

# **Crow Wing County HRA**

## **AGENDA**

**5:00 p.m. Tuesday, July 10<sup>th</sup>, 2018**

**Jinx Ferrari Meeting Room**

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

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### **AGENDA ITEM**

- 1. Call to Order**
- 2. Roll Call**
- 3. Review and Approve Minutes** (*Attachment 1*)
- 4. Review and Accept Financial Statements** (*Attachment 2*)
- 5. Old Business**
- 6. New Business**
  - a. Educational Topic: CWC HRA Partners
- 7. Reports**
  - a. Executive Director (*Attachment 3*)
  - b. Brainerd HRA
  - c. BLAEDC
  - d. CWC
- 8. Meeting Agenda Topics for August 14, 2018**
- 9. Adjourn**

### **2018 Officers and Commissioners**

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

Vice Chair – Theresa Goble/District 1 (12-31-22)

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

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

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



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**Minutes from Tuesday, June 12<sup>th</sup>, 2018**  
**Crow Wing County**  
**Housing and Redevelopment Authority**  
**Board Meeting**

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at 5:00 p.m., Tuesday, June 12<sup>th</sup>, 2018.

1. **CALL TO ORDER:** Vice Chair Theresa Goble called the meeting to order at 5:00 p.m.
2. **ROLL CALL:** Present at the meeting were Vice Chair Theresa Goble, Commissioners Sharon Magnan, Mike Aulie, and David Kennedy; Executive Director Jennifer Bergman, Finance Director Karen Young, Executive Assistant LeAnn Goltz, and Rehab Coordinator John Schommer. Also present: Tyler Glynn and Marlee Larson. Absent: Chair Craig Nathan.
3. **PUBLIC HEARING: Conveyance of Lot 17 and the South ½ of Lot 18, Block 1, KIRKWOOD, Baxter, MN**

Vice Chair Goble opened the public hearing at 5:01 p.m. and invited the audience to speak or offer any comments in regards to the published public hearing subject matter. She asked a second time, but without any comments from the public, Vice Chair Goble closed the public hearing at 5:02 p.m.

- a. **Approval of Resolution No. 2018-03:** The City of Baxter recently acquired five single-family homes as part of the Cypress Drive extension project and has offered them to Lakes Area Habitat for Humanity (LAHFH) to be relocated in the City of Baxter as affordable homes for eligible LMI families. In addition to selling each home to LAHFH for \$1, the City also gave them three lots to place homes on. Due to a high water table on one of the lots, it could not be used to relocate one of these homes. LAHFH traded two of the homes to the mover to help cover some of the moving expenses. They inquired about purchasing a tax forfeited parcel through the recently adopted Tax Forfeited Property Policy to place the remaining home on. The parcel will be divided into two lots, which will allow them to have another lot to build on in the future. Staff utilized the policy to have the parcel conveyed to the CWC HRA and will sell the parcel to LAHFH for \$5,825 after the conveyance process is complete and the deed has been received from the state.

A copy of the Purchase and Redevelopment Agreement between the CWC HRA and LAHFH and corresponding resolution was provided for the Board's review and approval.

**Commissioner Aulie made a motion to approve Resolution No. 2018-03 allowing staff to enter into a Purchase and Redevelopment Agreement with Lakes Area Habitat For Humanity for the purchase of Lot 17 and the South ½ of Lot 18, Block 1, KIRKWOOD, Baxter, MN. Commissioner Magnan seconded the motion. Via roll call vote, all commissioners were in favor of the motion and none were opposed. The motion was approved unanimously.**

4. **REVIEW AND APPROVE MINUTES:**

Commissioner Magnan made a motion to approve the minutes from the May 8<sup>th</sup>, 2018, board meeting. Commissioner Kennedy seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.



5. **REVIEW AND APPROVE FINANCIAL STATEMENTS:** Young reported that the May financial statements show the closing that took place on May 9<sup>th</sup> for the purchase of 13 additional lots at Brainerd Oaks and Serene Pines for a total of \$109,865. Of this, \$29,900 went to the City for SAC/WAC/Park Fees and \$77,103 went to the City in lieu of assessments. The CWC HRA was reimbursed for direct costs of \$2,637. There are currently \$469 in legal expenses incurred related to this closing, which will be included in the next closing that takes place and reimbursed out of the proceeds.

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

6. **OLD BUSINESS:**

- a. **Approve Revised Tax Forfeited Property Policy:** The policy that was previously approved by both the Brainerd HRA and CWC HRA does not allow for an option where a developer approached the HRA. The policy assumed that lots would be selected by the HRA followed by solicitation of Request for Proposals from developers. Bergman provided a copy of the amended policy.

