

**February 7, 2019
HRA Meeting
Regular Meeting Agenda
7:00 p.m.**

Call to order

Roll call.

Action Items

1. Approval of Expenditures
2. Approval of January 3, 2019 Meeting Minutes
3. Election of Officers
4. Approval of Cooperation Agreement – Metro Transit

Informational Items

1. Housing Program Update

Adjournment



City of Fridley, MN

Check Report

By Check Number

Date Range: 01/04/2019 - 01/29/2019

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	01/11/2019	EFT	0.00	323.13	286
PPT: 307066	FRIDLEY HRA ICMA 457	01/11/2019	EFT	0.00	184.62	287
PPT: 107738	FRIDLEY HRA ICMA 401	01/23/2019	EFT	0.00	319.38	288
PPT: 307066	FRIDLEY HRA ICMA 457	01/23/2019	EFT	0.00	184.62	289
hra-623	FRIDLEY, CITY OF	01/09/2019	Regular	0.00	1,004.27	30257
hra-623	FRIDLEY, CITY OF	01/23/2019	Regular	0.00	1,061.53	30258
hra-1113	MONROE MOXNESS BERG PA	01/29/2019	Regular	0.00	20,633.25	30259
hra-1333	MEDTRONIC, INC.	01/29/2019	Regular	0.00	264,021.89	30260
HRA-2621	JOHNSON, GREG	01/29/2019	Regular	0.00	650.00	30261
HRA-2635	BOLTON & MENK	01/29/2019	Regular	0.00	20,487.50	30262
hra-311	CENTER FOR ENERGY & ENVIRONMENT	01/29/2019	Regular	0.00	200.00	30263
hra-917	ALLEN, JOHN N.	01/29/2019	Regular	0.00	53,487.88	30264

Bank Code APBNK-HRA Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	21	8	0.00	361,546.32
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	4	4	0.00	1,011.75
	25	12	0.00	362,558.07

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	21	8	0.00	361,546.32
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	4	4	0.00	1,011.75
	25	12	0.00	362,558.07

Fund Summary

Fund	Name	Period	Amount
099	Pooled Cash - HRA	1/2019	362,558.07
			362,558.07

**CITY OF FRIDLEY
HOUSING AND REDEVELOPMENT AUTHORITY MEETING
January 3, 2019**

Chairperson Eggert called the Housing and Redevelopment Authority Meeting to order at 7:01 p.m.

MEMBERS PRESENT: Elizabeth Showalter
Gordon Backlund
Stephen Eggert
Kyle Mulrooney
William Holm

OTHERS PRESENT: Paul Bolin, HRA Assistant Executive Director
Jim Casserly, HRA Attorney
Steve Dunbar, Fridley Investments, LLC

Action Items

1. Approval of Expenditures.

MOTION by Commissioner Holm approving the expenditures. Seconded by Commissioner Backlund.

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

2. Approval of December 7, 2018, Meeting Minutes.

MOTION by Commissioner Holm to receive the minutes. Seconded by Commissioner Mulrooney.

Commissioner Backlund stated on page 2, about three inches down, there is a unique character.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON EGGERT DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MINUTES WERE APPROVED WITH THE CORRECTION.

3. Approval of Resolution Designating Official Depositories.

MOTION by Commissioner Backlund adopting the resolution. Seconded by Commissioner Holm.

Commissioner Mulrooney noted in the third and fourth paragraphs in the resolution it notes the individuals being able to sign on behalf of the HRA. It states signed by the following two individuals and then it has lines for three individuals.

Chairperson Eggert asked if they just needed two signatures.

Paul Bolin, HRA Assistant Executive Director, replied, correct. Just two signatures.

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

4. Approval of Resolution Designating Official Newspaper.

Commissioner Backlund stated they need to check the paper to see if is named Fridley Sun Focus Newspaper because it has changed several times.

MOTION by Commissioner Holm approving the Resolution naming the Minneapolis Star Tribune and also the Fridley Sun Focus News “or as it is known” as the official newspapers. Seconded by Commissioner Showalter.

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

5. Approval of Redevelopment Contract – 6431 University Avenue.

Mr. Bolin stated they started discussing the potential of Steve Dunbar and his group developing a senior project of Ebenezer Homes on the City’s former City Hall site about a year ago. In August, the HRA approved an exclusive negotiations agreement with Mr. Dunbar and his group for Fridley Investments, LLC, to construct and own a 135-unit senior with services building. They would build and own the property, but it would be managed by Ebenezer Homes. Ebenezer Homes is the non-profit housing arm of Fairview Health Services, and they are the largest provider of senior housing in the State of Minnesota.

