

**March 5, 2020
HRA Meeting
Regular Meeting Agenda
8:30 p.m.**

Call to order

Roll call.

Action Items

1. Approval of Expenditures
2. Approval of January 2, 2020 Meeting Minutes
3. Approval of Extension to Development Agreement – Old City Hall

Informational Items

1. Northtown Rail Yard Overpass Update
2. Housing Program Update

Adjournment



City of Fridley, MN

Check Report

By Check Number

Date Range: 01/27/2020 - 01/31/2020

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-HRA-APBNK-HRA						
hra-1113	MONROE MOXNESS BERG PA	01/30/2020	Regular	0.00	16,200.00	30449
HRA-2635	BOLTON & MENK	01/30/2020	Regular	0.00	588.00	30450
HRA-2653	NORTH STATE ADVISERS & ASSOCIATES	01/30/2020	Regular	0.00	3,000.00	30451
hra-623	FRIDLEY, CITY OF	01/30/2020	Regular	0.00	66,770.90	30452
hra-630	FRATTALONE COMPANIES, INC.	01/30/2020	Regular	0.00	22,554.24	30453

Bank Code APBNK-HRA Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	5	5	0.00	109,113.14
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	0	0	0.00	0.00
	5	5	0.00	109,113.14

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	5	5	0.00	109,113.14
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	0	0	0.00	0.00
	5	5	0.00	109,113.14

Fund Summary

Fund	Name	Period	Amount
099	Pooled Cash - HRA	1/2020	109,113.14
			109,113.14

**CITY OF FRIDLEY
HOUSING AND REDEVELOPMENT AUTHORITY COMMISSION
January 2, 2020**

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

MEMBERS PRESENT: Elizabeth Showalter
Gordon Backlund
Kyle Mulrooney
Rachel Schwankl

MEMBERS ABSENT: William Holm

OTHERS PRESENT: Paul Bolin, HRA Assistant Executive Director
Dan Tietner, Finance Director
Jim Casserly, Development Consultant

Action Items:

1. Approval of Expenditures.

MOTION by Commissioner Showalter to approve the expenses as submitted. Seconded by Commissioner Schwankl.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIR PRO TEM MULROONEY DECLARED THE MOTION CARRIED UNANIMOUSLY

2. Approval of December 5, 2019 Meeting Minutes.

Commissioner Backlund asked for David Ostwald to be removed from the attendance on page one.

MOTION by Commissioner Backlund to approve the minutes as amended. Seconded by Commissioner Schwankl.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIR PRO TEM MULROONEY DECLARED THE MINUTES APPROVED.

3. Approval of Resolution Designating Official Depositories.

Commissioner Backlund noted on the signature of authority page it should read two of three individuals.

Paul Bolin, HRA Assistant Executive Director, said he would have that changed in the resolution.

Commissioner Schwankl noted that William's name is spelled incorrectly in the signature block.

MOTION by Commissioner Showalter to approve the Resolution Designating Official Depositories with the amendments discussed. Seconded by Commissioner Schwankl.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIR PRO TEM MULROONEY DECLARED THE MOTION CARRIED UNANIMOUSLY.

4. Approval of Resolution Designating Official Newspaper.

Paul Bolin, HRA Assistant Executive Director, stated that the Minneapolis Star Tribune would be the secondary official newspaper if there is a notice that needed to meet a specific deadline, but the Blaine/Spring Lake Park/Columbia Heights/Fridley Live, formerly Fridley Focus, would be the official legal newspaper.

MOTION by Commissioner Backlund to approve the Resolution Designating Official Newspaper. Seconded by Commissioner Showalter.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIR PRO TEM MULROONEY DECLARED THE MOTION CARRIED UNANIMOUSLY.