**Commissioner Magnan made a motion to approve the revised CWC HRA Tax Forfeit Hold Policy and Sales Procedure. Commissioner Aulie seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.**

7. **NEW BUSINESS:**

- a. **Educational Topic: HRA Powers:** Bergman provided educational materials that outlined the general powers of a housing and redevelopment authority as described in Minnesota Statute 469.012.

8. **REPORTS:**

- a. **Executive Director:** Bergman provided a report that discussed the following items:

**Presentation to Crow Wing County City Clerks/Administrators**

Bergman is giving a presentation to the City Clerks and/or Administrators in Crow Wing County on June 14<sup>th</sup>. They wanted to learn about what the CWC HRA does.

**USDA Visit**

Region 5 Development Commission provided a tour of the region to USDA State Director Brad Finstad and Regional Director Mike Monson. We discussed Brainerd Oaks and our housing rehab programs and we discussed a potential partnership in the future.

**MN NAHRO Tour**

Bergman gave a CR&D tour to 18 Minnesota NAHRO members on Wednesday, May 23<sup>rd</sup>. They toured Serene Pines, Brainerd Oaks, downtown Brainerd and the Riverfront. Bruce Buxton gave a presentation on the River to Rail Initiative at the Lakes Area Music Festival. There was a lot of great feedback and they were excited to see all of positive things happening in Crow Wing County.



### National NAHRO Award

CWC HRA was selected for the NAHRO Merit Award but was also nominated for the National Award of Excellence on the Revival of Tax Forfeited Residential Subdivision. The Merit Award will be awarded at the national conference in San Francisco, CA, and the HRA has been asked to prepare a display board for our nomination for the Award of Excellence. We will find out in the fall if we will receive an Award of Excellence.

### Community Fundraising Solutions Rehab Analysis Update

Nancy Grabko from (CFS) is working on the analysis of the cities in Crow Wing County to rank each city on their rehab needs. They have Garrison, Riverton, Ironton, Emily, and Deerwood completed. The goal is to have this completed by mid-July.

Bergman also shared with the Board that the HRA will be sending out a press release on the progress of the Brainerd Oaks project. She also informed them that former Crow Wing County HRA commissioner Harold Kraus has passed away.

- b. **Brainerd HRA:** The Destination Downtown Contest is coming back for a second round. The kickoff is scheduled for June 28<sup>th</sup> and the Koop Building. The Board was invited to attend.
  - c. **BLAEDC:** Glynn updated the Board that they closed on their fourth BUF loan, which was for the Brainerd Distillery. There are three more loans in process at varying levels of completion for Crosslake, Nisswa, and Crosby. River to Rail is progressing and moving forward. He also reported that BLAEDC met with some individuals about some potential workforce housing. In addition, Mike Bjerckness has been busy with the Key Recruitment Program.
  - d. **CWC:** Nothing to report.
9. **NEXT MEETING TOPICS:** Tuesday, July 10<sup>th</sup>, 2018. Education topic: Who are our partners? Commissioner Mike Aulie will not be at the next meeting.
10. **ADJOURNMENT:**

**Commissioner Kennedy made a motion to adjourn the meeting. Commissioner Magnan 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 5:43 p.m.**



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## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Karen Young, Finance Director  
Date: July 2, 2018  
Re: Review & Accept Financial Statements

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Please find attached the financial information for June 2018.

**CWC HRA Tax Levy**

Reflected in the June General Fund Financial Statements is the deposit of \$40,163.20 in Property Tax Revenue (levy). This amount is approximately 70% of the first half property tax settlement. The remaining 30% of \$18,015.97 was deposited in July for total deposits of \$58,179.17. The total levy amount for 2018 is \$98,500. The second half property tax settlement will be in December.

**Tax Forfeited Property (TFP)**

Reflected in the June financial statements are the first lots that were acquired through the Tax Forfeited Property Policy with Crow Wing County. The lots are valued at the assessed market value of \$23,300 and will be sold to Lakes Area Habitat for Humanity (LAHFH) at the discounted price of \$5,825. Also reflected is \$1,000 in the TFP Escrow Account paid by LAHFH for the required maintenance and holding cost fee.