Mr. Bolin stated Ebenezer’s model for the last few years is to work with a development group to construct a building on their behalf and maintain ownership of the building and Fairview to operate the building. Over the past few months he and attorney Casserly have worked with Mr. Dunbar, Mr. Winkels, and their attorney to put together the contract they have before them.

Mr. Bolin stated the contract for development has all of the elements they saw back in August in the exclusive negotiations agreement. It is also very similar to the other development agreements they have agreed to in the recent past.

Commissioner Showalter asked if a requirement that a portion of the units be capped at a certain income threshold or any certain affordability requirement was considered with this development.

Mr. Bolin replied, no. This is a model that Ebenezer uses for doing these types of developments. The Authority has not usually been involved in placing caps or requirements on affordability. They tend to let the market set the rents and apply assistance when needed.

Commissioner Showalter stated she knows at this point it is late in the game to make those requirements, but they talked at the budget workshop about potentially exploring when there is an HRA project involving either conveyance land or TIF bonds of having some sort of requirement related to that. That is something to think about in relation to future projects.

Chairperson Eggert stated looking at the contract, he assumed that Schedules B and C, the copy or the form of the Quit Claim Deed and Certificate of Completion will be attached with the execution. He said he did not see Schedule D which is the allowed reimbursable expenditures.

Mr. Bolin stated it should be there.

Jim Casserly, HRA Attorney, stated it is actually a pretty lengthy schedule and the reason for that is the City Public Works group laid out with great specificity how this was to work. That is why you have five pages of direction on what is reimbursable, how they were to define it, and how it is tracked. They cannot be any more specific than this.

Chairperson Eggert asked if an escrow agreement has been negotiated.

Attorney Casserly replied, no, there really will be more of a disbursement agreement. The money will be placed in escrow, but the title company does not want to make any decisions about whether money should be released. The way it will work is the costs will be submitted to the HRA staff who will then approve it, send it to the title company who will then release the proceeds.

Chairperson Eggert asked if they were doing partial payments or 100 percent at the end.

Attorney Casserly replied, they will do partial payments. He does not know if they will have a holdback or not. They have not really negotiated that agreement yet. If they were to have a holdback, it would be a minor amount, and he did not know if it would require some bonding or some arrangements with the City on some parts of it. The City wants to make sure the work is done correctly.

Chairperson Eggert stated his only concern is if for some reason the project stopped, and they had all this money into it.

Attorney Casserly stated the money is there to make these improvements, and if the project stops he guessed the improvements will not be made. This is not going to close until the funding is in place to build it. As a real practical matter there will be multiple closings. They will be transferring title, there will be a mortgage going on, there will be money put into escrow for disbursement. All of the financing will be in order. The reason they are doing that is they know there are issues. They know there are problems that have to be dealt with on that site. They are unsure as to what it is going to take to correct all those problems. They think they are placing substantially more in escrow than they will need. Their hope is that they will have a fair amount

of money left over to cover Authority expenses and then ultimately convey the excess to the City. That is their arrangement with the City. The City transferred title to its portion of the site. The HRA is the development arm so they are organizing all of this and assisting with the development. While the transaction itself is reasonably complex and there are different parties and a lot of different pieces, it is actually fairly straightforward in terms of explaining it. They have a building that has to be demolished, they have environmental issues they are not quite sure of, and they have a site that needs to be filled and prepared. All of that is to make the site actually buildable.

Attorney Casserly stated a very nice facility will be constructed on the site. This is a typical redevelopment project, and there is nothing unusual at all about what is going on. He said most often they are creating a tax increment district when they are doing this kind of project. In this instance they are not. In theory they could have, but they have no reason to. This is really a win/win proposition for the Authority and the taxpayers.

Commissioner Holm said there is a parking lot for the Fairview office building. He asked if that is part of this site.

Mr. Bolin said they are transferring all of the property that is owned by the City and Authority around the existing City Hall. When that project was originally done in 1982, the Authority retained ownership of the westerly (he thinks 150 feet) of one of Fairview's parking lots closest to University Avenue. They are turning that over as part of this development as well as the parking lot around the northernmost Fairview building. The Authority also owns that, and that is also being transferred as part of this. Fairview has paid the Authority \$800 a month in rent since 1982 for use of those parking lots. They will just continue that relationship with Mr. Dunbar's group.

Commissioner Holm stated so that is not an issue of any kind with the developer. He said he also noticed that the access to underground parking is going to be used. He asked if it was the same underground driveway that was used for the police department with access to lower level parking.