5. Approval of Terms Sheet Pre-Development Agreement – Roers.

Paul Bolin, HRA Assistant Executive Director, stated that Shane LaFave of the Roers Companies, a development group specializing in housing and mixed-use projects, to discuss the potential for Authority assistance in redeveloping 6530 University Avenue. Roers Companies would like to purchase, demolish and replace this property with 220 units of rental housing and potentially limited retail space. Roers Companies is in the due diligence phase of purchasing the property from the current owner. In order to complete the project, they will require assistance and are seeking a preliminary agreement on terms from the Authority. The term sheet was drafted by Attorney Casserly & Johnson and reviewed by staff and Roers. Staff recommends the Authority approve the preliminary terms sheet. The agreement will provide Roers the confidence they need to move forward with the project.

Commissioner Mulrooney asked what the next steps would be.

Shane LaFave, Roers Companies, replied that an offer will be made to the seller and they will work together with staff to develop something the HRA would desire to have on that site. Construction may start sometime this summer with a 14-16 month construction period.

Commissioner Showalter asked if low rent would be considered.

Mr. LaFave replied that this project is not designed for high renters, they are trying to hit middle range renters.

Commissioner Showalter asked if something could be memorialized in the terms about the rent. The shopping center currently has high traffic and serves a variety of people, including low income individuals. She is uneasy about using city money to replace the area with something that would not serve the same people who use the area today.

Mr. LaFave replied that he is comfortable putting in something about 80% of market rents. They want to offer affordable housing but not to have tenants go through all the income qualifications.

Commissioner Mulrooney asked about the retail/commercial presence, if it would be on the lower level or where would it be.

Mr. LaFave replied that the first floor would have retail and the retail would be visible from the intersection.

Commissioner Backlund asked if any of the area would be tax exempt.

Jim Casserly, Development Consultant, replied that the property cannot become tax exempt. The property is redeveloped to generate taxes so for 26 years it cannot be tax exempt.

Commissioner Schwankl asked if \$650,000 is the maximum needed or if he anticipated a larger gap. Also, would the loan be guaranteed personally?

Mr. LaFave replied that the amount of the loan depends on construction prices. This request was made on where we think the construction price will be. Yes, the loan is guaranteed personally but they don't know who the lender will be yet.

Mr. Casserly added that this is just evolving over the last few weeks. He asked what a reasonable period of time was needed to determine feasibility. 120 days or 180 days?

Mr. LaFave replied 150 days.

Mr. Casserly stated that this is just approval of the term sheet. He will add 150 days to enter into a feasibility and redevelopment plan.

MOTION by Commissioner Backlund to approve the Terms Sheet Pre-Development Agreement – Roers. Seconded by Commissioner Schwankl.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIR PRO TEM MULROONEY DECLARED THE MOTION CARRIED UNANIMOUSLY.

6. Approval of Loan Servicing Agreement CEE.

Paul Bolin, HRA Assistant Executive Director, stated that since 1996 the HRA has contracted the servicing of its loan portfolio to the Community Reinvestment Fund (CRF). Over the past few years, the quality of service they provide has been declining. This resulted in several cities, and the Center for Energy & Environment (CEE), looking for alternative groups to service their loan

portfolios. CEE is a non-profit agency responsible for administering the HRA's housing rehabilitation programs. The Authority has contracted with CEE since 1996 to oversee the housing programs. Partnering with CEE, allows the HRA to outsource most of the administrative functions, including program marketing, loan processing, underwriting, loan closing, and disbursements to the contractors.

Mr. Bolin said that CEE is able to provide technical assistance to Fridley homeowners on such topics as remodeling, energy conservation, indoor air quality and related subjects. The partnership with CEE allows the Authority to leverage outside dollars and customize loan packages to meet individual homeowners' circumstances. CEE has a large loan portfolio of their own and for years had CRF servicing their portfolio. Due to the decline in the quality of the servicing, CEE decided to begin servicing their own loans and offering the service to cities that have existing relationships with CEE. There are efficiencies in having our loans underwritten, issued and serviced by the same group. The charges for the servicing are the same or less than what we have been paying CRF. Over the next several months, we will move our existing portfolio from CRF to CEE. Staff recommends that the Authority approve the loan servicing contract with CEE to begin loans issued after January 2, 2020.

