REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
JANUARY 15, 2019
7:00 PM

Call to Order

Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Pat Elliott.
Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Mary Supple.
Oath of office of Richfield Housing and Redevelopment Authority Commissioner, Maria Regan Gonzalez.

Consideration of the election of officers and designation of assistant to the Secretary for the Richfield Housing and Redevelopment Authority for 2019.

Staff Report No. 1

Approval of the minutes of the: (1) Special concurrent City Council, Housing and Redevelopment Authority, and Planning Commission work session of November 13, 2018; and (2) Regular Housing and Redevelopment Authority meeting of November 19, 2018.

AGENDA APPROVAL

1. Approval of the Agenda

2. Consent Calendar contains several separate items which are acted upon by the HRA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further HRA action on these items is necessary. However, any HRA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for HRA discussion and action. All items listed on the Consent Calendar are recommended for approval.

   A. Consideration of the adoption of resolutions designating official depositories for the Housing and Redevelopment Authority for 2019, including the approval of collateral.

     Staff Report No. 2

   B. Consideration of the approval of an amended Contract with the Center for Energy and Environment to provide loan and remodeling advising services to Richfield homeowners for 2019.

     Staff Report No. 3

   C. Consideration of the adoption of a resolution approving the Assignment and Assumption of Contract between NHH Companies, LLC, CPII Development, LLC, and the Housing and Redevelopment Authority.

     Staff Report No. 4

   D. Consideration of the adoption of a resolution approving execution of a Right of Entry Agreement with Cedar Point Investments, LLC, for the Cedar Point II properties owned by the Housing and Redevelopment Authority.

     Staff Report No. 5

   E. Consideration of the adoption of a resolution approving collateral assignment of the Secondary Developer
Tax Increment Financing Note to be issued by the Richfield Housing and Redevelopment Authority for the benefit of the Secondary Developer.

Staff Report No. 6

3. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

4. Consideration of the adoption of a resolution authorizing acceptance of a donation of $100,000 to the Housing and Redevelopment Authority from Affordable Suburban Housing and approval of program guidelines for distributing the funds through an Affordable Apartment Improvement Grant Program.

Staff Report No. 7

5. Consideration of the adoption of a resolution authorizing the purchase of 6412 Bloomington Avenue S. for future development as a single-family home.

Staff Report No. 8

6. Consideration of the adoption of a resolution amending the Bylaws of the Richfield Housing and Redevelopment Authority to reflect the composition of membership as authorized by the Mayor and City Council of the City of Richfield.

Staff Report No. 9

OTHER BUSINESS

7. Consideration of the approval of the use of up to $180,000 from the Housing and Redevelopment Authority's Capital Improvements Fund to advance payments for the Housing Choice Voucher Program for the month of March (if necessary).

Staff Report No. 10

HRA DISCUSSION ITEMS

8. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

9. Executive Director's Report

CLAIMS AND PAYROLLS

10. Claims and Payrolls

11. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the election of officers and designation of assistant to the Secretary for the Richfield Housing and Redevelopment Authority for 2019.

EXECUTIVE SUMMARY:
The bylaws of the Richfield Housing and Redevelopment Authority (HRA) provide that the HRA hold an annual meeting in January. The bylaws further provide that the Chair, Vice Chair, and Secretary of the HRA be elected at this meeting.

Officers for 2018 were:
- Mary Supple, Chair
- Pat Elliott, Vice Chair
- Erin Vrieze Daniels, Secretary

Additionally, the bylaws provide that the HRA may designate an assistant to the Secretary who shall keep the records of the HRA, act as recorder of the meetings and record all votes, keep a record of the proceedings, and perform all duties incidental to the office. It is recommended that the HRA designate the Housing Specialist as assistant to the Secretary.

RECOMMENDED ACTION:
By motion: Elect officers for the Richfield Housing and Redevelopment Authority for 2019 and designate the Housing Specialist as the assistant to the Secretary.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT
   - Provided in the Executive Summary.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
   - The HRA bylaws provide for the election of officers.

C. CRITICAL TIMING ISSUES:
   - The HRA bylaws require that an election of officers be held at the annual meeting in January.

D. FINANCIAL IMPACT:
   - N/A

E. LEGAL CONSIDERATION:
• None

**ALTERNATIVE RECOMMENDATION(S):**
• None

**PRINCIPAL PARTIES EXPECTED AT MEETING:**
N/A
The work session was called to order by Chair Supple at 6:15 p.m. in the Bartholomew Room.

HRA Members Present: Mary Supple, Chair; Erin Vrieze Daniels; Sue Sandahl; Pat Elliott; and Michael Howard.

Council Members Present: Pat Elliott, Mayor; Maria Regan Gonzalez; Edwina Garcia; Michael Howard and Simon Trautmann.

Planning Commission Members Present: Sean Hayford Oleary, Chair; Allysen Hoberg; Susan Rosenberg.

Planning Commission Absent: Bryan Pynn; Kathryn Quam; James Rudolph; and Daniel Kitzberger.

Staff Present: Steven L. Devich, City Manager; John Stark, Community Development Director; Julie Urban, Housing Manager; Kate Aitchison, Housing Specialist; and Jared Voto, Executive Aide/Analyst.

Item #1 EMERSON LANE REDEVELOPMENT

Housing Specialist Aitchison presented on the history of the site. The Housing and Redevelopment Authority (HRA) purchased the property in 2005, hired a design architect to sketch out possibilities for the property, and in 2007 released an RFP for developers that received no responses. She showed a video walkthrough of the property. She discussed internal opportunities for the City’s use of the site and outside interests since summer of 2014 to summer of 2018. She discussed a current development proposal by Endres Custom Homes for five homes with list price of approximately $330-340,000. Lastly, she also discussed the financials of the property, including the amount the HRA has spent thus far and a number of scenarios including: do nothing; sell as vacant land; divide and sell; transfer to recreation services; development of one home; development of three homes; and development of five homes.

Council Members, HRA Commissioners and Planning Commissioners asked questions of staff about the sound wall, the roadway being public versus private, the number of proposed homes, what is included in the development costs estimates, the annual cost and replacement costs of the public roadway compared to the tax revenue from new homes, and sewer and water access to the property.
Mayor Elliott invited Dustin Endres, Endres Custom Homes, to the table to speak and answer questions.

Commissioner Sandahl asked Mr. Endres about the type of home.

Mr. Endres stated the homes would be 4 bedroom, 3 bath, and 2,145 square feet. He stated it is a popular floor plan and built five of these homes in the north east of Richfield last summer. He stated he has two people who have reserved lots if this proposal moves forward and four others who are interested.

Mayor Elliott asked staff about the affordable housing plan and if it was applicable to this proposal.

Housing Manager Urban outlined the affordable housing plan requires over a 3-year period the City expects 20% to be affordable. She stated they would have to recalculate the numbers, and that these would not be affordable, and staff would have to look into another area to ensure the 20% are affordable. She mentioned that currently the City is at around 30% affordable, but these numbers would need to be recalculated.

