

June 6, 2019
HRA Meeting
Regular Meeting Agenda
7:00 p.m.

Call to order

Roll call.

Action Items

1. Approval of Expenditures
2. Annual Election of Officers
3. Award Demolition Contract – 6431 University Ave. NE
4. Amendment to Fridley Investments LLC Agreement – 6431 University Ave. NE
5. Amendment to Lennar Agreement – Locke Park

Informational Items

1. Housing Program Update

Adjournment



City of Fridley, MN

Check Report

By Check Number

Date Range: 05/18/2019 - 05/31/2019

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-HRA-APBNK-HRA						
PPT: 107738	FRIDLEY HRA ICMA 401	05/31/2019	EFT	0.00	319.38	312
PPT: 307066	FRIDLEY HRA ICMA 457	05/31/2019	EFT	0.00	184.62	313
hra-1601	PASSAU LANDCARE INC.	05/30/2019	Regular	0.00	700.00	30310
hra-220	BRAUN INTERTEC CORPORATION	05/30/2019	Regular	0.00	258.50	30311
HRA-2622	LANDFORM PROFESSIONAL SERVICES	05/30/2019	Regular	0.00	1,952.50	30312
HRA-2627	WENCK ASSOCIATES INC	05/30/2019	Regular	0.00	1,497.20	30313
HRA-2635	BOLTON & MENK	05/30/2019	Regular	0.00	1,560.00	30314
hra-505	EHLERS & ASSOCIATES, INC	05/30/2019	Regular	0.00	122.50	30315
hra-612	FINANCE AND COMMERCE	05/30/2019	Regular	0.00	149.20	30316

Bank Code APBNK-HRA Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	8	7	0.00	6,239.90
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
	10	9	0.00	6,743.90

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	8	7	0.00	6,239.90
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
	10	9	0.00	6,743.90

Fund Summary

Fund	Name	Period	Amount
099	Pooled Cash - HRA	5/2019	6,743.90
			6,743.90



HRA AGENDA ITEM

Date: 5/31/2019

To: Wally Wysopal, Executive Director

From: Paul Bolin, Assistant Executive Director

RE: Annual Election of Officers

Article V, Section 3 of the Authority's by-laws requires the Board of Commissioners to annually elect a Chair and Vice Chair. The election is typically held in June, but due to losing both the Chair and Vice Chair, a special election was held in February. The by-laws require that the regular, annual election still take place. Below is a list of the commissioners and the length of their current appointments.

<u>Commissioner</u>	<u>End of Term</u>
Elizabeth Showalter	June 2023
Bill Holm	June 2022
Gordon Backlund	June 2021
Dave Ostwald	June 2020
Kyle Mulrooney	June 2024

Recommendation

Staff recommends that the Authority elect a Chair and Vice Chair, as required by the Authority's by-laws, to serve through June 2020.

HRA AGENDA ITEM



Date: 5/31/2019

To: Wally Wysopal, Executive Director

From: Paul Bolin, Assistant Executive Director

RE: Old City Hall – Awarding of Demolition Bid

Staff worked with the City's Public Works Department to carry out the formal bidding process for the demolition of the former City Hall and parking deck located at 6431 University Avenue NE.

A notice to solicit interested contractors was placed in both Finance & Commerce and the City's Website. The bid opening was held at 12:00 PM on June 31st. A total of X contractors submitted bids for the work. Bid amounts ranged from \$435,634 up to \$682,800, with the lowest bid being submitted by Frattalone Companies. We are currently planning to have the demolition work completed by July 19th.

Recommendation:

Staff recommends the Authority award the demolition contract to Frattalone Companies.

HRA AGENDA ITEM



Date: 5/31/2019

To: Wally Wysopal, Executive Director

From: Paul Bolin, Assistant Executive Director

RE: Old City Hall – 2nd Amendment to Development Contract

With the HRA taking on the responsibility for the majority of the demolition of the old City Hall site, an amendment to the contract is necessary to memorialize changes agreed to since the original contract was signed.