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

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Date/Time roberta  
7/2/2018 2:47:01 PM

**Crow Wing County**  
**CWC HRA Combined Balance Sheet**  
**June, 2018**

	<b>Cumulative</b>
<b>ASSETS</b>	
550-000-1129.210 Cash Gen Fund	206,690.10
550-001-1129.210 Cash CWC SCDP	26,325.59
551-002-1129.210 Cash RLF TIF	357,880.86
556-000-1129.210 Cash Development Fund	-469.50
570-000-1129.210 Cash Tax Forf Property	1,322.67
551-002-1143.000 Loan Rec Grand Oaks	48,000.00
551-002-1153.000 Accrued Int Grand Oaks	6,874.30
550-000-1211.000 Prepaid Insurance	894.98
556-000-1450.000 Land Held for Resale	663,089.68
570-000-1450.000 Land Held for Resale TF	23,300.00
<b>TOTAL ASSETS</b>	<b><u>1,333,908.68</u></b>
<b>LIABILITIES</b>	
570-000-2115.000 Escrow Account TFP	-1,000.00
550-000-2600.000 Def Inflow of Resources	-6,874.30
556-000-2600.000 Def Inflow of Res - Dev	-663,089.68
570-000-2600.000 Defd Inflow of Res TFP	-23,300.00
<b>TOTAL LIABILITIES</b>	<b><u>-694,263.98</u></b>
<b>SURPLUS</b>	
550-000-2700-000 Net Income	9,963.08
550-000-2806.000 Retained Earnings	-649,607.78
<b>TOTAL SURPLUS</b>	<b><u>-639,644.70</u></b>
<b>TOTAL LIABILITIES &amp; SURPLUS</b>	<b><u>-1,333,908.68</u></b>
Proof	0.00

Date: 7/2/2018  
 Time: 2:47:11 PM  
 roberta

**Crow Wing County**  
**CWC HRA Combined Operating Stmt**  
**June, 2018**

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	Current Period	Current Year	Year To Date Budget	Variance
<b>INCOME</b>				
550-000-3691.000 Property Tax Revenue	-40,163.20	-40,163.20	-48,250.00	8,086.80
550-000-3692.000 Other Tax Revenue	0.00	0.00	-1,000.00	1,000.00
556-000-3696.000 Development Revenue	0.00	-107,551.69	-95,599.98	-11,951.71
570-000-3696.000 TFP Revenue	-500.00	-500.00	0.00	-500.00
<b>TOTAL INCOME</b>	<b>-40,663.20</b>	<b>-148,214.89</b>	<b>-144,849.98</b>	<b>-3,364.91</b>
<b>EXPENSE</b>				
550-000-4110.000 Administrative Salaries	300.00	1,575.00	2,250.00	-675.00
550-000-4130.000 Legal	0.00	496.00	2,500.02	-2,004.02
550-000-4140.000 Staff Training	0.00	0.00	750.00	-750.00
550-000-4150.000 Travel	0.00	77.94	124.98	-47.04
550-000-4171.000 Auditing Fees	0.00	6,650.00	6,500.00	150.00
550-000-4172.000 Management Fees	5,000.00	30,000.00	30,000.00	0.00
550-000-4190.000 Other Administrative	0.00	65.00	100.02	-35.02
550-000-4500.000 TIF Expense	0.00	0.00	300.00	-300.00
550-000-4510.000 Insurance	149.17	895.02	1,050.00	-154.98
550-000-4540.000 Employer FICA	22.95	120.49	175.02	-54.53
550-000-4590.000 Other General Expense	10,000.00	10,100.00	25,000.00	-14,900.00
556-000-4600.000 Development Expense	0.00	108,021.19	95,599.98	12,421.21
570-000-4600.000 TFP Expense	177.33	177.33	0.00	177.33
<b>TOTAL EXPENSE</b>	<b>15,649.45</b>	<b>158,177.97</b>	<b>164,350.02</b>	<b>-6,172.05</b>
<b>NET INCOME(-) OR LOSS</b>	<b>-25,013.75</b>	<b>9,963.08</b>	<b>19,500.04</b>	<b>-9,536.96</b>



**Crow Wing County HRA  
June 2018 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
21778	43258	Crow Wing County Land Services Dept	Purchase Baxter Tax Forfeit Lots	\$ 98.68
21780	43258	Forum Communications Company	Public Notice Tax Forfeit Sale-Baxter Lots	\$ 78.65
21802	43272	Brainerd Lakes Area Economic Development	1st 1/2 of 2018 Funding	\$ 10,000.00
<b>Total</b>				<b>\$ 10,177.33</b>



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## Housing & Redevelopment Authority

To: CWC HRA Board Members  
 From: Jennifer Bergman, Executive Director  
 Date: July 2, 2018  
 Re: Executive Director Report

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### **SCDP Application for Emily**

We were notified by the Department of Employment and Economic Development (DEED) that we were awarded funds for our Small Cities Development Program (SCDP) application for the City of Emily. We were awarded \$229,000 for the rehab of 10 owner-occupied homes in the City of Emily (see Attachment 3a).