Commissioner Hoberg commented about including affordability into new developments and not falling back on not including it because we are already at 30% affordable, and having the housing plan incorporate affordable housing especially on the west side.

Mayor Elliott invited homeowners near the proposed development to speak.

Jody Powell, 6800 Emerson Lane, discussed their factors in purchasing their home being near Wood Lake Nature Center and the vacant lot behind their home. She asked how they would be compensated for the loss in value for their home.

Mayor Elliott responded he wasn’t certain there would be a loss in value.

John Stark responded that they have tracked this in larger projects and in other areas — Sheridan and 76th St — and the values have risen. He stated they could look at the assessed value of the homes near there.

Ms. Powell asked about the width of the road and the ability for emergency vehicles in the area. She commented on changing the character of the neighborhood with five additional homes in a space where there was previously one or none and asked about the timeline.

Housing Manager Urban responded that there is no timeline at this point, they are seeking guidance from policy makers and mentioned if the proposal moved forward there would be a neighborhood meeting before approvals were considered.

Jerri Scott, 6608 Emerson Ave S, shared her concern about placing five homes and the increased traffic that would come into the street. She also was concerned about the height of these home compared to the ramblers currently there and ask the height to be reduced.

Paul Zobeck, 6714 Emerson Ave S, asked about the proposed costs of purchasing the lot.

Housing Manager Urban responded that they estimated $60,000 per lot based on previous values.
Mr. Zobeck asked if neighbors had the potential to purchase the lot outright. He commented they purchased in 2009 and the driving force to purchase it was not having neighbors behind them and he was more in favor of one home than five homes.

April Pream, 6639 Emerson Ave S, commented on the quiet nature of the block and asked about the look of the proposed homes.

Urban stated they are the same model but they would change the roof lines and colors and would expect that from the builder.

Ms. Preem stated it would be helpful to see how the homes would actually look. She asked about the annual costs of maintaining the property currently and commented on the range of property values on the block and that any homes on the block above the price of the new homes might reduce in their value and those below the price of the new homes might increase in value.

Mayor Elliott commented on the availability of homes in Richfield and the limited options of lots for the HRA to purchase.

Urban asked the policymakers if there was an option they wanted staff to pursue.

Mayor Elliott did not see this project moving forward while he was on the Council and deferred to the other Council Members.

Council Member Regan Gonzalez stated she did not feel comfortable with the five house proposal.

Council Member Trautmann stated he shared questions about the property if the City is not gaining revenue from the development or sale and taking on certain costs with the public road.

Planning Commission Chair Hayford Oleary stated it is worse if it is three houses than five houses if it has to be a public road and considered if it was better to stay vacant, as it doesn’t seem feasible with three homes.

Council Member Howard suggested having another work session in 2019.

**ADJOURNMENT**

The work session was adjourned by unanimous consent at 7:00 p.m.

Date Approved: January 15, 2019

________________________________________
HRA Chair

________________________________________
Kate Aitchison
Housing Specialist

________________________________________
John Stark
Executive Director
The meeting was called to order by Commissioner Pat Elliot at 7:00 p.m. in the Council Chambers.

HRA Members Present: Mary Supple, Chair; Pat Elliott; Michael Howard; and Erin Vrieze Daniels.

HRA Members Absent: Sue Sandahl.

Staff Present: Steve Devich, Executive Director; John Stark, Community Development Director; Julie Urban, Housing Manager; and Kate Aitchison, Housing Specialist.

OATH OF OFFICE OF RICHLIFIELD HOUSING AND REDEVELOPMENT AUTHORITY COMMISSIONER, MARY SUPPLE

APPROVAL OF THE MINUTES OF THE: (1) SPECIAL CITY COUNCIL, HOUSING AND REDEVELOPMENT AUTHORITY, AND PLANNING COMMISSION WORK SESSION OF OCTOBER 9, 2018; AND (2) REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING OF OCTOBER 15, 2018.

M/Howard, S/Vrieze Daniels to approve the minutes of the (1) Special City Council, Housing and Redevelopment Authority, and Planning Commission work session of October 9, 2018; and (2) Regular Housing and Redevelopment Authority meeting of October 15, 2018.

Motion carried 4-0.

Item #1 APPROVAL OF THE AGENDA

M/Elliott, S/Howard to approve the agenda.

Commissioner Vrieze Daniels requested the amendment of removing item 2a from consent calendar to discussion.

Motion carried 4-0, as amended.
Item #2 | CONSENT CALENDAR

Executive Director Devich presented the Consent agenda:

B. Consideration of the approval of revisions to the First Time Homebuyer Program Guidelines. (S.R. No. 48)

M/Elliott, S/Howard to approve of the consent calendar.

Motion carried 4-0.

Item #3 | CONSIDERATION OF THE ADOPTION OF A RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY LOCATED AT 6701 17TH AVENUE SOUTH, PENDING CONSIDERATION OF A FINDING OF CONSISTENCY BY THE RICHFIELD PLANNING COMMISSION. (S. R. NO. 47)

Community Development Director John Stark presented staff report No. 47.

M/Supple, S/Howard to adopt a resolution authorizing the purchase of real property located at 6701 17th Avenue South, pending the consideration of a finding of consistency by the Richfield Planning Commission.

RESOLUTION NO. 1316
RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY LOCATED AT 6701 17TH AVENUE SOUTH

Commissioner Vrieze Daniels asked for clarification on the long-term costs of maintaining the road.

Community Development Director Stark stated that he did not have the exact numbers, but that staff did have the support of the Public Works department for this acquisition.

Executive Director Devich responded that it long-term makes sense for holding and maintaining this property. He provided examples for the use of this property in the short term holding.

Commissioner Vrieze Daniels explained her concerns that the staff report did not include the long-term costs and implications of the use of the property. She stated her concern for the spending of government money.

Executive Director Devich requested that any need for more information in staff reports can be made in advance of the meetings.

Commissioner Elliot suggested a change to the Purchase Agreement for consistency.

Commissioner Howard stated his support for the acquisition, from a practical and fiscal standpoint.

Commissioner Vrieze Daniels stated she plans to vote against the acquisition of the property.

Motion carried 3-1, with Commissioner Vrieze Daniels voting nay.

Item #4 | CONSIDERATION OF THE ADOPTION OF A RESOLUTION APPROVING A FAIR HOUSING POLICY. (S.R. NO. 49)
Housing Manager Julie Urban presented Staff Report No. 49.

M/Howard, S/Vrieze Daniels to adopt a resolution approving a Fair Housing Policy.

**RESOLUTION NO. 1317**
**RESOLUTION APPROVING THE ADOPTION OF A FAIR HOUSING POLICY**

Commissioner Howard supported the policy and its work in tandem with the Inclusionary Housing Policy.

Commissioner Vrieze Daniels stated her support, especially in regards to soliciting community input as we move forward.

Chair Supple agreed and added her support.

