

**July 11, 2019**  
**HRA Meeting**  
**Regular Meeting Agenda**  
**8:00 p.m.**

Call to order

Roll call.

Action Items

1. Approval of Expenditures
2. Approval of June 6, 2019 Meeting Minutes
3. Approval of Amendment to Sherman Agreement – Fridley Station Village

Informational Items

1. Housing Programs Update

Adjournment



City of Fridley, MN

# Check Report

By Check Number

Date Range: 06/21/2019 - 06/28/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: APBNK-HRA-APBNK-HRA</b>						
PPT: 107738	FRIDLEY HRA ICMA 401	06/28/2019	EFT	0.00	319.38	316
PPT: 307066	FRIDLEY HRA ICMA 457	06/28/2019	EFT	0.00	184.62	317
hra-623	FRIDLEY, CITY OF	06/26/2019	Regular	0.00	964.01	30327
hra-1601	PASSAU LANDCARE INC.	06/26/2019	Regular	0.00	700.00	30328
hra-220	BRAUN INTERTEC CORPORATION	06/26/2019	Regular	0.00	103,591.85	30329
HRA-2622	LANDFORM PROFESSIONAL SERVICES	06/26/2019	Regular	0.00	7,582.15	30330
HRA-2633	TERRACON CONSULTANTS	06/26/2019	Regular	0.00	3,200.00	30331

**Bank Code APBNK-HRA Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	8	5	0.00	116,038.01
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	2	2	0.00	504.00
	<b>10</b>	<b>7</b>	<b>0.00</b>	<b>116,542.01</b>

### All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	8	5	0.00	116,038.01
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	2	2	0.00	504.00
	<b>10</b>	<b>7</b>	<b>0.00</b>	<b>116,542.01</b>

### Fund Summary

Fund	Name	Period	Amount
099	Pooled Cash - HRA	6/2019	116,542.01
			<b>116,542.01</b>

**CITY OF FRIDLEY  
HOUSING AND REDEVELOPMENT AUTHORITY COMMISSION  
June 6, 2019**

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**Chairperson Holm** called the Housing and Redevelopment Authority Meeting to order at 7:00 p.m.

**MEMBERS PRESENT:** William Holm  
Dave Ostwald  
Gordon Backlund

**MEMBERS ABSENT:** Kyle Mulrooney  
Elizabeth Showalter

**OTHERS PRESENT:** Paul Bolin, HRA Assistant Executive Director  
Wally Wysopal, City Manager  
Vickie Johnson, Development Consultant

**Action Items:**

**1. Approval of Expenditures**

**MOTION** by Commissioner Backlund to approve the expenses as submitted. Seconded by Commissioner Ostwald.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY**

**2. Election of Officers**

**Paul Bolin**, HRA Assistant Executive Director, said that now is the time for the regular annual election which will serve from June of 2019 to June of 2020.

**MOTION** by Commissioner Backlund to nominate William Holm as Chair and Kyle Mulrooney as Vice Chair. Seconded by Commissioner Ostwald.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY.**

**3. Award Demolition Contract – 6431 University Avenue NE**

**Paul Bolin**, HRA Assistant Executive Director, as we typically done in the past work with asst city engineer and carry out a formal bid project. This is for old city hall and parking area. Three contractors submitted bids for the work. Frattalone Companies \$435,634, Veit \$496,483 and Bolander \$682,800. Staff recommends awarding the demolition contract to Frattalone Companies.

Staff had set a date to have the work done by July 19 but that will be delayed. There is an interesting occurrence in the sale of the old site. Mr. Dunbar and his group who currently own the site had no problem losing parking deck but now Fairview will buy those buildings to have more parking on the site. We are getting close to a solution that will work for everyone but will delay the demolition a few weeks. Staff is still recommending the Authority to approve the contract and staff will authorize work when everything is finalized.

**Commissioner Ostwald** noted that it states that the bid opened 12 pm on June 31 and it should read May 31<sup>st</sup>.