### **IRRRB**

Staff continues to work with the business that is considering the purchase of a building downtown Crosby. The IRRRB will be awarded \$800,000 in grants during their 2019 fiscal year. We will be partnering with the business owner, BLAEDC, and the City of Crosby to request funds for the project (see Attachment 3b).

### **Press Release for Brainerd Oaks**

We sent a press release to the Brainerd Dispatch on June 26<sup>th</sup>. We are hoping they run a story and we will keep you posted (see Attachment 3c).

### **Housing Study Update**

With the constant changes in the housing market and with the disappointment with our last study done by Maxfield, we would like to discuss the potential of considering another housing study in 2019. We have had several requests from Crow Wing County cities for this report as the housing market continues to thrive. I would also like to add a portion specifically on workforce housing, which is a goal of the CWC HRA Board. We would prepare to do a Request for Proposal (RFP) in late 2018 to position ourselves for a start date in early 2019.

### **Community Fundraising Solutions Rehab Analysis Update**

Nancy Grabko (CFS) has completed all of the surveys. She is in the process of compiling the results and drafting the report. She will be contacting us when she has a draft of final report.

**No Action Requested; Discussion Item**

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 **EMPLOYMENT AND  
ECONOMIC DEVELOPMENT**

June 27, 2018

The Honorable Roger Lund  
Mayor, City of Emily  
39811 State Highway 6  
Emily, MN 56447

Dear Mayor Lund:

I am pleased to inform you that your application for a 2018 Minnesota Small Cities Development Program Grant (SCDP) has been approved for funding in the amount of \$229,000, pending our expected award from the Department of Housing and Urban Development (HUD). Grant Agreements will be issued once DEED receives its award from HUD.

DEED staff provided implementation training in early June which your city attended. We will also be providing topic specific trainings in early September. It is very important that those responsible for the grant administration and reporting attend these training sessions.

Andrew Barbes is the DEED representative assigned to your grant. For additional information, please contact Andrew at [Andrew.Barbes@state.mn.us](mailto:Andrew.Barbes@state.mn.us) or (651) 259-7460.

Congratulations on this grant award to help enhance your community development efforts.

Regards,



Shawntera Hardy  
Commissioner

cc: State Senator Carrie Ruud  
State Representative Dale Lueck  
John Schommer, Rehab Coordinator, Crow Wing County HRA

Minnesota Department of Employment and Economic Development  
Business & Community Development Division

1st National Bank Building, 332 Minnesota Street, Suite E200, Saint Paul, Minnesota 55101-1351

Phone 651-259-7114 or 800-657-3858



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## Commercial Redevelopment

The Commercial Redevelopment Grant Program assists cities, townships and counties in demolishing dilapidated commercial or industrial buildings and cleaning up brownfields. Redevelopment of previously used commercial sites into viable development sites as well as the removal of blighted and unsafe buildings contributes to the vitality and economy of the region.

**Contact:** Chris Ismil, 218-735-3010, [Chris.Ismil@state.mn.us](mailto:Chris.Ismil@state.mn.us)

**Eligible Applicants:** Cities, townships, counties and tribal units of government within the agency's service area. Multi-organization collaboration is welcome.

**Funding:** The Commercial Redevelopment Grant Program is funded at \$800,000 for FY2019. The agency requires a 1:1 match per project. Projects must be completed within 12 months of the award.

### Evaluation Criteria (100 points)

Top priority is given to urgent health and public safety concerns

1. **Job Creation (20 points)**
  - Describe job creation or retention, if any, that will result from this project. (See MN Statute 298.22 subd. 13)
2. **Development (20 points)**
  - Enables new development (agreement in place)
  - Potential for new development (no agreement in place)
3. **Economic Impact (25 points)**
  - Wages and benefits
  - Total project investment – leverage
4. **Project readiness and timeliness (20 points)**
  - Date of anticipated demolition
  - Financing is in place
5. **Removes blight (5 points)**
6. **Aligns with community's comprehensive plan (5 points)**
  - If the project aligns with the community's comprehensive plan that portion of the plan should be uploaded and highlighted.
7. **Program funding has not been awarded in the past two fiscal years (5 points)**

## Application Process and Review

Pre-applications will be accepted from July 2 through July 30, 2018. Full applications will be provided for eligible projects. All eligible applications received during this time period will be reviewed and scored according to the evaluation criteria. Grants will be awarded to the most competitive applications. Applications submitted after July 30, 2018 through the end of the agency's fiscal year (June 30, 2019) will be awarded on a rolling basis subject to meeting minimum scoring criteria and subject to the availability of remaining program funds.