**Motion carried 4-0.**

<table>
<thead>
<tr>
<th>Item #5</th>
<th>CONSIDERATION OF THE APPROVAL OF A CONTRACT FOR PRIVATE DEVELOPMENT BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY AND ENDRES CUSTOM HOMES, INC. FOR THE REDEVELOPMENT OF 6933 OLIVER AVENUE S UNDER THE RICHFIELD REDISCOVERED CREDIT PROGRAM. (S.R. NO. 50)</th>
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Housing Specialist Kate Aitchison presented Staff Report No. 50.

M/Elliott, S/Vrieze Daniels to approve and authorize execution of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 6933 Oliver Avenue S.

Commissioner Vrieze Daniels stated her appreciation for the inclusion of numbers regarding both affordable and market-rate new construction.

**Motion carried 4-0.**

<table>
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<tr>
<th>Item #6</th>
<th>CONSIDERATION OF THE APPROVAL OF A CONTRACT FOR PRIVATE DEVELOPMENT BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY AND ENDRES CUSTOM HOMES, INC. FOR THE REDEVELOPMENT OF 7420 SHERIDAN AVENUE S UNDER THE RICHFIELD REDISCOVERED PROGRAM. (S.R. NO. 51)</th>
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</table>

Housing Specialist Kate Aitchison presented Staff Report No. 51.

M/Elliott, S/Howard to approve and authorize execution of a Contract for Private Development between the Housing and Redevelopment Authority and Endres Custom Homes, Inc. for the redevelopment of 7420 Sheridan Avenue S.

**Motion carried 4-0.**

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<th>Item #7</th>
<th>HRA DISCUSSION ITEMS</th>
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Chair Supple asked for clarification on the date of the January HRA meeting. Staff responded that they will clarify the date with staff and the commissioners.
Chair Supple commended Executive Director Devich for his time and commitment to the HRA and the city of Richfield.

Executive Director Devich stated his thanks and his appreciation for the HRA and his time spent working with the body. He stated his appreciation for the community and for all the great experiences he has had with the Housing and Redevelopment Authority.

Commissioner Elliott stated his appreciation for the hard work and dedication of Executive Director Devich.

Commissioner Howard shared his appreciation for all that he has learned about redevelopment from his time on the HRA.

Commissioner Vrieze Daniels also stated her appreciation of the dedication of Executive Director Devich to making Richfield a great community.

<table>
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<tr>
<th>Item #8</th>
<th>EXECUTIVE DIRECTOR REPORT</th>
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<td>None.</td>
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<tr>
<th>Item #9</th>
<th>CLAIMS AND PAYROLL</th>
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<tr>
<td>M/Elliott, S/Howard that the following claims and payroll be approved:</td>
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<table>
<thead>
<tr>
<th>U.S. BANK</th>
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<tbody>
<tr>
<td>Section 8 Checks: 130204-130287</td>
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<tr>
<td>HRA Checks: 33544-33558</td>
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<td>TOTAL</td>
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Motion carried 4-0.

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<th>Item #10</th>
<th>ADJOURNMENT</th>
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<td>The meeting was adjourned by unanimous consent at 7:36 p.m.</td>
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Date Approved: January 15, 2019

HRA Chair

Kate Aitchison
Housing Specialist

John Stark
Executive Director
STAFF REPORT NO. 2
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
1/15/2019

REPORT PREPARED BY: Chris Regis, Finance Director
OTHER DEPARTMENT REVIEW: N/A

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
1/2/2019

ITEM FOR COUNCIL CONSIDERATION:
Consideration of the adoption of resolutions designating official depositories for the Housing and Redevelopment Authority for 2019, including the approval of collateral.

EXECUTIVE SUMMARY:
In compliance with Minnesota statutes, the Housing and Redevelopment Authority of Richfield (HRA) must designate on an annual basis those financial institutions it does business with.

The following resolutions for the HRA Board’s consideration, designate U.S Bank/4M Fund as a depository of HRA funds, and certain savings and loan associations, banks, credit unions and certain financial institutions as depositories for the investment of HRA funds.

RECOMMENDED ACTION:
By motion: Adopt the resolutions designating official depositories, with the understanding that the HRA could not invest in any of the depositories beyond the level of insurance coverage of the pledged collateral.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT
   • N/A

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
   • In accordance with Minnesota Statutes Section 118A.01 - 118A.06, the HRA of Richfield must designate financial institutions annually. The institutions must pledge the collateral over and above the amount of federal insurance, as public depositories.
   • U.S. Bank acts as the banking institution in the HRA’s banking arrangement with the 4M Fund. Monies received, checks written, by the HRA, flow through U.S. Bank, however, at the end of each business day, any proceeds remaining in HRA U.S. Bank accounts are swept to the 4M Fund to be invested. Therefore, at the end of the business day the HRA accounts are zero, which means the collateral requirements of Minnesota Statutes Section 118A.03 are not required. Accordingly, U.S. Bank has met all other statutory requirements and should be considered as a depository for the HRA’s vendor accounts and all savings deposits.
   • The HRA must also designate annually, certain savings and loan associations, banks, and credit unions as official depositories for deposit and investment of certain HRA funds. With approval of these official depositories, the HRA will be able to invest funds in these institutions, not exceeding the federal insurance of $250,000.
Finally, a designation must be made for certain financial institutions as depositories for the investment of HRA funds for 2019. These institutions, such as investment brokerage firms, offer government securities in the manner required by law. These financial institutions include RBC Capital Markets, Raymond James & Associates, Northland Securities, Oppenheimer & Co., Wells Fargo Institutional Retirement and Trust, and the 4M Fund.

C. CRITICAL TIMING ISSUES:

- N/A

D. FINANCIAL IMPACT:

- N/A

E. LEGAL CONSIDERATION:

- The HRA is required by Minnesota Statute 118A.01 - 118A.06, to designate as a depository of funds, insured banks or thrift institutions. Any collateral so deposited is accompanied by an assignment pledged to the HRA in the amount specified in the resolutions.

ALTERNATIVE RECOMMENDATION(S):

- The HRA could solicit other financial institutions for official depositories, but past relationships with the depositories recommended have proven satisfactory for the City.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

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<tr>
<th>Description</th>
<th>Type</th>
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<tr>
<td>Resolution designating US Bank a depository of funds for the HRA</td>
<td>Resolution Letter</td>
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<tr>
<td>Resolution designating certain savings &amp; Loan associations, banks, and credit unions as depositories for the investment of HRA funds</td>
<td>Resolution Letter</td>
</tr>
<tr>
<td>Resolution designating certain financial institutions as depositories for the investment of HRA Funds</td>
<td>Resolution Letter</td>
</tr>
</tbody>
</table>
RESOLUTION NO.