**MOTION** by Commissioner Ostwald to approve and award the demolition contract to Frattalone Companies in the amount of \$435,634. Seconded by Commissioner Backlund.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIR HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY**

#### **4. Amendment to Fridley Investments LLC Agreement – 6431 University Avenue NE**

**Paul Bolin**, HRA Assistant Executive Director, stated that this amendment memorializes changes to the contract with HRA taking over the demolition. Original contract of \$2.2M sales price, up to \$2M in demolition costs reimbursed to the developer. The Authority is taking on the demolition greatly reduced cost of the demolition and costs incurred by the developer to now be deducted from the purchase price at the time of closing. Staff recommends the Authority approve the resolution to adopt this second amendment to the development contract with Fridley Investments, LLC.

**Commissioner Backlund** asked what the new purchase price would be.

**Mr. Bolin** replied that the purchase price has always been \$2.2 but we are going to put money into the escrow that will be used for demolition.

**MOTION** by Commissioner Backlund Motion to approve the Amendment to Fridley Investments LLC Agreement – 6431 University Avenue NE. Seconded by Commissioner Ostwald.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIR HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY**

#### **5. Amendment to Lennar Agreement – Locke Park**

**Paul Bolin**, HRA Assistant Executive Director, stated that in December of 2018 a contract was signed with US Home Corporation (Lennar Homes) to build 72 townhomes. Lennar has asked for changes to development contract that further define the roles of the Authority, Lennar and Braun Incertec (consultant) in completing further environmental studies, obtaining letters of no association and entering into the MPCA's VIC program for reimbursement of study and cleanup costs. Staff recommends the Authority approve the attached resolution to adopt this amendment

to the development contract with Lennar Homes, dba US Home Corporation. A substance was found in the ground on the south side of the pond and they worked with MPCA with this small area. Concentrations are not very high, less that required for cleanup. Because of that Lennar had concerns so these changes further define the role of the Authority, Lennar and Braun Incertec to address these issues as they come up.

**Commissioner Backlund** asked what the name of the substance that was found.

**Mr. Bolin** replied that it was a chemical used in production of plastics, foam and other substances.

**Commissioner Holm** asked who would prepare the construction contingency.

**Mr. Bolin** replied Braun Incertec in conjunction with the MPCA. If anything else is encountered they would work with Braun and MPCA would figure out the solution.

**MOTION** by Commissioner Backlund to approve the Amendment to Lennar Agreement – Locke Park. Seconded by Commissioner Ostwald.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY**

**Informational Items:**

**1. Housing Program update**

**Paul Bolin**, HRA Assistant Executive Director, said that CEE closed on one revolving loan making six year to date. Remodel Advisor Visits had six for a total of eight year to date and Home Energy Squad had one visit for 14 year to date.

**Adjournment:**

**MOTION** by Commissioner Backlund to adjourn. Seconded by Commissioner Ostwald.

**UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON HOLM DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 7:35 PM.**



# HRA AGENDA ITEM

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**Date:** 7/3/2019

**To:** Wally Wysopal, Executive Director

**From:** Paul Bolin, Assistant Executive Director

**RE:** Fridley Station Village – Amendment to Development Contract

Sherman Associates have asked for minor changes to some of the dates in the development contract. Sherman is using IRS Code 1031, which allows them to defer paying capital gains taxes on the sale of an investment property, provided the sales proceeds are rolled back in to a “like-kind” property. Their property sale has been delayed by summer vacations and the 4<sup>th</sup> of July. This has caused them to push back our closing date.

The new dates are shown on the attached draft (a final copy will be provided at the HRA Meeting).

**Staff Recommendation:**

Staff recommends the Authority approve a motion to amend the dates in the development contract with Sherman Associates.

ARTICLE IV  
Construction of Minimum Improvements

**Section 4.1. Construction of Minimum Improvements.** The Redeveloper agrees that it will construct the Minimum Improvements on the Redevelopment Property in accordance with this Agreement and the approved Construction Plans and will maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, ~~in good repair and condition.~~ The Redeveloper agrees that subject to Unavoidable Delays, it shall commence construction of the Phase 1 Minimum Improvements on or before ~~January 1, 2019~~ and the Phase 2 Minimum Improvements within sixty (60) days of the Date of Closing.