The original contract called for the \$2M of the purchase price being put in escrow and made available to reimburse the developer for demolition related expenses. With the Authority taking on the demolition, the developers demolition related expenses are much, much less and will now be deducted from the price at the time of closing.

Staff Recommendation:

Staff recommends the Authority approve the attached resolution to adopt this Second Amendment to the development contract with Fridley Investments, LLC.

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE
CITY OF FRIDLEY
COUNTY OF ANOKA
STATE OF MINNESOTA**

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING EXECUTION AND DELIVERY OF A SECOND
AMENDMENT TO THE CONTRACT FOR PRIVATE REDEVELOPMENT BY AND
BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR
THE CITY OF FRIDLEY MINNESOTA AND FRIDLEY INVESTMENTS LLC**

BE IT RESOLVED by the Board of Commissioners (the "Board") of the housing and Redevelopment Authority in and for the City of Fridley Minnesota (the "Authority") as follows:

Section 1. Recitals.

1.01. It has been proposed that the Authority enter into a Second Amendment to the Contract for Private Redevelopment (the "Second Amendment") with Fridley Investments LLC, a Minnesota limited liability company (the "Redeveloper").

Section 2. Findings.

2.01. The Board hereby finds that the Second Amendment promotes the objectives as outlined in its Development Program established pursuant to Minnesota Statutes, Section 469.001 *et seq.*

2.02. The Board hereby finds that it has approved and executed a Contract for Private Redevelopment between the Authority and the Redeveloper dated as of January 3, 2019 and a First Amendment to that Contract dated as of April 4, 2019.

Section 3. Authorizations.

3.01. The President and the Executive Director (the "Officers") are hereby authorized to execute and deliver the Second Amendment to the Contract when the following condition is met:

Substantial conformance of a Second Amendment to the Second Amendment presented to the Authority as of this date with such additions and modifications as the Officers may deem desirable or necessary as evidenced by the execution thereof.

Adopted by the Board of the Authority this _____ day of _____, 2019.

Chairman

ATTEST:

Executive Director

4813-7497-7175, v. 1

DRAFT: May 14, 2019

SECOND AMENDMENT

TO THE

CONTRACT

FOR

PRIVATE REDEVELOPMENT

By and Between the

HOUSING AND REDEVELOPMENT AUTHORITY

In and For

THE CITY OF FRIDLEY, MINNESOTA

And

FRIDLEY INVESTMENTS LLC

This document was drafted by:

**James Casserly, Esq.
Vickie Loher-Johnson, Esq.
Monroe Moxness Berg PA
7760 France Ave South, Suite 700
Minneapolis, Minnesota 55435
952-885-1296**

**SECOND AMENDMENT
TO THE
CONTRACT FOR PRIVATE REDEVELOPMENT**

THIS SECOND AMENDMENT is made on or as of this _____ day of June, 2019, by and between the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota (the "Authority") and Fridley Investments LLC, a Minnesota limited liability company (the "Redeveloper").

WITNESSETH:

WHEREAS, the Authority and the Redeveloper entered into a Contract for Private Redevelopment dated as of January 3, 2019 and a First Amendment to the Contract for Private Redevelopment dated as of April 4, 2019 (the "First Amendment") (collectively the "Contract") (Capitalized terms not defined in this Agreement are defined in the Contract); and

WHEREAS, the Redeveloper is performing all of its obligations in accordance with the Contract; and

WHEREAS, the Authority is performing its obligations in accordance with the Contract; and

WHEREAS, the Authority and Redeveloper desire to amend the Contract to further the purposes set forth therein;

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, the parties hereby agree as follows:

Section 1. Purchase Price. The definition of Purchase Price in Section 1.1 of the Contract is deleted and the following substituted in its place:

"Purchase Price" means \$2,200,000. The Reimbursable Expenses shall be deducted from the Purchase Price at Closing.

Section 2. Reimbursable Expenses. The definition of Reimbursable Expenses in Section 1.1 of the Contract is deleted and the following substituted in its place:

"Reimbursable Expenses" means those expenses approved by the Authority and incurred by the Redeveloper as a result of analyzing the demolition of the building and parking ramp on the Redevelopment Property.