RESOLUTION DESIGNATING U.S. BANK A
DEPOSITORY OF FUNDS OF THE HRA OF RICHFIELD
FOR THE YEAR 2019

BE IT RESOLVED, by the Housing and Redevelopment Authority of Richfield as follows:

That, in accordance with Minnesota Statutes, Section 118A.01-118A.06, U.S. Bank be, and hereby is designated a depository of the funds of the Housing and Redevelopment Authority of Richfield, subject to modification and revocation at any time by said Housing and Redevelopment Authority, and subject to the following terms and conditions:

The said depository shall not be required to give bonds or other securities for such deposits provided that the total sum thereof shall not at any time exceed in any depository the sums for which its deposits are insured under the Acts of Congress of the United States relating to insurance of bank deposits; but that in case such deposits in any such depository shall at any time exceed such insured sum, said depository shall immediately furnish bonds or other security for such excess according to law, approved by the Housing and Redevelopment Authority of Richfield.

That said depository shall pay on demand all deposits therein; and shall pay all time deposits, at or after the end of the period for which the same shall be deposited, on demand.

BE IT FURTHER RESOLVED, that there shall be maintained a general account in which shall be deposited all monies. The following officers or their facsimile signatures shall sign checks on this account;

, CHAIR
JOHN STARK, EXECUTIVE DIRECTOR

BE IT FURTHER RESOLVED, that all funds remaining in the account at the end of each business day will be transferred from U.S. Bank to the 4M Fund where funds deposited are invested and insured.

Adopted by the Housing and Redevelopment Authority of Richfield, Minnesota this 15th day of January, 2019.

, Chair

ATTEST:

Erin Vrieze Daniels, Secretary
RESOLUTION NO.

RESOLUTION DESIGNATING CERTAIN SAVING AND
LOAN ASSOCIATIONS, BANKS AND CREDIT UNIONS
AS DEPOSITORIES FOR THE INVESTMENT OF
HOUSING AND REDEVELOPMENT AUTHORITY OF
RICHFIELD FUNDS IN 2019

WHEREAS, pursuant to Minnesota Statutes, Sections 118A.01 – 118A.06, municipal funds may be deposited in any Savings and Loan Association, Bank or Credit Union which has its deposits insured by the Federal Deposit Insurance Corporation (FDIC), or National Credit Union Administration (NCUA); and

WHEREAS, the amount of said deposits may not exceed the FDIC/NCUA insurance covering such deposits which insurance amount is presently $250,000; and

WHEREAS, the deposit of Housing and Redevelopment Authority funds in Savings and Loan Associations and Banks would provide greater flexibility in the Housing and Redevelopment Authority’s investment program and maximize interest income thereon.

NOW, THEREFORE, BE IT RESOLVED, by the Housing and Redevelopment Authority of Richfield, Minnesota, as follows:

1. It is hereby found and determined that it is in the best interest of the proper management of Housing and Redevelopment Authority funds that certain Savings and Loan Association and Banks be designated as additional depositories for Housing and Redevelopment Authority funds for 2019.

2. It is further found and determined that the purpose of such depository designation is to facilitate the proper and advantageous investments of Housing and Redevelopment Authority funds and that such designation is not exclusive nor does it preclude the deposit of any Housing and Redevelopment Authority funds in other officially designated depositories of the Housing and Redevelopment Authority.

3. The Finance Director is hereby authorized to deposit Housing and Redevelopment Authority funds in various depositories up to the amount of $250,000, or such other amount as may be subsequently permitted by law, such deposits to be in the form of demand accounts, payable to the Housing and Redevelopment Authority of Richfield on the signatures of the Housing and Redevelopment Authority Finance Director. Such deposits may be made and withdrawn from time to time by the Finance Director as his best judgment and the interests of the Housing and Redevelopment Authority dictates.
4. The investment of funds and the reporting thereof pursuant to this resolution shall be conducted in accordance with established policies of the Housing and Redevelopment Authority regarding the investment of Housing and Redevelopment Authority funds.

Adopted by the Housing and Redevelopment Authority of Richfield, Minnesota this 15th day of January, 2019.

________________________________________, Chair

ATTEST:

______________________________
Erin Vrieze Daniels, Secretary
RESOLUTION NO.

RESOLUTION DESIGNATING CERTAIN FINANCIAL INSTITUTIONS AS DEPOSITORIES FOR THE INVESTMENT OF HOUSING AND REDEVELOPMENT AUTHORITY OF RICHFIELD FUNDS IN 2019

WHEREAS, the Housing and Redevelopment Authority of Richfield has money which is available for investment; and

WHEREAS, different financial institutions offer different rates of return on investments; and

WHEREAS, the Housing and Redevelopment Authority of Richfield shall purchase U. S. Treasury Bills, U. S. Treasury Notes and other such government securities in the manner required by law from the institution offering the highest rate to the Housing and Redevelopment Authority of Richfield providing greater flexibility in the investment program and maximize interest income thereon.

NOW, THEREFORE, BE IT RESOLVED, by the Housing and Redevelopment Authority of Richfield, Minnesota, in accordance with Minnesota Statutes, Sections 118A.01 – 118A.06, as follows:

1. It is hereby found and determined that it is in the best interest of the proper management of Housing and Redevelopment Authority of Richfield funds that certain financial institutions be designated as additional depositories for Housing and Redevelopment Authority of Richfield funds for 2019.

2. The following financial institutions designated as depositories for the Housing and Redevelopment Authority of Richfield funds:

   4M Fund      Oppenheimer & Co.
   Wells Fargo Institutional Retirement & Trust Northland Securities, Inc.

3. The Finance Director is hereby authorized to deposit the Housing and Redevelopment Authority of Richfield funds in any or all of the depositories herein designated. Such deposits may be made and withdrawn from time to time by the Finance Director’s judgment and as the interest of the Housing and Redevelopment Authority of Richfield dictates.

4. The investment of funds and the reporting thereof pursuant to this resolution shall be conducted in accordance with established policies regarding the investment of these funds.

Adopted by the Housing and Redevelopment Authority of Richfield, Minnesota this 15th day of January, 2019.
ATTEST:

Erin Vrieze Daniels, Secretary
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the approval of an amended Contract with the Center for Energy and Environment to provide loan and remodeling advising services to Richfield homeowners for 2019.

EXECUTIVE SUMMARY:
The Housing and Redevelopment Authority (HRA) has contracted with the Center for Energy and Environment's Lending Center (CEE) to provide loan and remodeling advising services to Richfield residents since 2017.

Approval of a amended Contract is needed for CEE to continue providing services to Richfield homeowners. The proposed Contract amendment includes the following changes:
1. An extension of services through December 31, 2019.
2. An annual administration fee of $500.

Costs for loan origination and remodeling adviser visits remain the same.

RECOMMENDED ACTION:
By motion: Approve an amended Contract with the Center for Energy and Environment to provide lending and remodeling advising services for 2019.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT
   - CEE’s Lending Center has extensive experience in providing lending and remodeling services and offers these services to several communities in the metro area.
   - In 2018, CEE provided 44 remodeling advisor visits and originated 9 Fix-Up Fund loans.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
   - Extending the Contract with CEE would enable the City to continue offering valuable remodeling resources to its residents and meet the Comprehensive Plan goal of supporting the rehabilitation and upgrading of the existing housing stock.

C. CRITICAL TIMING ISSUES:
   - The current Contract with CEE expired on December 31, 2018. An amended Contract is necessary in order to continue offering lending and remodeling services to Richfield residents.