**Section 4.2. Construction Plans.**

*September 3*

(a) Sixty (60) days prior to the commencement of construction of the Minimum Improvements, the Redeveloper shall submit to the Authority "Preliminary Plans," consisting of typical floor plans and sketches of the typical exterior and interior of the proposed Minimum Improvements which illustrate the size and character of the proposed improvements. The Preliminary Plans shall not be inconsistent with the Site Plans, this Agreement or any applicable state and local laws and regulations, insofar as said consistency may be determined at said preliminary stage. If approval of the Preliminary Plans is requested in writing by the Redeveloper at the time of submission thereof to the Authority, the Authority shall approve or reject (in whole or in part) such Preliminary Plans in writing within twenty (20) days after the date of receipt thereof. If no written rejection is made within said twenty (20) days, the Preliminary Plans shall be deemed approved by the Authority. Any rejection shall set forth in detail the reasons therefor. If the Authority rejects the Preliminary Plans, in whole or in part, the Redeveloper may submit new or corrected Preliminary Plans at any time after receipt by the Redeveloper of the notice of rejection. The Authority's approval of the Preliminary Plans shall not be unreasonably withheld.

(b) Prior to the Redeveloper's commencement of construction of the Minimum Improvements, the Redeveloper shall submit to the Authority the Construction Plans for the Minimum Improvements. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with this Agreement, the Preliminary Plans, and all applicable state and local laws and regulations. The Authority shall approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of the Preliminary Plans and this Agreement; (ii) the Construction Plans conform to all applicable federal, State and local laws, ordinances, rules and regulations; (iii) the Construction Plans are adequate to provide for the construction of the Minimum Improvements; (iv) the Construction Plans do not provide for expenditures in excess of the funds available to the Redeveloper for the construction of the Minimum Improvements; and (v) no Event of Default has occurred and is continuing. No approval by the Authority shall relieve the Redeveloper of the obligation to comply with the terms of this Agreement, applicable federal, State and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance



(b) Time of Conveyance. Dates of Closing for the Phase 1A, Phase 1B and Phase 2 Redevelopment Properties are as follows (Date of Closing may refer to one or all Phases as the context indicates).

(i) The Authority shall execute and deliver to the Redeveloper the Redevelopment Property Deed for the Phase 1A Redevelopment on ~~July 15~~, 2019 or earlier as agreed to by the Parties (the "Phase 1A Date of Closing").

(ii) The Authority shall execute and deliver to the Redeveloper the Redevelopment Property Deed for the Phase 1B Redevelopment on ~~July 15~~, 2019 or earlier as agreed to by the Parties (the "Phase 1B Date of Closing").

(iii) The Authority shall execute and deliver to the Redeveloper the Redevelopment Property Deed for the Phase 2 Redevelopment Property after both Phase 1A and Phase 1B closings and upon the closing of the Development Loan (as defined in Section 7.8) and the award of Housing Tax Credits by the Minnesota Housing Finance Agency or on such later date as the Authority and the Redeveloper shall mutually agree in writing, but not later than ~~August 31, 2019~~ (the "Phase 2 Date of Closing").

The Redeveloper shall take possession of the Redevelopment Property on the Date of Closing. The Authority will also execute any other documents reasonably required by the Commitment.

(c) Price and Payment. The Authority agrees to sell and the Redeveloper agrees to purchase a Phase of the Redevelopment Property for its Purchase Price.

(i) The Purchase Price for the Phase 1A Redevelopment Property and the Phase 1B Redevelopment Property shall be \$500,000 for each Phase.

(ii) The Purchase Price for the Phase 2 Redevelopment Property shall be \$400,000, payable by the Redeveloper executing the Purchase Price Note secured by a mortgage, or other form of security acceptable to the Authority.