Section 3. Conditions Precedent to Conveyance. Section 3.3(b) of the Contract is amended by adding a new condition:

(XI) The building and parking ramp have been demolished in accordance with the plans prepared for the Former City Hall Demolition Project dated May 9, 2019; and the site has been graded to allow drainage and erosion control provided to protect utilities.

Section 4. Deletion. Section 4.1 of the Contract is deleted.

Section 5. Schedule D. Schedule D of the Contract is deleted.

Section 6. Agreement Supersedes Contract. The terms and conditions contained in this Second Amendment shall supersede any conflicting provisions contained in the Contract.

IN WITNESS WHEREOF, the Authority has caused this Second Amendment to the Contract for Private Redevelopment to be duly executed in its name and behalf and the Redeveloper has executed this Second Amendment to Contract for Private Redevelopment on or as of the date first above written.

[Signature Pages Follow]



HRA AGENDA ITEM

Date: 5/31/2019

To: Wally Wysopal, Executive Director

From: Paul Bolin, Assistant Executive Director

RE: Lennar Townhome Project – Locke Park – Amendment to Development Contract

In December of 2018, the Authority signed a development agreement with U.S. Home Corporation (Lennar Homes) to develop 72 townhome units adjacent to the new City Hall and Public Works buildings. As we continued to investigate environmental conditions on the site, there were some per and polyflouroalkyl substances found in an area south of the new pond. Braun did further investigation and it was determined that the detected concentrations are below MPCA soil cleanup standards.

Lennar Homes has asked for changes to the development contract that further define the roles of the Authority, Lennar and Braun Inctertec (consultant) in completing further studies, obtaining letters of no association and entering in to the MPCA's VIC program for reimbursement of study and cleanup costs. The attached amendment clarifies the roles and responsibilities.

Staff Recommendation:

Staff recommends the Authority approve the attached resolution to adopt this Amendment to the development contract with Lennar Homes, dba U.S. Home Corporation.

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE
CITY OF FRIDLEY
COUNTY OF ANOKA
STATE OF MINNESOTA**

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING EXECUTION AND DELIVERY OF A FIRST
AMENDMENT TO THE CONTRACT FOR PRIVATE REDEVELOPMENT BY AND
BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR
THE CITY OF FRIDLEY MINNESOTA AND U.S. HOME CORPORATION**

BE IT RESOLVED by the Board of Commissioners (the "Board") of the housing and Redevelopment Authority in and for the City of Fridley Minnesota (the "Authority") as follows:

Section 1. Recitals.

1.01. It has been proposed that the Authority enter into a First Amendment to the Contract for Private Redevelopment (the "First Amendment") with U.S. Home Corporation, a Delaware corporation (the "Redeveloper").

Section 2. Findings.

2.01. The Board hereby finds that the First Amendment promotes the objectives as outlined in its Development Program established pursuant to Minnesota Statutes, Section 469.001 *et seq.*

2.02. The Board hereby finds that it has approved and executed a Contract for Private Redevelopment between the Authority and the Redeveloper dated as of December 12, 2018.

Section 3. Authorizations.

3.01. The President and the Executive Director (the "Officers") are hereby authorized to execute and deliver the First Amendment to the Contract when the following condition is met:

Substantial conformance of a First Amendment to the First Amendment presented to the Authority as of this date with such additions and modifications as the Officers may deem desirable or necessary as evidenced by the execution thereof.

Adopted by the Board of the Authority this _____ day of _____, 2019.

Chairman

ATTEST:

Executive Director

4821-1632-0407, v. 1

FIRST AMENDMENT TO CONTRACT FOR PRIVATE REDEVELOPMENT

This First Amendment to Contract for Private Redevelopment (this “**Amendment**”) is made as of the Effective Date (defined herein), by and between the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a political subdivision of the State of Minnesota (“**Authority**”), and U.S. Home Corporation, a Delaware corporation (“**Redeveloper**”).