D. FINANCIAL IMPACT:
   - The HRA would pay CEE a $500 administrative fee, a loan origination fee of $125 for each loan
processed, and $225 for each remodeling advising visit.

- Funds are designated in the 2019 budget for these expenses.
- In addition, HRA and Minnesota Housing funds are available to write down the Fix-Up Fund interest rate to three percent.

E. **LEGAL CONSIDERATION:**

- The HRA Attorney reviewed the original Contract.

**ALTERNATIVE RECOMMENDATION(S):**

- Decide not to approve the amendment to the Contract.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

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<td>Contract Amendment</td>
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<td>Exhibit A-1: Program Guidelines</td>
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<td>Exhibit B-1: Budget</td>
<td>Contract/Agreement</td>
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AMENDMENT 1 to the LOAN ORIGINATION AGREEMENT
Between
HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD
And
CENTER FOR ENERGY AND ENVIRONMENT

City of Richfield Home Improvement Loan Program

The Agreement made the 1st day of October, 2017 by and between the HOUSING AND
REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, with offices at
6700 Portland Ave, Richfield, MN 55423, (the “Authority”), and the CENTER FOR ENERGY
AND ENVIRONMENT, with its offices at 212 3rd Avenue North, Suite 560, Minneapolis,
Minnesota 55401 (“CEE”) is hereby amended.

Exhibit A shall be replaced by Exhibit A1 (attached)

Section 2. Compensation of the agreement shall be amended to read:

2.1 The Authority shall compensate CEE for services provided under this agreement
according to the following schedule and more fully described in Exhibit B1 attached hereto:

   Annual Administration Fee                      $500

   The Authority shall pay an Annual Administration Fee on January 1st of each year this
   contract is active. This shall cover the cost of one CEE staff to attend home shows, the
   City of Richfield Home Tour, meetings and contract renewals.

   Loan Origination Fee                           $125

   The Authority shall pay CEE an Origination Fee for each loan closed using the Authority
   Funded Program to subsidize the Minnesota Housing Finance Agency (MHFA) interest
   rate. The Origination Fee shall compensate CEE for assisting borrowers with loan
   applications, loan closing and other direct costs of processing loans. Mortgage filing
   fees, document preparation, credit report, flood, title work and a 1% Origination fee shall
   be paid by the borrower. CEE shall provide a copy of the MHFA purchase approval as
   documentation of the loan closing.

Section 5. Term and Termination of the agreement shall read:

5.1 Unless earlier terminated as provided in the following paragraphs, this Agreement shall
become effective on October 1, 2017 and continue through December 31, 2019.
All other sections of the contract shall remain as written in the original and amended agreements.

IN WITNESS WHEREOF, the parties hereunder set their hands as of the date written below:

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY
OF RICHFIELD

By __________________________
Chairperson

Date __________________________

CENTER FOR ENERGY AND
ENVIRONMENT

By ____________________________

Date __________________________

By ____________________________
Executive Director

TAX ID 41-1647799

Date __________________________
PROGRAM GUIDELINES

This document includes guidelines for the MHFA Interest Subsidy Program
RICHFIELD LOAN PROGRAM GUIDELINES

The HOUSING AND REDEVELOPMENT AUTHORITY is making funds available for homeowners to assist with home maintenance and energy improvements. The Richfield Interest Subsidy Program is designed to supplement existing loan programs available from MHFA, CEE, private lenders and other housing resources. This program is not intended to be the sole source of improvement funds available to the City. Center for Energy and Environment shall serve as the administrator for the Richfield Interest Subsidy Program and will secure the most beneficial financing based on the borrower’s needs independent of the funding source.

Richfield Interest Subsidy Program

**Interest Rate:** 3% fixed

**Amortization Type:** Amortizing. Closed-end (Monthly Payments Required)

**Loan Amount:** Minimum of $2,000 and Maximum of $50,000.

**Total Project Cost:** The borrower must have sufficient funds necessary to cover the cost of the entire project (as outlined in the bid(s)). Additional funds may come from personal savings, gifts, or other loan funds.

**Loan term:** Generally, one year per $1,000 borrowed. This will be somewhat flexible depending on the size of the loan and the borrower’s ability to repay the loan. The minimum term is 1 year; the maximum term will be 20 years.

**Eligible Properties:** 1-4 unit owner-occupied properties located within the geographical boundaries of the City of Richfield. Townhomes and Condominiums are eligible, subject to Association Bylaws. Properties may be held in a Contract for Deed.

**Ineligible Properties:** Dwellings with more than 4 units, cooperatives, manufactured homes, time shares, properties held in the name of a trust and properties used for commercial purposes.

**Eligible Borrowers:** All borrowers must be legal residents of the United States, as evidenced by a social security number, Including: U.S. Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens. TAX IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE.

**Ineligible Borrowers:** Including but not limited to: - Businesses, Foreign Nationals, Non-Occupant Co-Borrowers, and Properties held in the name of a trust.
Ownership/Occupancy: Owner-occupied only.

Loan-to-Value Ratio: The ratio of all loans secured by the property, including the new loan, should not exceed 110% of the property value. Half of the improvement value may be added to the initial property value.

Income Limit: The property owner’s household income shall not exceed 115% of the HUD Regional Median Income based on household size or the MHFA income limit, whichever is less. Income for eligibility will be determined by the projected income for the next 12 months per MHFA guidelines. This limit adjusts annually.

Debt-to-Income Ratio: Applicant must have the ability to repay the loan. An applicant who has a debt to income ratio in excess of 48% will be ineligible to receive financing.

Credit Requirements: All borrowers must have a minimum credit score of 620 and: 1) All mortgage payments must be current and reflect no 30 day late payments history in the past 12 month period (without reasonable explanation) 2) All real estate taxes must be current. 3) No outstanding judgements or collections (excluding medical). 4) Bankruptcy must have been discharged for at least 18 months prior to loan closing. 5) The redemption period on prior foreclosures must have occurred at least 18 months prior to the loan application date. 6) Generally, no more than two 60-day late payments on credit report. Any 60 day late requires a documented explanation and reasonable reasons; medical, unemployment, divorce. 7) No defaulted government loans.

Multiple Loans per Property: More than one loan per property is allowed, however, the outstanding balance(s) cannot exceed $50,000.

Eligible Use of Funds: Same as the current MHFA guidelines

Ineligible Use of Funds: Payment for work initiated prior to the loan being approved and closed, unless due to emergency. Recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas, whirlpools, etc.), furniture, non-permanent appliances, and funds for working capital, debt service, homeowner labor or refinancing existing debts are NOT allowed.

Bids: Only one bid/estimate is required. All contractors must be properly licensed.

Sweat Equity / Homeowner Labor: Work may be performed by property owners on a “sweat equity” basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to rent tools/equipment or compensate for labor. The property owner will provide evidence to CEE that they have the ability to complete the work and complete a Homeowner Labor Agreement.