Steve Dunbar, Fridley Investments, LLC, replied, there is going to be a new enclosed garage as part of the senior housing facility. Within that facility there will be 91 enclosed stalls, but that access road where you currently go to access the underground portion of the structure ramp and to get to the current storage units, gun range and former police station, that will be used as the move-in/move-out facility and the gun range for lack of a better term will be utilized as storage space. They saw that as a benefit to maintain because it really is a retaining wall to the north, the surface parking lot to the building to the north, and basically if they did remove it, they would just be replacing it with another retaining wall. It made sense to utilize that space and make it functional. There will be a new enclosed garage space within the envelope of the building.

Commissioner Holm stated when he read that he was imagining garbage trucks and large vehicles going down there, and he assumed they are taking into account how they are going to get in and out of that space.

Mr. Dunbar said it does have an advantage. Instead of having it come to the main entrance area in the southern portion, they have created a lower area in that little turn around area where trucks can back up for trash removal and not disturb the day-to-day activity around the main entrance.

Commissioner Holm asked if they had to have specific numbers for memory care. He asked Mr. Dunbar know how many units will be for memory care out of the 135 units.

Mr. Dunbar replied there are 18 units specifically for memory care. They did work with Ms. Stromberg on the planning side to make sure they were counting appropriately for the parking regulations specified by the City Code. They are over and above the parking requirements. They know with independent vs. assisted there is that fluctuation because people age from independent and start adding services as they go, so they are comfortable with that flexibility. They do a specific program for memory care.

Commissioner Backlund stated when they start taking up concrete and digging it up, sometimes you discover things you were not aware of. He talked to Mr. Bolin about this a little bit earlier that there are provisions in the contract where they cannot define things so they can negotiate out what the value is of fixing it and hopefully it will not involve an environmental impact statement. The second thing is they are vacating a piece of road which runs parallel with University. He knows they had to do something like that with Cielo, but do they have to deal with MnDOT when they are vacating a road that is in basically their right-of-way? He does not who owns that property, if they owned it and gave them the right to use it years ago; and then what about the piece of it that goes with the Target which is now for lease.

Mr. Dunbar replied, as to the environmental concerns, they have been working with City staff and with Braun regarding the environmental reports and technical reports and doing soil borings on the site, to make sure they are doing their due diligence up front. They have been working with the City on the replatting and the surveying of the site as well to make sure that when they do go in and start breaking up the ground there are limited surprises. They have been going through the title process to know what they are dealing with. That has been an ongoing due diligence period they will continue before they do break ground to make sure they do have the most information possible to make sure they are putting their best foot forward. The City has been wonderful to work with.

Mr. Dunbar stated with respect to the right-of-way land, that is something they have been working with the City and the HRA. There is a MnDOT component, but he believes survey and title have been working on clarifying those concerns as well.

Mr. Bolin stated the City owns 38 feet. That is the City's share when it gets vacated. It takes it roughly to about the westerly curb line of where the existing roadway is, and then the rest they will leave as MnDOT right-of-way. It keeps everything much simpler. They have all the letters of approval they need from MnDOT between the developer's working with Carlson McCain as well as the City's engineering staff. There have been a number of people reviewing this vacation to make sure they get all the pieces to fit. Anytime they vacate anything along that frontage road, it usually ends up taking a lot of extra time because MnDOT took different pieces at different times. Sometimes they took it in title and other times they just took it as an easement.

They do have the right people working on this and do know they can retain 38 feet of that once it is vacated.

Mr. Dunbar stated they have been working with the Planning Department, the HRA, and with Carlson McCain to make sure their setback is appropriate. Closing down that frontage road should not impact the actual building of their facility because there is a lot of green space in that MnDOT right-of-way. In that right-of-way is where a continuation of the sidewalk will be as well so kind of outside their property line, but they are set back appropriately to allow for more green space with their landscape plan, and not really interfere with the actual building of the building.

Commissioner Backlund stated he assumes it will be like Cielo approximately from the setback of the paved road up to the building.

Mr. Bolin replied, he believed they will have a little bit more setback than Cielo did.

Mr. Dunbar replied he believed so.

Chairperson Eggert stated he had a couple of questions on the phasing. The initial phase is the majority of the project, and he would expect for them to be operational, they will need to be 100 percent constructed and open for business.

Mr. Dunbar replied correct.

Chairperson Eggert stated with the site prepped, they can roll right into the second phase, and he would imagine Ebenezer would then come to the petitioner at some point of time. He asked Mr. Dunbar if they have done that before with them.

Mr. Dunbar replied in regards to timing, they would not close on this unless all funding was in place and the goal is obviously sequencing that streamlessly. If they are mobilizing to clean the site, they do not want to remobilize to build a building. It is going to be one effort as they mobilize to clear the site and then move from that to build the facility. They have been in ongoing conversations with Ebenezer for a year now regarding planning and marketing plan. As they start breaking ground that is a scheduled plan for building websites, getting it out in the community, leasing model units, all that stuff is built into the programming of the construction. They definitely have been in those communications with Ebenezer to make sure they are hitting all those marks. That plan will be streamlined once they start breaking ground.