Unless otherwise mutually agreed by the Authority and the Redeveloper, the execution and delivery of all documents and the payment of the Purchase Price shall be made at the principal offices of the Authority. The Purchase Price to be paid by the Redeveloper for the conveyance of the Redevelopment Property from the Authority to the Redeveloper shall occur on the Date of Closing and be paid in immediately available U.S. funds. The Redevelopment Property Deed shall be in recordable form and shall be promptly recorded, along with the Declaration. The Redeveloper shall pay all costs for such recording.

ARTICLE VIII  
Additional Provisions

**Section 8.1. Conflict of Interest; Authority Representatives Not Individually Liable.** No member, official, or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the Authority shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to the Redeveloper or successor or on any obligations under the terms of this Agreement, except in the case of willful misconduct.

**Section 8.2. Equal Employment Opportunity.** The Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement that it will comply with all applicable equal employment opportunity and non-discrimination laws, ordinances and regulations.

**Section 8.3. Prevailing Wage.** For the construction of the Minimum Improvements the Redeveloper will pay wages in accordance with the prevailing wage rate as that term is defined in Minnesota Statutes, Section 177.42, Subdivision 6 and in the City Resolution No. 25-2090. The City's Public Works Department shall be responsible for monitoring Redeveloper's compliance with this requirement.

**Section 8.4. Option.** On or within sixty (60) days following the Phase 1 Date of Closing, the Redeveloper shall notify the Authority of the Redeveloper's intent to purchase the Phase 2 Redevelopment Property (the "Option") to construct the Phase 2 Minimum Improvements. If the Redeveloper does not exercise the Option within the sixty (60) days noted above, then the Option shall be deemed null and void. The Phase 2 closing shall occur within thirty (30) days after notice of the exercise of the Option has been delivered to the Authority.

**Section 8.5. Provisions Not Merged With Deed.** None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Redevelopment Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

**Section 8.6. Titles of Articles and Sections.** Any titles of the several parts, articles, and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

**Section 8.7. Notices and Demands.** Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, transmitted by facsimile, delivered by a recognized overnight courier or delivered personally; and

**Fridley HRA  
Housing Program Summary  
Cover Page  
July 11, 2019 HRA Meeting**

**Report**

Loan Summary Report

**Description**

Loan application activity (e.g. mailed out, in process, closed loans) for year-to-date.

Also shows the number of field appointments scheduled and completed for the Remodeling Advisor Services administered by Center for Energy and Environment.

# Fridley Loan Summary Report

## Activity for Period 5/16/2019 - 6/15/2019



Application packets requested/mailed:	This period:	6	Year-to-Date:	9
Residential Advisor Visits:	This period:	4	Year-to-Date:	12
Loans currently in process for residents in your City/Neighborhood:	16			

Closed Loans	This period:	Units	Year-to-Date:	Units
<b>Fridley</b>		0		0
Closed End	0.00	0	82,310.70	3
Last Resort	0.00	0	0.00	0
Last Resort Emergency Deferred	0.00	0	0.00	0
Mobile Home Closed End		0		0
Senior Deferred	48,146.15	2	98,688.95	5
<b>Total</b>	48,146.15	2	180,999.65	8

Leveraged Funds	This period:	Units	Year-to-Date:	Units
<b>MHFA FUF</b>	41,731.00	1	41,731.00	1
<b>Total</b>	41,731.00	1	41,731.00	1

Types of Improvements Financed YTD	# of Projects	% of Total
Bathrooms	1	5.00
Driveways	1	5.00
Electrical	2	10.00
Fence	1	5.00
Flooring/Carpet/Tile	2	10.00
Foundations/Basement	1	5.00
Garage	1	5.00
Landscaping	1	5.00
Other Exterior Improvements	7	35.00
Other Interior Improvements	1	5.00
Windows, Doors, Storm Windows, Storr	2	10.00

Types of Properties Financed YTD	#	% of Total
<b>Single Family Residence</b>	9	100.00