Applications are reviewed by a team and evaluated and scored on an individual basis.

Project funding is subject to Commissioner's final approval. The project must meet objectives, priorities and policies established by the Commissioner.

## Application Checklist

- Project Narrative**
  - Narrative must address evaluation criteria
  - Describe how matching fund requirements will be met
- Engineering estimates**
- Resolution authorizing applicant to apply for and accept funds**
- Pre-demolition photographs**
- Document of compliance with Minnesota Historical Society procedures for treatment of historical sites (if applicable)**
- Any other documentation to support the application**

## Post Grant Award Requirements

- **The agency reserves the right to require signage/logo acknowledging financial assistance from the Department of Iron Range Resources & Rehabilitation. Details will be outlined in the grant agreement.**
- **Project information is subject to the Minnesota Data Practices Act, Minnesota Statute Chapter 13.**
- A progress report is required if grant period exceeds 12 months.
- A site visit may be conducted by an authorized representative of the agency.
- A final report is required before final payment including photographs of restored site, job creation/retention and matching funds.
- Demolition CANNOT BEGIN prior to execution of the grant contract.
- Upon receiving a grant award, if the grant award is over \$100,000, it must be publicly bid. The contractor is required to be licensed and insured.
- If a grant is awarded, the grantee may be required to make additional documentation available that includes: MPCA Intent to Demolition Form, utilities disconnect form, assurance of hazardous waste removal, current tax statement for property, and commitment letter for matching funds.





Housing & Redevelopment Authority

## NEWS RELEASE - For Immediate Release – June 26, 2018

Contact: Jennifer Bergman, Executive Director, 218-824-3425  
Jennifer@brainerdhra.org

### REVIVAL FOR BRAINERD HOUSING DEVELOPMENTS

Construction season is in full swing in Brainerd Oaks and Serene Pines Neighborhoods

The City of Brainerd has seen a building boom in single-family residential housing. The demand for quality new construction homes in the city has ushered in builders wanting to build. In 2017, the City of Brainerd experienced a 100% increase on building permits for new single-family homes from 15 in 2016 to 33 in 2017. And this year, the City has already issued 18 new single-family home permits and the building season just began.

The new home boom is in part due to the successful partnership between Crow Wing County Housing & Redevelopment Authority (CWC HRA) and housing developer Paxmar-Brainerd, LLC. More than a year ago, CWC HRA and Paxmar, along with community partners, gathered for a groundbreaking event to celebrate the construction of the first two homes in the Brainerd Oaks residential development.

The March 30, 2017, groundbreaking marked a significant turning point in housing opportunities for Brainerd residents. The single-family subdivision in East Brainerd was conceptualized and platted prerecession. Eighty-three of the 96 lots remained undeveloped sitting mostly idle since the Great Recession in 2008. The property went tax forfeiture that same year.

In 2011, the Crow Wing County Board asked for CWC HRA's assistance in getting Brainerd Oaks back on the tax rolls. In the spring of 2016, housing developer Paxmar-Brainerd, LLC, approached the County regarding the possible sale of the property, along with two other tax-forfeited subdivisions in the City known as Serene Pines and Dalmar Estates.

Crow Wing County conveyed all 113 lots (83 in Brainerd Oaks, 23 in Serene Pines and 7 in Dalmar Estates) to the Crow Wing County HRA. After considerable negotiation, and with the approval of the City of Brainerd, the developer and the Crow Wing County HRA executed a Master Purchase and Redevelopment Agreement in the fall of 2016.

Under the agreement, Paxmar will purchase a minimum of 10 lots annually from the CWC HRA and develop owner-occupied single-family homes on them. All 113 lots will be sold and homes constructed within a three- to nine-year period.

"Brainerd is where everyone wants to live and we are honored to finish out these new neighborhoods," said Kent Roessler of Paxmar.



Housing & Redevelopment Authority

To date, 25 lots have been purchased in Brainerd Oaks with 13 homes completed and sold and seven currently under construction. In Serene Pines, eight lots have been purchased, two homes are completed and sold, and four homes are under construction. The homes have prices ranging from \$159,900 to \$299,000.

###

Photos Attached:

Brainerd Oaks.KingCourt.jpg

Brainerd Oaks.Holton.jpg

Serene Pines.Sugarberry.jpg

Serene Pines.Sugarberry2.jpg