Chairperson Eggert asked whether they have been involved with Phase 2.

Mr. Dunbar replied where the structured ramp is?

Chairperson Eggert replied, yes.

Mr. Dunbar replied, the plan there would be obviously additional housing, but they want to get the 135-unit facility built and stabilized and make sure the market is strong enough. They want to make sure they are putting their best foot forward to get them to a sustainable marketplace

where the 135-unit building is supportive and sustainable with all of the services there, and then it will allow them to explore Phase 2 which has not been defined yet.

Chairperson Eggert stated but it will be all set up for them. The site will be ready for them, and they can get a permit and build.

Mr. Dunbar replied, they hope so. They are very excited for the overall opportunity of the senior health campus. Working with Fairview as well and having them be their neighbors, it just lends to a really great opportunity for long-term care on that site.

MOTION by Commissioner Backlund approving the Redevelopment Contract – 6431 University Avenue. Seconded by Commissioner Mulrooney.

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

6. Approval of Amendment to Loan Origination Agreement CEE.

Mr. Bolin stated the HRA has worked with CEE (Center for Energy and Environment) since 1996 to administer the program on the HRA's behalf. Through their administration of the HRA's program, they have done marketing, processed all the loan applications, determined eligibility, underwriting, and also customized loans to fit residents' individual needs. They provide technical assistance to residents as well on remodeling, energy conservation, and also indoor air quality.

Mr. Bolin stated The HRA's partnership with them does provide residents with access to some other loan dollars. As a non-profit, CEE is able to access different funding sources such as Minnesota Housing Finance Agency (MHFA) and Met Council, and they have money available for different programs. The partnership allows them to sometimes package these different dollars together with the HRA's loan programs. Occasionally, they will even partner with Xcel, and Xcel may have some money available for residents who are putting in furnaces. If that is part of the project, CEE will package some of that along with the HRA's loan money to help keep those costs down and keep the project more affordable.

Mr. Bolin stated CEE is a non-profit, and since 1996, they have rarely raised any of the HRA's fees. They only do this when it is necessary to cover their costs. Every few years they go through and look at what it is taking them to provide services. With this contract extension, they have added an administrative fee of \$500 annually they are going to charge each city now. This covers some of that overhead they have when they come out to meet with them to talk about the programs and changes. It would cover some of their time, some of the marketing they do would be covered with that, as well as the different set-up costs they have, for instance, if the HRA would add a program and they have to adjust their software to handle the new program.

Mr. Bolin stated the other increase they have was in their installation verification. The way this loan program works is your contractor signs an agreement with CEE. Your contractor does not get paid until the work is completed and inspected, and that is what that installation verification is--if CEE has to come out to verify the project was completed. It is a fee that they do not end up

paying all that often. If it is a project that required a building permit, CEE will allow the City's building officials to issue a certificate of completion or certificate of occupancy to count as an installation verification. There are very few projects that get done with these loan dollars that do not require a permit of some kind. They have found when they do have to come out, their costs are closer to \$100 than it is to \$70. That is the reason for that increase.

Mr. Bolin stated staff has been very pleased with the service they have received from CEE over the years. The residents who have worked with them seem very happy with the loan process and their different programs. He recommends approving the contract extension with those changes through December 31, 2021. Before they take action, Commissioner Holm pointed out a change they need to make on the schedule that was attached. Under the Mobile Home Improvement Program, if they go down to ineligible properties, they need to remove "co-op, mobile homes, and manufactured homes" from that list.

Commissioner Holm stated this arrangement with CEE is wonderful. They have been able to do a lot of wonderful things, and the rates are reasonable. He asked how they got their funding.

Mr. Bolin replied, they do. In the next few months they will have Jim Hasnik from CEE come out because they have some new programs they are going to roll out. They are going to start servicing loans. Right now CEE processes all of the HRA's loans and then they get turned over to the community reinvestment fund to do the actual collections. CEE is starting to do some of that work. They will have them come in and Mr. Hasnik can give them some more detail. Back in the 1970's the City of Minneapolis had an energy conservation department. They started doing some loans and pretty soon other cities were calling them and saying, hey, how are you doing that program? They saw this opportunity to spin it off as its own non-profit entity. From there they have taken it and run. They do much more than the loan programs. They do a number of energy-related programs, not just for residents but also for businesses; they get different grant funding for projects. They may recall when the Metropolitan Airport Council was putting in all the new windows for all the homes that were in the flight path, that was a CEE project. They have a number of different funding sources for the services they provide.

