Committee fails to reach a consensus as to approval or denial of a loan application, the application will be

presented to the BUF Board as a whole for final determination of approval or denial.

The BLAEDC Board of Director's governance of the BUF program will include:

Fund Management - As a prudent management practice, BLAEDC will invest funds in risk-free financial instruments such as Certificates of Deposit in Crow Wing County FDIC-insured financial institutions. The economic development opportunities that result from funds being available to our local lenders outweigh the potential of additional interest income that may result from alternative risk investment strategies.

Contractual Agreements – BLAEDC will enter into contractual relationships to support the management and operational efficiencies of the program.

Insurance – The BUF program will be incorporated into BLAEDC's insurance policies.

Accounting – BLAEDC has an outside accounting firm and will have all financial records included in year-end reporting.

Reporting and Compliance – All reporting and compliance reports will be conducted by BLAEDC staff and consultants, with the exception of RUS and TIF reporting.

Legal – Legal services will be provided by BLAEDC legal counsel as needed.

EXHIBIT A to Guidelines
General Operating Guidelines & Procedures and Loan Policies
Eligible Applicants and Costs

Eligible Applicants – The BUF program is open to considering all applicants regardless of size or business type, assuming they meet the overall public purpose of private sector investment, job creation and/or retention, and economic growth in Central MN.

Project Costs – All capital project costs are potentially eligible, assuming they meet the overall public purpose to encourage private sector investment, job creation and/or retention, and economic growth and/or redevelopment in Central MN. Loans for working capital are not eligible.

“Funding Pool Specific” Eligible Projects, Costs and Other Items

The BUF program is a consortium of many funding pools that were originally capitalized from a variety of sources including TIF funds, Minnesota Investment Fund (MIF) funds (both federal and state), RUS funds, and others. Specific rules and limitations apply to loans made from some of these sources. BUF staff and consultants will identify and match appropriate sources of funds based on the specifics of a project.

Type of Financing

The BUF Board and BUF Loan Committee will consider loans, loan guarantees, and other financing needs a business may have, in order to encourage private sector investment, job creation or retention, and economic growth in our area. Incentive financing may also be considered under special circumstances.

Requirements and Terms

The BUF program has significant flexibility. BLAEDC desires to partner with private sector banking institutions to have a positive financial impact on high-quality economic development or redevelopment projects. In general, projects should include local bank financing, equity contributions, and livable-wage job creation, and have a positive reception in our community.

Financing Terms

Minimum Loan Size – \$25,000

Maximum Loan Size – \$500,000

Loan Origination Fee – 1%

Loan Application and Processing/Closing Fees – Paid by borrower.

Loan Terms – Loans will typically be amortized over 3-15 years, to match the useful life of the capital asset that is being financed. Balloon payments will frequently be structured.

Interest Rates, Including Loan Servicing Fees – Varies but typically market rate.

Collateral Requirements – All loans must be collateralized. Personal guarantees will be required.

Application and Approval Process

Loan applications will be accepted as long as funds are available and will be processed on an ongoing basis. Following staff review and vetting, financing applications for assistance of \$100,000 or more will be presented to the BUF Board, and applications for assistance of less than \$100,000 will be presented to the BUF Loan Committee. The BUF Board and BUF Loan Committee are authorized to approve loans from any funding source other than RUS and TIF dollars. In the case of loans funded by RUS or TIF funds, the BUF Board or BUF Loan Committee, as appropriate, will make recommendations to the entity that administers the RUS or TIF funds in question, but the governing body of the entity controlling these funds will make the final determination to approve or deny the loan. The BLAEDC board of directors must also approve loans if more than \$300,000.

Loan Documentation, Closing, Servicing Arrangements

BLAEDC will support these components of the BUF loan program, either through internal management or through a contractual relationship with an existing loan servicing entity.

Conflict of Interest Provisions

Any conflicts of interest by BLAEDC board, BUF Board members, BUF Loan Committee members, BLAEDC staff or others, should be noted immediately, and the member disclosing the conflict shall not participate in the consideration or approval of any loan request related to such conflict.

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HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE COUNTY OF CROW WING

RESOLUTION NO. 2017-06

RESOLUTION APPROVING AN AGREEMENT CONCERNING PARTICIPATION IN THE BLADC UNIFIED FUND BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE COUNTY OF CROW WING AND THE BRAINERD LAKES AREA DEVELOPMENT CORPORATION

BE IT RESOLVED By the Board of Commissioners ("Board") of the Housing and Redevelopment Authority in and for the County of Crow Wing ("Authority") as follows:

Section 1. Recitals.

1.01. The Authority has determined a need to exercise the powers of a housing and redevelopment authority, pursuant to Minnesota Statutes, Sections 469.001 to 469.047 ("HRA Act"), and has established its Redevelopment Project No. 1 (the "Project") within Crow Wing County (the "County"), and has undertaken various housing and redevelopment activities as authorized by the HRA Act, including the creation of a revolving loan fund comprised of tax increments from a redevelopment tax increment financing district created pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act"), and levy dollars from the Authority's annual housing and redevelopment levy.