MOTION by Commissioner Showalter to approve the Loan Servicing Agreement CEE. Seconded by Commissioner Backlund.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIR PRO TEM MULROONEY DECLARED THE MOTION CARRIED UNANIMOUSLY.

7. 5th Amendment to the Development Agreement with Sherman and Associates.

Paul Bolin, HRA Assistant Executive Director, stated that Sherman Associates is building the apartments by the rail station. The third building is proposed on the site and they are seeking bonding through federal funds. They have applied for funding previously and each time they keep moving up in funding priority. The State has made changes to the funding, last time everyone got small amounts of funding that was not very helpful but now they are giving out larger amounts. They have submitted an application today and should hear back by January 15 if they get the funding. If they are not successful with funding, these projects would get priority for the next round of funding in August. Staff is recommending extending the date to August 31, 2020 to give them an opportunity to apply for the next two rounds of funding.

MOTION by Commissioner Schwankl to approve the 5th Amendment to the Development Agreement with Sherman and Associates. Seconded by Commissioner Showalter.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIR PRO TEM MULROONEY DECLARED THE MOTION CARRIED UNANIMOUSLY.

Informational Items:

1. Housing Programs Update

Paul Bolin, HRA Assistant Executive Director, reported that the Loan Program ended with 24 loans this year which is the most loans since 2004. The increase in loans this past year is mainly from the senior deferred loan program. Remodel Advisor Visits had 17 visits compared to anywhere between 3-11 visits over the previous five years. Home Energy Squad had 59 in 2019 which is up from 50 in 2018 and 55 in 2017. People continue to have interest in that program.

Adjournment:

MOTION by Commissioner Backlund to adjourn. Seconded by Commissioner Schwankl.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIR PRO TEM MULROONEY DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 7:40

HRA AGENDA ITEM



Date: 2/28/2020

To: Wally Wysopal, Executive Director

From: Paul Bolin, Assistant Executive Director

RE: Old City Hall – 6th Amendment to Development Contract

Due to additional title issues and minor environmental issues, resulting from the Columbia Partners Group selling their property to Fairview, we have not yet been able to close on the old City Hall site. Coupled with slow response times from the Minnesota Pollution Control Agency (MPCA) on assurance letters, needed to close, we are seeking a sixth amendment to the development contract extending the closing date to July 1, 2020.

There have been a few minor title issues, raised by Fairview's title company. The issues raised have been addressed by our title company.

Environmental work done by Fairview revealed some low levels of dry cleaner solvents on land owned by Fairview. As a result of these tests, the MPCA has asked that we perform additional testing on our site to identify the extent of the problem. The testing is underway, but it will likely be late April before we have the assurance letters from the MPCA needed to close. Additionally, we are still waiting for assurance letters for the environmental work completed last fall.

The developer is committed to this project and already has \$700,000 invested into development expenses. Funding is in place and Amcon Construction is ready to start building as soon as the property closes. We are working towards a May closing date but built in additional time for any other issues that may arise.

Staff Recommendation:

Staff recommends the Authority approve the attached resolution to adopt this Sixth 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. 2020 - 03

**A RESOLUTION AUTHORIZING EXECUTION AND DELIVERY OF A SIXTH
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 Sixth Amendment to the Contract for Private Redevelopment (the "Sixth Amendment") with Fridley Investments LLC, a Minnesota limited liability company (the "Redeveloper").

Section 2. Findings.

2.01. The Board hereby finds that the Sixth 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, a First Amendment to that Contract dated as of April 4, 2019, a Second Amendment to that Contract dated as of June 6, 2019, a Third Amendment to that Contract dated as of June 10, 2019, a Fourth Amendment to that Contract dated as of August 1, 2019, and a Fifth Amendment to that Contract dated as of December 5, 2019.