Commissioner Showalter asked on the multi-family exterior program that excludes co-ops, was that intentional.

Mr. Bolin replied, it was. That has to do with the ownership and how these different homes get mortgaged against properties.

MOTION by Commissioner Holm approving the Amendment to Loan Origination Agreement CEE. Seconded by Commissioner Showalter.

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

7. Approval of Agreement Regarding Issuance of TIF Note – Northern Stacks.

Mr. Bolin stated the Authority has partnered with Hyde Development since 2011. In that time Mr. Hyde, has taken the former BAE site. When he took the property, there were 2 million

square feet and one very large dilapidated building and a whole lot of contamination and less than 400 jobs on the site. Since then, it has been transformed into nine new or improved buildings totaling 1.8 million square feet with a number of different users rather than just a single user. Once LKQ (an automotive parts distributor) moves in next week, there is going to be 1,600 jobs now on that site. It has been a great success. The project did build out much quicker than they had anticipated. The values on the property are higher than they anticipated. All very good problems, but in their original development agreement, they had anticipated these things taking time and these phases being stretched out.

Mr. Bolin stated the HRA had it set up that originally they would issue a tax increment note for each individual building. They did that for each of the first two buildings, but then a year or so ago when Mr. Hyde was ready for notes for Phases 3, 4, and 5, they thought it might make sense to take a look at taking those first two notes back and just issuing one note at the end of the project. To simplify things, not only for the Authority, but for Mr. Hyde as well.

Attorney Casserly stated the Agreement is actually pretty straightforward. It is about 2 ¼ pages and the first page is mainly “Whereas’s” setting it up. The reason for this Agreement is that this transaction is genuinely complex. There have been a whole series of notes that could have been issued. They did not end up issuing two. They were assigned to the First National Bank of Omaha. They have pledged to the Bank of Omaha payments on notes to be issued. Nothing unusual about that. As they construct each phase, they want the HRA to commit to passing the increment through to pay the note that was provided for all those expenses. There are millions and millions of eligible expenses--probably somewhere between \$18.8 and \$20.6 million depending on how you calculate in capitalized interest. It is a very, very substantial amount. In addition, the Authority created a hazardous substance sub district which is very unusual kind of district. They made grants out of that for up to \$2.5 million. He did not know if all of those have been disbursed yet or if there is still some.

Mr. Bolin replied there is about \$200,000 and some yet to distribute.

Attorney Casserly stated almost \$3 million of the \$4.5 have been disbursed. They wrote provisions into the Agreement that said they have a right to review all of their accounts, all of their statements, to figure out what it is, and if there was any reason for the HRA to be issuing a smaller note. It is like a clawback arrangement. It has to be very complicated because you need to figure out the internal rate of return. You go through a series of assumptions.

Attorney Casserly stated they had city appraisers they have used for many of their projects, review this. They had Greg Johnson, who is a CPA and a tax consultant, spend a lot of time going through all of their statements and all of their analysis. At the end, they concluded they could issue the full amount of principal of the note; and the maximum amount they can issue is \$15,775,000. That is what they intend to do. Attached to the agreement is an exhibit which is a draft of a note. This is exactly the same format and the same form of note that was attached to the redevelopment contract. There is nothing unusual about this note. This is the standard note they have used on essentially every project they have done in the last 25 years. The note is very standard. The principal amount they have identified. Mr. Bolin and the Finance Department have reviewed their eligible expenses.

Attorney Casserly stated this Agreement deals with whether there has to be any assistance repaid, and it says, no, we have done the analysis and there will be no recapture of any assistance. It says the maximum amount of the principal of the note is \$15,775,000. It identifies the payments that have been made and how they should be allocated up to this point. The payments that have been paid are being allocated to interest because they have substantially more interest than what they are reimbursing for. They had to borrow early on as they always do in these projects because what they were borrowing for was to do the environmental remediation, do the site preparation; and those are the costs that are incurred first. They borrowed those funds from, again, First National Bank of Omaha.

Attorney Casserly stated they have identified the interest payments. They have also identified they have issued two notes. As Mr. Bolin was alluding to, those notes are more complicated because the notes have now been sold back to Fridley Land Company. The reason is Fridley Land Company is getting takeout financing, long-term financing for various phases in this project. First National Bank of Omaha was really the construction lender, and then had separate notes for what would represent tax increment eligible expenses. All of those are being resolved now. They have identified the principal, the interest, also the interest rate.

Attorney Casserly stated they have an interest rate now that is going to be based on ten-year treasury yields plus 2 percent. They have agreed upon a reconciliation date, December 31 of 2018. Treasury yield on that date was 2.69. So the interest rate now will be 4.69. All of those things are items that they have been sorting out since August. While maybe they did not have to have this Agreement because the redevelopment contract authorizes the issuance of these notes and provides the authority for them to be given and to pledge the notes, all of that is really contained in the redevelopment contract.