RECITALS:

A. Authority and Redeveloper entered into that certain Contract for Private Redevelopment effective December 17, 2018 (together with any prior amendments, collectively the “**Agreement**”), whereby Authority was to sell, and Redeveloper was to purchase, the Redevelopment Property (as defined in the Agreement).

B. Authority is in the process of conducting voluntary environmental cleanup of the Redevelopment Property under the oversight by the Minnesota Pollution Control Authority (the “**MPCA**”), which has resulted in a change in the Closing Date for Phase 1.

C. Authority and Redeveloper have agreed to amend the Agreement according to the terms and conditions of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Redeveloper and Authority agree as follows:

1. Recitals / Defined Terms. The foregoing recitals are true and correct and incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

2. Environmental Obligations. Authority shall undertake, complete and incur the costs for the following obligations with respect to the Redevelopment Property:

Phase 1:

The Authority has retained Braun Intertec (“**Braun**”) who has completed several environmental investigations within Phase 1. These investigations have identified residual concentrations of Per- and polyfluoroalkyl substances (PFAS) within a portion of Phase 1. According to Braun, the detected concentrations are well below the current MPCA soil cleanup standards.

In regard to the identified environmental conditions at Phase 1, the Authority has retained Braun to perform the following:

- 1) Follow up on the investigation report submitted to the MPCA to request a no further action in regard to the residual PFAS impacts. A no further action letter from the MPCA is anticipated within 30 business days of request for same.

- 2) Enter the City of Fridley, Authority and Lennar into the VIC program for Phase 1 in order to request assurance letters for the City, Authority and Lennar. This will occur early on or about May 17, 2019, then it will require approximately 30 business days or so from the date of application to get the requested assurance letters.
- 3) Prepare and submit a construction contingency plan (CCP) for Phase 1 to have an MPCA approved plan in place in case unanticipated environmental impacts are encountered during the planned development. This will occur on or before May 20, 2019, then it will require approximately 30 business days to get requested approval of the CCP.
- 4) Implement and complete required remediation and cleanup for any environmental impacts encountered on the Phase 1 property to residential standards.
- 5) Deliver a Reliance Letter from Braun to Redeveloper with respect to the Additional Investigation Report dated May 3, 2019 (the “**Additional Report**”) whereby Braun agrees that Redeveloper may rely on the Additional Report as if the Additional Report was prepared for Redeveloper under the terms of the existing environmental consulting agreement between Braun and Lennar Corporation.

Phase 2:

Several environmental investigations have been completed within Phase 2 (the “**Phase 2 ESA**”). According to Braun, there are residual petroleum impacts from a former underground tank basin within Phase 2. Therefore, Phase 2 ESA will require additional steps.

For Phase 2, the Authority has retained Braun to perform the following in regard to the identified environmental conditions:

- 1) Braun previously completed an initial soil vapor investigation within Phase 2 ESA; however, additional soil vapor delineation is required in support for the planned residential development and this will be completed in May/June 2019.
- 2) The results of this vapor investigation will be included in a response action plan (RAP) for Phase 2 of the development.
- 3) Enter the City of Fridley, the Authority and Lennar into the VIC program for Phase 2 in order to request assurance letters for the City, the Authority and Lennar on or about May 17, 2019. The initial relevant petroleum assurance letters are normally received within 30 business days or so from the date of application.
- 4) Prepare and submit an RAP for Phase 2 and submit this to the MPCA for approval. The RAP will be created after the additional soil vapor investigation. The RAP will be submitted this summer with approval anticipated by late summer.

- 5) Once the RAP is implemented, an RAP implementation report will be prepared for submittal and approval from the MPCA. RAP Implementation approval and final assurance letters are anticipated within 30 to 45 business days after submittal.
- 6) Implement and complete required remediation and cleanup for any environmental impacts encountered on the Phase 2 property to residential standards with due diligence within 12 months following the Phase 1 Closing.
- 7) Deliver a Reliance Letter from Braun to Redeveloper with respect to any Phase 2 ESAs whereby Braun agrees that Redeveloper may rely on the Phase 2 ESAs as if the Phase 2 ESAs were prepared for Redeveloper under the terms of the existing environmental consulting agreement between Braun and Lennar Corporation.