Section 3. Authorizations.

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

Substantial conformance of a Sixth Amendment to the Sixth 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 _____, 2020.

Chairman

ATTEST:

Executive Director

4816-6128-8622, v. 1

Execution: March 5, 2020

SIXTH 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.
Monroe Moxness Berg PA
7760 France Ave South, Suite 700
Minneapolis, Minnesota 55435
952-885-1296**

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

THIS SIXTH AMENDMENT is made on or as of this 5th day of March, 2020, 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, a First Amendment to the Contract dated as of April 4, 2019, a Second Amendment to the Contract dated as of June 6, 2019, a Third Amendment to the Contract dated as of June 10, 2019, a Fourth Amendment to Contract dated as of August 1, 2019, and a Fifth Amendment to the Contract dated as of December 5, 2019 (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. Closing Date. The Closing Date of March 1, 2020 in Section 1 of the Fifth Amendment is hereby changed to July 1, 2020.

Section 2. Agreement Supersedes Contract. The terms and conditions contained in this Sixth Amendment shall supersede any conflicting provisions contained in the Contract.

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

[Signature Pages Follow]

HRA AGENDA ITEM



Date: 2/28/2020

To: Wally Wysopal, Executive Director

From: Paul Bolin, Assistant Executive Director
Jon Lennander, Asst. City Engineer

RE: Informational Update: Northtown Rail Yard Overpass Project (57th Ave. Bridge)

The 2008 legislative sessions gave the City of Fridley the ability to create a Transit TIF District and to pool tax increment from 3 existing districts, 11, 12 and 13, to pay for public improvements in and around the Northstar Station Area. In 2018, TIF District 11 expired, TIF District 12 expired at the end of 2019 and TIF District 13 will expire in 2023. The Authority adopted a resolution in 2019 authorizing the use of remaining funds to assist with the efforts to bridge the BNSF RR tracks at 57th Avenue.

As the City continues to work on a bridge over the BNSF RR tracks, connecting Main Street to East River Road at 57th Avenue, there are substantial costs for right of way acquisition, engineering & design work, as well as preliminary street and utility work that will be needed to move the project forward. The City is actively seeking \$3M in bonding to assist with a portion of the engineering and design work. The total estimated cost for the 57th Avenue Bridge is \$25,000,000. This cost includes construction of the substructure, superstructure, approach walls and road, together with design, right-of-way acquisition, due diligence and entitlements.

History

In 2012 Anoka County prepared a Corridor Study for East River Road from US Interstate 694 to Trunk Highway 610. A top priority recommendation of the study was the future extension of 57th Avenue (CR 102) over the BNSF railroad tracks from Main Street NE to East River Road. The study reported the primary benefit of this road extension is to relieve future traffic on Mississippi Street, the parallel roadway to the north. This project, had been identified previously in the City of Fridley 2030 Comprehensive Plan. The concept was to extend 57th Ave across the BNSF Northtown Yards, from Main Street NE (CSAH 102) westward to East River Road (CSAH 1). A tunnel is not an option, as there are a number of utilities that run through the area, including a 96" Met Council sewer interceptor line.

A concept study was completed with input from BNSF personnel from meetings in 2012 and 2013 and recent BNSF coordination for the feasibility study. The type of bridge and specifics about construction have been conceptually determined, and plans are moving forward with an interim engineering review agreement, with the railroad. That agreement will go to the City Council on March 9th.

Project Benefits

Construction of a new 57th Avenue bridge in this location will provide economic benefits to the existing and future businesses in Fridley; will provide for the safety of pedestrians and motorists as well as BNSF Railroad by separating the crossings; and help reduce congestion on I-694, including the entrance ramps at University and East River Road, by reducing the number of cars and trucks needing to cross the tracks. In addition, this bridge would allow for improved public safety response times for police and fire departments due to the current limited crossings of the tracks in Fridley.