Attorney Casserly stated they thought because of the complexity of this transaction and the number of issues that were raised, it would be best to identify the issues that were in the contract and lay them out. There are still a couple of little things they need to sort out. They have not listed all of the documents. They need to identify where the agreements are right now.

Attorney Casserly stated before they actually make the next payment and issue the note, they are want to see all of the documentation and get back the original notes the HRA has already issued because they have almost \$8.5 million worth of notes right now. They have to have those back, they have to get back all of the other pledges they have made, make sure everything is in the name of Fridley Land Company, because this note is going to go specifically to Fridley Land Company.

Attorney Casserly stated the real reason they are having this discussion is because it really got built out five years sooner than they thought. The original reconciliation date was December 31, 2023; and the value going on they thought would be about \$75 million but turning out to be probably in excess of \$100 million. When all is said and done they have at least a third more value in half the time. It cannot go any better than that. It is going to work out extremely well for the Authority and the City, and there are some other options they can talk about.

Commissioner Holm stated he has a question about the \$15 million. The Agreement states they are going to make payments from now until 2042. Is there any reason why they would want to pay that back?

Attorney Casserly replied once this note is issued, there is going to be a request to take the note out, potentially with a tax exempt bond, and that would reduce the interest rates probably 150 basis points or 1.5 percent; and that will give them the opportunity. Right now they are paying 5.75 and it is now dropping down to 4.75 or 4.68 and it will probably drop down to 3.25 or 3.0. All that means is they would be able to pay this debt off much more quickly and it will give them some other opportunities.

Attorney Casserly stated they are trying to explore how quickly they can pay off the hazardous substance subdistrict. This is one of the few things that actually takes tax base. It is the only time they have done it in the City. As a matter of fact it may have been the first one in Anoka County, but this project was just that unusual. They would like nothing better than to try and get that tax base back on. About \$14 or \$15 million is tied up in that subdistrict. They are going from \$15 million to over \$100 million of tax base. That is why this is such a solvent project.

Attorney Casserly stated they will be back to the HRA with some other concepts because this is turning out to be a far more financially-profitable project for the Authority and the City than was ever contemplated under any set of circumstances. When they started this, they were still working with the great recession, and that is why the timeframes were built in to go out so far and the valuations were kept fairly modest. All of the properties in the City have increased in value over the last five years. It has been fortuitous, people have had vision, and it has been just the right project at the right time. This is going to work out extremely well.

Chairperson Eggert stated Attorney Casserly has reminded them a number of times they have a good conservative financial approach. They work out of cash as much as they can. They have gone through these economic dips and highs, and it has worked well for them.

MOTION by Commissioner Mulrooney approving the Agreement Regarding Issuance of TIF Note – Northern Stacks. Seconded by Commissioner Backlund.

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

Informational Items

1. Housing Program Update

Mr. Bolin stated taking a look at the loans for the past month, there were 4 more of the senior loans that went out which is a total of 6 now in the last two months. There was 1 other and that was through one of those MHFA programs that CEE is able to obtain funding for Fridley residents. Looking at the year-to-date loans, they had 22 in total, 6 of which again were the senior loans, 11 were standard revolving loans, and then there were 4 others.

Mr. Bolin stated they had 22 loans this year--2006 was the last time they had 22 loans in one year. A large portion of that is the new senior deferred loan product they have.

Mr. Bolin stated taking a look at Remodeling Advisor visits, there were none in December but they have done 18 this year. As to Home Energy Squad they had 3 December visits and 50 for the year. Looking at both of those historically, they have never done 18 Remodeling Advisor visits in a year. They are 12 over last year and 7 over their highest year which was 2016, when they did 11. People are taking advantage of these different programs. They did a lot of different marketing things this year with different hand notes and City events, and they are starting to see those efforts pay off.

Mr. Bolin stated with respect to the Home Energy Squad, those numbers are dropping a little bit. Once they come out and go through your house that is it. There were a lot of people interested in it right away and those who were interested have done it. They are going to still promote the program. Rachel Workin, the City Environmental Planner, is working on a number of different things with the Home Energy Squad. Hopefully those numbers will approve.

Chairperson Eggert asked on the Home Energy, he did that back in 2015 and that is when they were using the CFL's for the lights which were cooler and took a little while to warm up and get to full brightness. They are now using the LED lights which last a lot longer. It might be a good reason to have it done again.