1.02. The Authority and the Brainerd Lakes Area Development Corporation ("BLADC") have proposed to enter into an Agreement (the "Agreement"), setting forth the terms and conditions of participation by the Authority in a pooled revolving loan fund to be known as the BLADC Unified Fund (the "BUF") to be administered by BLADC on behalf of local government units in the greater Brainerd Lakes and Cuyuna Lakes area, including the Authority. The Agreement, along with the BLADC Unified Fund Governance Guidelines and Policies governing the BUF (the "Guidelines"), are on file in the offices of the Authority and available for public inspection.

1.03. Pursuant to the Agreement, the Authority will appropriate the levy-funded portion of its revolving loan fund to BLADC, and will commit the increment-funded portion of its revolving loan fund to the extent authorized by law (including without limitation the TIF Act), and BLADC will utilize such funds, along with funds contributed by other local government units, to create the BUF and to offer economic development loans to local and regional businesses.

1.04. Also pursuant to the Agreement and Guidelines, the Authority will designate an authorized representative to serve as a member of the BUF Board and BUF Loan Committee.

1.05. The Board has reviewed the Agreement and Guidelines and finds that the execution of the Agreement and performance of the Authority's obligations thereunder are in the public interest and will further the objectives of its general plan of housing and redevelopment, because it will facilitate marketing and closing of business loans that foster housing and redevelopment goals for the County and region and will be consistent with the Authority's Redevelopment Plan for the

Project.

Section 2. Authority Approval; Further Proceedings.

2.01. The Agreement as presented to the Board is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director, provided that execution of the documents by such officials shall be conclusive evidence of approval.

2.02. The Chair and Executive Director are hereby authorized to execute on behalf of the Authority the Agreement and any documents referenced therein requiring execution by the Authority, and to carry out, on behalf of the Authority, its obligations thereunder.

2.03. The Board hereby designates _____ as the Authority's authorized representative to serve on the BUF Board and BUF Loan Committee, as appropriate, on behalf of the Authority.

2.04. Authority staff are authorized and directed to take all actions necessary to implement the Agreement.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the County of Crow Wing this __ day of February, 2017.

Chair

ATTEST:

Secretary



Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: Jennifer Bergman, Executive Director
 Date: November 8, 2017
 Re: Executive Director Report

Downtown Tour

On November 2nd, the Brainerd HRA hosted a bus tour of three other downtowns: Fergus Falls, Fargo and Detroit Lakes. The purpose of the tour was to see what other communities were doing to revitalize their downtowns. Sixteen people attended the tour including representatives from the City of Brainerd, Brainerd Restoration, Brainerd HRA, BLAEDC, Brainerd Community Action, Region 5, River to Rails Initiative, the Brainerd Lakes Area Community Foundation and WSN. The tours were interesting but even more beneficial were the conversations that occurred on the bus after each visit.

Ironton SCDP

At the last CWC HRA meeting, the Board approved an Administrative Contract with the City of Ironton and Community Fundraising Solutions (CFS). CFS has asked for the assistance of the CWC HRA with determining eligibility of the property owners. CFS and the CWC HRA are partnering on several of these projects. They have assisted us with the pre-application for Emily and will assist with the full application if we are asked to submit. CFS will pay the CWC HRA \$300 for each income verification we do.

Workforce Housing

Request for Proposals for the Workforce Housing Program have been released (see Attachment 4a). DW Jones will be submitting an application for the construction of workforce housing in Baxter on a parcel of land located North of Woida Road and East of Inglewood. Representatives from DW Jones and I will be meeting with the City of Baxter staff on November 14th to discuss this project. DW Jones will more than likely request TIF to assist with this project.

No Action Requested; Discussion Item

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Workforce Housing Program

This competitive funding program targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Grant funds are available to build market rate residential rental properties in communities with proven job growth and demand for workforce rental housing. Communities are required to secure matching funds, one dollar for every two dollars in funding offered through the program. This program was previously administered by the Department of Employment and Economic Development (DEED) and is now administered by Minnesota Housing.

Who Can Apply

Eligible applicants must satisfy the following requirements:

- Must be an eligible project area (generally small and medium sized cities in Greater Minnesota)
- Must be working with a developer
- Must have a viable proposal for the development of a Market Rate Residential Rental Property, which can include mixed income.

Note: Minnesota Housing will not review applications submitted by developers.

Eligible Recipients/Project Area

An eligible recipient is an eligible project area. An eligible project area is either:

- a home rule charter or statutory city located outside of the metropolitan area with a population exceeding 500;
- a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area; or
- an area served by a joint county-city economic development authority.

Note: Eligible project areas with fewer than 30,000 people will be given preference. More detailed information can be found in the [FAQs](#).

Apply for Funding

Application Materials

- [Affirmative Action Statement](#)
- [Application Checklist](#)
- [Application and Narrative](#)
- [Application Workbook](#) - *If using Firefox, you may be prompted to open the file or save the file. Please use the "Save As" option to download this file rather than the "Open" option.*
- [Certification Form](#)
- [Equal Employment Opportunity Policy Statement](#)
- [Letter of Employer Support](#)
- [Local Government Resolution](#)

Application Due Date

Applications are due no later than 4:30 p.m. CST, Thursday, January 25, 2018. We expect to make recommendations to the Minnesota Housing board in March 2018.

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