Remodeling Advisor Visit (RAV): The Remodeling Advisor Visit provides rehabilitation and/or remodeling advice upon request of the resident. The intent is to help residents improve their homes by providing technical assistance before and during the bidding and construction process. All home-owners are eligible for this service regardless if applying for the Richfield Interest Subsidy Program or not. This visit is not required.

Loan Security: Determined by MHFA requirements.
**Borrower Fees:** Borrower will be responsible for a 1% origination Fee (which may be financed), mortgage filing and service fees, flood certificate and credit report.

**Underwriting Decision:** Applicants must have acceptable credit history. CEE will approve or deny loans based on a credit report, income verification and other criteria as deemed necessary through CEE’s underwriting guidelines. CEE’s decision shall be final.

**Work Completion:** All work must be completed within 9 months of the loan closing.

---

**General Program Conditions**

**Application Processing:** Loans will be distributed on a first come first serve basis as borrowers qualify. 
**Applicants must provide a completed application package including the following in order to be considered for funding.**
- Completed and signed application form
- Proof of income
- Proof of Identity (drivers license, passport, etc.)
- Bids or estimates for proposed projects
- Other miscellaneous documents that may be required.

**Program Costs:** Loan origination, interest subsidy and remodeling advisor visit fees will be paid out of the Program Budget. Loan program marketing efforts will be billed directly to the City of Richfield and is a separate expense should the city choose to commission CEE for marketing support.

**Total Project Cost:** It is the borrower’s responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final cost exceeds the original loan amount, the borrower must obtain the additional funds and show verification of the additional funds in order to be approved for the loan.

**Disbursement Process:** Funds are disbursed to the borrower(s)
EXHIBIT B1

TOTAL PROGRAM BUDGET $41,250

RICHFIELD LOAN PROGRAM BUDGET

A. MHFA Interest Subsidy Program Budget Allocation (includes Annual Administration Fee, Origination Fees and Interest Subsidy): 2019: $26,625
   Remodeling Advisor Visit Budget: 2019: $14,625

Budget Notes:

1. CEE shall submit monthly invoices for origination fees, interest subsidy and remodeling advisor visits for that period.

2. Services performed by CEE will initially be funded from the Total Program Budget as stated above and paid in accordance with the following schedule.

   (1) Annual Administration Fee $500 (one time)
   (2) Origination Fee: MHFA Interest Subsidy $125.00 per loan closed
   (3) MHFA Interest Subsidy $varies on loan amount and term
   (4) Remodeling Advisor Visit $225.00 per inspection

3. Marketing
   Marketing efforts will be supported by CEE and marketing costs are not included in the administrative budget. Hourly rates are inclusive of all overhead expenses and will be charged only for hours directly related to the labor of all program marketing. CEE will also be reimbursed by City of Richfield for any non-labor, out-of-pocket expenses relating to these services on a dollar-for-dollar basis.
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the adoption of a resolution approving the Assignment and Assumption of Contract between NHH Companies, LLC, CPII Development, LLC, and the Housing and Redevelopment Authority.

EXECUTIVE SUMMARY:
On September 17, 2018, NHH Companies, LLC, (NHH) entered into a Contract for Private Development (Contract) with the Richfield Housing and Redevelopment Authority (HRA) for the development of the eastern half of the Cedar Point II area with 218 units of market-rate apartments. NHH is requesting to assign their obligations under the Contract to CPII Development, LLC. CPII Development, LLC, is a subsidiary of NHH and The Simmons Group.

Section 8.2 of the Contract allows NHH to assign its rights and duties under the Contract to another entity with the approval of the HRA, if: (a) the proposed transferee has the qualifications and financial responsibility, in the reasonable judgement of the HRA, necessary and adequate to fulfill the obligations undertaking in the Contract Agreement; and (b) the proposed transferee expressly assumes all of the obligations under the Contract and agrees to be subject to all of the conditions and restrictions to which NHH is subject to.

Staff feels that the company has the qualifications and financial capability to fulfill the obligations in the Contract, and they will assume all the obligations in the Contract for Private Development.

RECOMMENDED ACTION:
By motion: Adopt a resolution approving the Assignment and Assumption of Contract to CPII Development, LLC.

BASIS OF RECOMMENDATION:
A. HISTORICAL CONTEXT
   - The Cedar Point II development area (16th Avenue to Richfield Parkway, 63rd Street to 65th Street) has been identified for redevelopment as multi-family housing in the Cedar Corridor Master Plan since 2004.
   - The HRA entered into a Contract for Private Development with NHH Companies, LLC, on September 17, 2018, for the development of the eastern half of the Cedar Point II area with 218 units of market-rate rental housing.
B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
   ♦ The Cedar Point II development area is guided for high-density residential development in the Comprehensive Plan.

C. CRITICAL TIMING ISSUES:
   ♦ The Contract needs to be assigned to the entity, CPII Development, LLC, which represents both developers, in order to proceed with the development. Closing on the HRA’s property is anticipated in March 2019 with construction beginning in April.

D. FINANCIAL IMPACT:
   ♦ The financial terms of the development remain the same.
   ♦ The development is financially feasible with the two development partners/investors.

E. LEGAL CONSIDERATION:
   ♦ The HRA Attorney drafted the Assignment and Assumption of Contract.

ALTERNATIVE RECOMMENDATION(S):
   ♦ Do not approve the Assignment and Assumption of Contract.

PRINCIPAL PARTIES EXPECTED AT MEETING:
Representative of the developer

ATTACHMENTS:

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RESOLUTION NO. ______

RESOLUTION APPROVING ASSIGNMENT OF CONTRACT FOR PRIVATE DEVELOPMENT

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) has entered into a Contract for Private Development, dated September 17, 2018 (the “Contract”) with NHH Companies, L.L.C., a Minnesota limited liability company (the “Original Developer”); and

WHEREAS, pursuant to the Contract, the Original Developer has proposed to construct (i) a multifamily housing development with approximately 218 units; (ii) a parking ramp with approximately 188 spaces; and (iii) necessary public infrastructure, including streets and utilities (the “Minimum Improvements”) on certain land (the “Development Property”) within the Cedar Avenue Tax Increment Financing District; and

WHEREAS, the Original Developer has proposed to assign the Contract to an affiliated entity, CPII Development LLC, a Minnesota limited liability company (the “Assignee”), pursuant to an Assignment of Contract for Private Development (the “Assignment of Contract”), between the Original Developer, the Assignee, and the Authority and the Assignee has proposed to assume all of the Original Developer’s rights and duties under the Contract; and

WHEREAS, there has been presented to the Board of Commissioners of the Authority (the “Board”) the Assignment of Contract; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota that:

1. The Assignment of Contract is hereby in all respects authorized, approved, and confirmed. The Chair of the Board and the Executive Director are hereby authorized and directed to execute the Assignment of Contract for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chair and the Executive Director are hereby authorized to execute and deliver any other documents or certificates deemed necessary to carry out the intentions of this resolution and the Assignment of Contract.
Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of January, 2019.

__________________________
Chair

__________________________
Secretary
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the adoption of a resolution approving execution of a Right of Entry Agreement with Cedar Point Investments, LLC, for the Cedar Point II properties owned by the Housing and Redevelopment Authority.