Mr. Bolin said as a summary of projects they have completed in the last year, 2018 was a busy year for the Authority. It seems like it took them a long time to select private developers to develop housing around the new City Hall, but they did approve an agreement with Pulte to do 36 patio homes and now 6 of those are under construction. They continue to sell lots and will continue to build all winter. Just last month they approved an agreement with Lenard to do 72 townhomes. They are getting their submittals ready now for the Planning Commission and City Council for their land use items, and they expect to start building here in May or June. That is moving along well.

Mr. Bolin stated the HRA approved an agreement with Sherman, and he and Attorney Casserly continue to work with them and Metro Transit to further this project along. Sherman wants to start building all three buildings early this summer. That will be 267 total units over the three buildings. That are going to be 96 in the market rate building, 100 senior units, and then 71 in the mixed income building.

Mr. Bolin stated with respect to the Housing Replacement Program, when the City had all the foreclosures, there was a lot of opportunity for the HRA to acquire properties. That has not been the case the last couple of years. Last winter they did acquire two tax-forfeit properties from Anoka County. They now have a five-bedroom house going up on Broad Avenue and a three-bedroom house going up on Cherry Lane. They are working on acquiring two more tax-forfeit properties from Anoka County and should have more to report on that at the next meeting.

Mr. Bolin stated the Cielo project was another long-term project. It took a number of years to acquire all of the properties but, once they had everything cleared off and they found the right developer. Now things have been moving along fairly quickly on that as well.

Adjournment

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

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON EGGERT DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 8:12 P.M.

Respectfully submitted,

Denise M. Johnson
Recording Secretary



ACTION ITEM
HRA REGULAR MEETING
FEBRUARY 7, 2019

Date: January 30, 2019

To: Wally Wysopal, Executive Director

From: Paul Bolin, Asst. Executive HRA Director

Subject: 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 an election must be held in February. 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 2019

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.



ACTION ITEM

HRA MEETING OF FEBRUARY 7, 2019

To: Wally Wysopal, Executive Director of HRA
From: Paul Bolin, Assistant Executive Director
Date: January 31, 2019
Re: Approval of Cooperation Agreement – Metro Transit – Northstar

Unlike the other Northstar Stations that are owned by Metro Transit, the City of Fridley HRA actually owns the entire East station site. In 2008, a long term lease was negotiated with Metro Transit to provide access and parking for the station. Rather than define the lease geographically, the lease was designed to accommodate future development and was premised on continuing to provide 330 parking stalls.

After being approached by Sherman Associates to develop a mix of market rate, senior and mixed income housing on the site, we began discussions with Metro Transit staff to amend the lease. These conversations started in February of 2017 and due to a number of staff changes on their end, things have moved very slowly and caused Sherman to miss the 2018 construction season. This has led to a larger funding gap for their mixed income project. We will present more information on the gap and a potential solution at your March meeting.

One positive that came from Metro Transit's delay, is that a study of the train stations parking needs was completed resulting in a reduced number of parking stalls. Based on the study, Metro Transit lowered the number of parking stalls required from 330 down to 80 stalls, providing additional land area for the redevelopment.

Attached is a "cooperation agreement" that will allow us to move forward with the Sherman development. The agreement terminates the existing lease, allowing Sherman to build their development and reconstruct a smaller parking area for Metro Transit.

Staff recommends the Authority approve the cooperation agreement with the Metropolitan Council. The agreement will allow the Sherman development to move forward and ensure the reconstruction of the Northstar Parking lot is built to Metro Transit's specifications.

COOPERATION AGREEMENT

This COOPERATION AGREEMENT (this “**Agreement**”) is made effective as _____, 20__ (the “**Effective Date**”), by and between by and between the Housing and Redevelopment Authority in and for the City of Fridley, Minnesota, a political subdivision of the State of Minnesota (“**Fridley HRA**”) whose address is 7071 University Avenue N.E., Fridley, MN 55432, and Metropolitan Council, a public corporation and political subdivision of the State of Minnesota (“**Council**”) whose address is 390 Robert Street N., St. Paul, MN 55101.

RECITALS:

- A. **WHEREAS**, Fridley HRA is the owner of certain real estate located in the City of Fridley, County of Anoka, State of Minnesota, which land is to be platted as Lot 1, Block 1, Fridley Station Village (the “**Property**”).
- B. **WHEREAS**, Council previously occupied the Property and certain adjacent property owned by Fridley HRA under a Lease Agreement which Lease Agreement has since been terminated by mutual agreement of the parties on an even date herewith, which termination of lease was effected in order to order to allow for the orderly development of the Property and the adjacent land. The parties hereto acknowledge that the Council has no right, title or interest in the Property.
- C. **WHEREAS**, Fridley HRA and Council now desire to enter into this Agreement in order to memorialize the plan for the Property following the development of the Property.