The improved access would provide an opportunity to increase the market size of retailers by providing access from the large industrial employment and multifamily community base located west of the BNSF tracks. The Census tract surrounding the proposed bridge is one with racial diversity, lower incomes and lower car ownership. The six hundred apartment units, located west of the BNSF line, are cut off from accessing groceries without driving on I-694 or illegally walking across a portion of the BNSF rail yard. The average household income for this area is \$31,000 less than the metro average (\$48,409 vs. \$79,578).

There is evidence of significant pedestrian at-grade crossings of the BNSF tracks in the vicinity of the 57th Ave extension. Aerial photos and site visits have identified a few locations where pedestrian crossings are concentrated. There are no known safety incidents at this location, but BNSF has been monitoring the area to discourage pedestrian crossings. The proposed bridge over the BNSF Northtown Yards is planned to have a generous pedestrian walkway to facilitate a safe pedestrian crossing of the BNSF tracks.

Next Steps / Update

Representative Bernardy and Senator Laine have introduced matching bills to provide \$3M in state bonding to assist with design efforts. The bills are numbered HF3393/SF3315 and the House version is attached to this memorandum.

Discussions for the needed right-of-way acquisitions have started and we are working to complete the acquisitions by the end of 2020.

Staff will continue to provide monthly updates as the project continues to move forward.

1.1 A bill for an act
1.2 relating to capital investment; appropriating money for a road extension and bridge
1.3 over the BNSF Northtown Yards in Fridley; authorizing the sale and issuance of
1.4 state bonds.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. FRIDLEY; NORTHTOWN RAIL YARD OVERPASS.

1.7 Subdivision 1. Appropriation. \$3,000,000 is appropriated from the bond proceeds fund
1.8 to the commissioner of transportation for a grant to the city of Fridley to predesign, design,
1.9 and engineer the extension of 57th Avenue, including a bridge and approach walls, across
1.10 the BNSF Northtown Yards from Main Street NE (Anoka County State-Aid Highway 102)
1.11 westward to East River Road (Anoka County State-Aid Highway 1) in Fridley. This
1.12 appropriation does not require a nonstate contribution.

1.13 Subd. 2. Bond sale. To provide the money appropriated in this section from the bond
1.14 proceeds fund, the commissioner of management and budget shall sell and issue bonds of
1.15 the state in an amount up to \$3,000,000 in the manner, upon the terms, and with the effect
1.16 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
1.17 Constitution, article XI, sections 4 to 7.

1.18 EFFECTIVE DATE. This section is effective the day following final enactment.

**Fridley HRA
Housing Program Summary
Cover Page
March 5, 2020 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 1/16/2020 - 2/15/2020



Application packets requested/mailed:	This period:	0	Year-to-Date:	0
Residential Advisor Visits:	This period:	1	Year-to-Date:	1
Loans currently in process for residents in your City/Neighborhood:		7		

Closed Loans	This period:		Year-to-Date:	
Fridley		Units		Units
		0		0
Closed End	0.00	0	0.00	0
Last Resort	0.00	0	0.00	0
Last Resort Emergency Deferred	4,500.00	1	4,500.00	1
Mobile Home Closed End		0		0
Multi Family Exterior Closed End		0		0
Senior Deferred	25,000.00	1	25,000.00	1
Total	29,500.00	2	29,500.00	2

Leveraged Funds	This period:		Year-to-Date:	
MHFA FUF		Units		Units
		0		1
Total	0.00	0	3,872.00	1

Types of Improvements Financed YTD	# of Projects	% of Total
Electrical	1	20.00
Landscaping	1	20.00
Other Exterior Improvements	1	20.00
Plumbing	1	20.00
Windows, Doors, Storm Windows, Storr	1	20.00

Types of Properties Financed YTC	#	% of Total
Single Family Residence	3	100.00