EXECUTIVE SUMMARY:
On August 20 and September 17, 2018, the Housing and Redevelopment Authority (HRA) approved Contracts for Private Development with NHH Companies, LLC (Developer), for the development of the Cedar Point II area (63rd to 65th Streets and 16th Avenue to Richfield Parkway). The Developer, now doing business as Cedar Point Investments, LLC, is ready to begin construction on the townhomes on the western half of the site and is seeking a Right of Entry Agreement (Agreement) in order to conduct construction staging on the eastern half of the site, which is still owned by the HRA.

Construction of the apartments on the eastern half of the site is not scheduled to begin until later in the Spring; therefore, the HRA will retain ownership of this property until apartment construction is ready to commence. Because much of the construction activity (e.g., grading, staging, entrances, sediment and erosion control) will cross over all of the property, the Agreement is needed to allow construction on the townhomes to move forward.

The proposed Agreement authorizes the Developer to enter the HRA property to conduct construction-related activities.

RECOMMENDED ACTION:
By motion: Adopt a resolution approving execution of a Right of Entry Agreement with Cedar Point Investments, LLC, for the Cedar Point II properties owned by the Housing and Redevelopment Authority.

BASIS OF RECOMMENDATION:
A. HISTORICAL CONTEXT
   - On May 21, 2018, the HRA approved a Right of Entry Agreement with NHH Companies, LLC, to conduct pre-construction activities on HRA-owned property. That Right of Entry Agreement expired on December 30, 2018.
   - The HRA approved Contracts for Private Development for the construction of 218 apartments and up to 80 townhomes on August 20 and September 17, 2018.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
The proposed development is consistent with the City's Comprehensive Plan and the Cedar Corridor Master Plan for the area.

C. **CRITICAL TIMING ISSUES:**
   - The Agreement expires when all necessary improvements, as required in the Contract for Private Development, are completed.
   - Closing on all HRA-owned property in the development area will not occur until spring. An agreement allowing construction staging and activity to occur prior to that closing will enable townhome construction to begin yet this winter.

D. **FINANCIAL IMPACT:**
   - There is no financial impact to the HRA. All costs for the work to be done, any liability expense, and restoration of any damage done to the property is at the Developer’s expense.

E. **LEGAL CONSIDERATION:**
   - The HRA Attorney prepared the Right of Entry Agreement.

**ALTERNATIVE RECOMMENDATION(S):**
- The HRA may choose to not authorize execution of a Right of Entry Agreement at this time.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**
N/A

**ATTACHMENTS:**

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RESOLUTION NO. ______

RESOLUTION APPROVING THE EXECUTION AND DELIVERY OF A RIGHT OF ENTRY AGREEMENT WITH CEDAR POINT INVESTMENTS LLC

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) owns certain real property located within the City of Richfield, Minnesota (the “Authority Property”); and

WHEREAS, pursuant to a Contract for Private Development, dated September 17, 2018 (the “Contract”), between the Authority and Cedar Point Investments LLC, a Minnesota limited liability company or any assigns approved by the Authority (the “Developer”), the Developer has agreed to acquire certain real property located within the City of Richfield, Minnesota (the “Development Property”) and to construct (i) approximately 80 affordable owner-occupied townhomes; (ii) two parking stalls per unit of owner-occupied housing; and (iii) necessary public infrastructure, including streets and utilities (the “Minimum Improvements”) on the Development Property, all subject to the conditions set forth in the Contract; and

WHEREAS, the Authority has proposed to provide the Developer with the right to enter the Authority Property for construction staging purposes to facilitate the development of the Minimum Improvements on the Development Property; and

WHEREAS, there has been presented before this Board of Commissioners of the Authority a form of Right of Entry Agreement (the “Right of Entry Agreement”) proposed to be entered into between the Authority and the Developer, pursuant to which the Authority will grant the Developer the right to enter the Authority Property as necessary for construction staging purposes to facilitate the development of the Minimum Improvements on the Development Property, subject to the terms and conditions provided therein; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota as follows:

1. The Right of Entry Agreement is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Right of Entry Agreement for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chair and the Executive Director are hereby authorized to execute and deliver any and all documents deemed necessary to carry out the intentions of this resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of January, 2019.

Chair
Secretary
THIS RIGHT OF ENTRY AGREEMENT (the “Agreement”) is made and entered into on __________, 2019, by and between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and CEDAR POINT INVESTMENTS LLC, a Minnesota limited liability company (the “Developer”).

WHEREAS, the Authority is the owner in fee simple of certain real estate in the City of Richfield, Minnesota, which is legally described in EXHIBIT A attached hereto and incorporated herein (the “Authority Property”); and

WHEREAS, the Developer acquired certain real estate in the City of Richfield, Minnesota, which is legally described in EXHIBIT B attached hereto and incorporated herein (the “Development Property”), from the Authority under the terms of the Contract for Private Development, dated August 20, 2018 (the “Development Agreement”), between the Authority and the Developer, subject to the conditions set forth in Section 3.2 of the Development Agreement; and

WHEREAS, pursuant to Section 4.1 of the Development Agreement, the Developer agreed to construct (i) approximately 80 affordable owner-occupied townhomes; (ii) two parking stalls per unit of owner-occupied housing; and (iii) necessary public infrastructure, including streets and utilities (the “Minimum Improvements”) on the Development Property; and

WHEREAS, the Authority has agreed to allow the Developer the right to enter the Authority Property as necessary for construction staging purposes to facilitate the development of the Minimum Improvements on the Development Property; and

NOW THEREFORE, the parties agree as follows:

1. **Access.** The Authority grants to the Developer, upon the terms and conditions stated below, on a non-exclusive basis, the permission and right to access and use the Authority Property for construction staging purposes and to facilitate the construction of the Minimum Improvements. The Developer shall not construct any structures or improvements on the Authority Property without the prior written consent of the Authority, unless such structures or improvements are described in construction plans approved by the Authority. Such right of access and use is granted only for the term of this Agreement, as set forth below, and only for the purposes set forth above.

2. **Term.** The term of this Agreement (the “Term of this Agreement”) shall commence on the day that this Agreement is executed and it shall continue until the Developer has completed all contemplated Improvements.

3. **Safety and Maintenance.** The Developer agrees that if there is damage or changes to the Authority Property as a result of the construction of the Improvements, the Developer will, after completion of the Improvements, restore the Authority Property to substantially the same condition as it previously was and remove all rubbish, waste, and debris in connection therewith. The Developer also agrees not to use the Authority Property for the production, storage, deposit or disposal of toxic, dangerous or hazardous substances, pollutants, wastes or contaminations, including but not limited to, nuclear fuel or wastes that are considered hazardous by law and regulations. The Developer shall indemnify the Authority, its officials, employees, agents and others acting on behalf of the Authority, hold it harmless against any and all loss, damage, liability, claim, cost or expenses (specifically including reasonable attorneys’ fees and other costs and expenses of investigation and defense of any sort), resulting
from injury or death to any person or from loss of or damage to any property, however caused, which occurs on the Authority Property with respect to the production, storage, deposit or disposal of toxic, dangerous or hazardous substance pollutants, wastes or contaminations by the Developer.