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Fridley HRA and Council agree as follows:

- 1. Incorporation of Recitals. The foregoing Recitals are incorporated herein and made a part of this Agreement as if fully set forth in this Section 1.
- 2. Cooperation Agreement. Fridley HRA agrees to cause to be undertaken certain improvements associated with the parking lot located on the Property, in consultation with Council as to the plans and specifications for same (the “**Improvements**”). Fridley HRA assures the Improvements will be constructed pursuant to plans approved by Council, which approval shall not be unreasonably withheld, conditioned or delayed. Fridley HRA will submit plans for the Improvements (“**Plans**”) to Council for approval to the address set forth herein for the Council. Council is to approve or provide written comments to the Plans within ten (10) days of receipt of the Plans. In the event approval or written comments to the Plans are not received by the Fridley HRA prior to the expiration of the aforementioned ten (10) day time period, the Plans will be deemed approved by the Council. Any changes to the approved Plans for the Improvements are subject to subsequent Council review and approval, utilizing the same notice

and response periods as for the initial Plans. Council's approval of revised Plans will not be unreasonably withheld, conditioned or delayed. The party selected by Fridley HRA to cause the Improvements to be constructed will provide a performance bond that covers, among other things, all Improvements. Following the completion of the Improvements, the As-Built Improvements will be subject to the Council's approval, not to be unreasonably withheld, conditioned or delayed. Council agrees that so long as the Improvements are constructed in accordance with the approved Plans, the Council will approve the As-Built Improvements. In the event Council does not object to the As-Built Improvements within ten (10) days of receipt of a Notice of Completion from the Fridley HRA, the As-Built Improvements shall be deemed approved by the Council. Following the acceptance of the As-Built Improvements by the Council, the parties agree to cooperate in such a way as to cause the Property (as such term is defined herein), and the Improvements located thereon, to be conveyed to the Council under the terms and conditions of a separate purchase and sale agreement to be executed by the parties, which purchase and sale agreement shall govern the obligations of the parties relative to such conveyance.

3. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The parties agree that this Agreement contains the complete and entire agreement between the parties hereto as to the subject matter hereof, and may be amended only by a writing signed by both parties.

4. State of Jurisdiction. This Agreement shall be interpreted and construed in accordance with the laws of the State of Minnesota.

5. No Recording; No Option. This Agreement shall not be recorded by either party in the property records of Anoka County without the express written consent of the other party to this Agreement. This Agreement does not constitute an Option to Purchase the Property.

6. Counterparts; Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which, together, shall constitute one and the same instrument. Delivery of signature by any party to this Agreement via electronic means (e.g., "PDF" signatures via email, or facsimile) shall be valid and binding upon such party as the original signature of such party for all purposes hereunder.

[Signature Pages Follow]

**Fridley HRA
Housing Program Summary
Cover Page
February 7, 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 12/16/2018 - 1/15/2019



Center for Energy and Environment

Application packets requested/mailed:	This period:	1	Year-to-Date:	21
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Residential Advisor Visits:	This period:	0	Year-to-Date:	18
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Loans currently in process for residents in your City/Neighborhood:	18
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Closed Loans	This period:		Year-to-Date:		
Fridley		Units			Units
		0			0
Closed End	9,283.57	1	296,288.50		12
Last Resort	0.00	0	0.00		0
Last Resort Emergency Deferred	9,125.00	1	11,245.00		2
Mobile Home Closed End		0			0
Senior Deferred	16,841.00	1	125,755.62		7
Total	35,249.57	3	433,289.12		21

Leveraged Funds	This period:		Year-to-Date:		
CEE		Units			Units
		0			2
MHFA FUF	0.00	0	22,752.00		2
Total	0.00	0	47,858.14		4

Types of Improvements Financed YTD	# of Projects	% of Total
Additions/Finishing off unused space	2	3.85
Air Conditioning	2	3.85
Bathrooms	2	3.85
Driveways	3	5.77
Electrical	2	3.85
Fence	1	1.92
Flooring/Carpet/Tile	5	9.62
Heating System	4	7.69
Insulation	3	5.77
Kitchens	4	7.69
Lighting	2	3.85
Other Exterior Improvements	5	9.62
Other Interior Improvements	6	11.54
Plumbing	1	1.92
Roof	2	3.85
Siding, Stucco, Exterior Paint	2	3.85
Water Heater	1	1.92
Windows, Doors, Storm Windows, Storr	5	9.62

Types of Properties Financed YTD	#	% of Total
Commercial - Non-residential	3	10.71
Single Family Residence	23	82.14
Townhouse	1	3.57
Two to Four Unit Property	1	3.57