3. Redeveloper Condition. The obligations of Redeveloper to perform under the Agreement are contingent upon Authority having completed Authority's obligations in Section 2 of this Amendment to Redeveloper's reasonable satisfaction.

4. Closing Date for Phase 1. The language for the Phase 1 Closing in the third paragraph of Section 3.1(d) of the Contract is deleted and following is substituted:

Unless a different time is agreed to by the parties in writing, the Closing for Phase 1 shall occur on the later of (i) 10 days following final plat approval or (ii) 10 days following the receipt of the assurance letters described above which include a no further action letter, a no association letter and a CCP.

5. Change of Title Company. The designation of Title Company under the Agreement is amended to delete North American Title Company and insert Calatlantic National Title Solutions, LLC ("CAT") in lieu thereof. Notice to CAT, as Title Company under the Agreement, shall be addressed as follows:

CalAtlantic National Title Solutions, LLC
5001 W. American Blvd., Suite 300
Bloomington, MN 55437

With Copy to: CalAtlantic National Title Solutions, LLC
7035 Albert Einstein Drive, Suite 200A
Columbia, MD 21046
Telephone: 260-271-9144
Attention: Mark Leszczynski
Email: mark.leszczynski@calatl.com

6. Effective Date. The Effective Date shall be the date on which the last of all required signatures to this Amendment has been affixed hereto.

7. Entire Agreement. This Amendment contains the entire agreement between the Parties relating to the amendment of the Agreement. This Amendment may only be altered, supplemented, modified, or amended in writing signed by both Parties.

8. Ratification. Except as set forth in this Amendment, the Agreement shall remain in full force and effect. In the event that any of the terms, conditions, and provisions of this Amendment conflict with any of the terms, conditions, and provisions of the Agreement, then the terms, conditions, and provisions of this Amendment shall control.

9. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Scanned signatures delivered by electronic mail in a pdf file shall be effective for purposes of this Amendment.

10. Further Assurances. Each party shall perform such other acts, and shall execute, acknowledge and deliver such other instruments, documents and other materials as the other parties hereto may reasonably request in order to effectuate the transactions contemplated by this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, Authority and Redeveloper have entered into this Amendment as of the Effective Date.

AUTHORITY:

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
FRIDLEY, MINNESOTA

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

REDEVELOPER:

U.S. HOME CORPORATION

By: _____
Name: Jonathan A. Aune
Title: Vice President, MN Land Division
Date: _____

By: _____
Name: Philip Wolf
Title: Vice President – Region Counsel
Date: _____

**Fridley HRA
Housing Program Summary
Cover Page
June 6, 2019 HRA Meeting**

Report

Description

Loan Summary Report

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.

Home Energy Squad

E-mail detailing recent activity and year to date.

Fridley Loan Summary Report

Activity for Period 4/16/2019 - 5/15/2019



Application packets requested/mailed:	This period:	1	Year-to-Date:	3
Residential Advisor Visits:	This period:	6	Year-to-Date:	8
Loans currently in process for residents in your City/Neighborhood:	12			

Closed Loans	This period:	Units	Year-to-Date:	Units
Fridley		0		0
Closed End	42,097.13	1	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	0.00	0	50,542.80	3
Total	42,097.13	1	132,853.50	6

Leveraged Funds	This period:	Units	Year-to-Date:	Units
		0		0
Total		0		0

Types of Improvements Financed YTD	# of Projects	% of Total
Bathrooms	1	7.69
Driveways	1	7.69
Electrical	1	7.69
Fence	1	7.69
Flooring/Carpet/Tile	2	15.38
Garage	1	7.69
Other Exterior Improvements	4	30.77
Other Interior Improvements	1	7.69
Windows, Doors, Storm Windows, Storr	1	7.69

Types of Properties Financed YTD	#	% of Total
Single Family Residence	6	100.00