4. **Hold Harmless and Indemnity.** The Developer agrees to indemnify, defend, and hold harmless the Authority and the City of Richfield, Minnesota (the “City”), their agents, officials and employees from any and all claims, losses, damages, liabilities, causes of action, judgments, costs, or expenses because of personal injury, death, or property damage caused by Developer or its officers, employees, agents, contractors, or assigns’ use of the Authority Property. The Authority and the City agree to indemnify, defend, and hold harmless the Developer, its agents, officers, and employees from and against any and all claims, losses, damages, liabilities, causes of action, judgments, costs, or expenses because of personal injury, death, or property damage caused by the Authority or the City or their officials, employees, agents, contractors, or assigns’ entry into the Authority Property during the Term of this Agreement.

5. **Insurance.** The Developer agrees to provide and maintain a liability insurance policy with a general liability limit of at least $1,500,000 each occurrence throughout the Term of this Agreement and to list the Authority as an “additional insured.” Said policy is limited to any person or persons working for or under the Developer as employees, contractors, and agents. On execution of this Agreement, the Developer shall provide the Authority with evidence that is satisfactory to the Authority that the insurance coverage required hereunder will be in full force and effect during the Term of this Agreement. In the event that any insurance renews or is terminated during the Term of this Agreement, the Developer shall promptly provide the Authority with evidence that such coverage will be renewed or replaced upon termination with insurance that complies with these provisions. At the request of the Authority, the Developer shall, in addition to providing such evidence of insurance, promptly furnish the Authority with a complete (and if so requested, insurer-certified) copy of the insurance policy intended to provide coverage required by this Agreement.

6. **Assignment.** The Developer shall not assign or otherwise transfer this Agreement, any right or interest in this Agreement or any right or interest in the Authority Property without the express written consent of the Authority, which consent shall not be unreasonably withheld.

7. **Costs.** The Developer shall be responsible to pay any fees, wages, and other charges and expenses in any manner associated with the Developer’s activities under this Agreement.

8. **Other Authority or Rights.** The Developer shall bear the sole obligation of obtaining such other authority or rights as it may need in addition to the rights provided in this Agreement for the use of the Authority Property.

9. **Liens and Encumbrances.** The Developer shall keep the Authority Property free of all liens and encumbrances arising out of its interest in or activities on the Authority Property.

10. **Disclaimer of Warranty.** The Developer has conducted its own investigation and inspection of the Authority Property and is familiar with the physical condition of the Authority Property and surrounding terrain, and is fully informed as to the existing conditions and limitations. The Authority makes no representation or warranty as to the suitability of the Authority Property for use by the Developer and no such representation, warranty, or any other representations are made by the Authority or shall be implied by operation of law or otherwise. The Developer accepts the Authority Property in an as-is, where-is condition with all faults, defects, and deficiencies.
11. **Governing Law.** The parties agree that the interpretation and construction of this Agreement shall be governed by the laws of the State of Minnesota, without regard to such state’s conflict of law provisions.

12. **Notices and Demands.** All notices, demands or other communications under this Agreement shall be effective only if made in writing and shall be sufficiently given and deemed given when delivered personally or mailed by certified mail (return receipt requested) or registered mail, postage prepaid, properly addressed as follows:

   To the Authority:   Housing and Redevelopment Authority
                    in and for the City of Richfield, Minnesota
                    6700 Portland Ave. South
                    Richfield, MN 55423
                    Attn: Community Development Director

   To the Developer:  Cedar Point Investments LLC
                    7455 France Avenue South
                    Suite 351
                    Edina, Minnesota 55435
                    Attn: Adam Seraphine

   or to such other person at such other address as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

13. **Execution in Counterpart.** This Agreement is executed in any number of counterparts, each of which shall constitute one and the same instrument.

14. **Amendment.** This Agreement may be amended only by a written amendment signed by both parties.

15. **Relationship of Parties.** Nothing in this Agreement shall be interpreted or construed as a partnership or joint venture between the Authority and the Developer concerning the Developer’s use of the Authority Property. This Agreement shall not be interpreted to be any type of lease or easement affecting the Authority Property and does not convey an interest in the Authority Property to the Developer.

16. **Severance.** Should any portion of this Agreement be declared invalid and unenforceable, then such portion shall be deemed to be severed from this Agreement and shall not affect the remainder thereof.

17. **Default.** If any default is made by the Developer in any of the agreements contained in this Agreement which is not cured within 30 days of written notice from the Authority, it shall be lawful for the Authority to declare the term ended and to enter the Authority Property either with or without legal process, and to remove the Developer or any other person occupying the Authority Property, using such force as may be necessary, without being liable for prosecution, or for damages, and to repossess the Authority Property free and clear of any rights of the Developer.

18. **Developer.** With respect to the right to access and use the Authority Property granted to the Developer in this Agreement, the term “Developer” shall include Developer’s agents, employees, contractors, affiliates, and other representatives.
IN WITNESS WHEREOF, the parties have executed this Right of Entry Agreement as of the date first above written.

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHLFIELD

By ________________________________
Its Chair

By ________________________________
Its Executive Director
Execution page of the Developer to the Right of Entry Agreement dated as of the date first written above.

CEDAR POINT INVESTMENTS, LLC

By: ________________________________
Its: ________________________________
EXHIBIT A

LEGAL DESCRIPTION OF THE AUTHORITY PROPERTY

Lots 9, 10, 11, 12, 13, 14, Block 1, Iverson’s Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

Lots 9, 10, 11, 12, 13, 14, 15, 16, Block 2, Iverson’s Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota
EXHIBIT B

LEGAL DESCRIPTION OF THE DEVELOPMENT PROPERTY

Lots 3 and 6, Block 1, Iverson’s Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota

Lots 1 and 2, Block 2, Iverson’s Second Addition, according to the recorded plat thereof, Hennepin County, Minnesota
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the adoption of a resolution approving collateral assignment of the Secondary Developer Tax Increment Financing Note to be issued by the Richfield Housing and Redevelopment Authority for the benefit of the Secondary Developer.

EXECUTIVE SUMMARY:
Lyndale Gardens, LLC ("Master Developer") is preparing to sell to Richfield Property Holdings, LLC and 15th NB Property1 LLC (Secondary Developer) the property on which the apartment and townhome portion of the approved project will be constructed. In order to secure financing for the project, the Secondary Developer's lender (Drake Bank) has required the Secondary Developer to assign all of its interests in the Secondary Developer Tax Increment Financing (TIF) Note to Drake Bank.

The collateral assignment of the Secondary Developer's interest in the revenue note (to Drake Bank) provides that when the TIF Note is issued (contingent upon all requirements provided in the Contract for Private Development), TIF Note payments will go directly to Drake Bank. Drake Bank will have the right to exercise any rights of the Secondary Developer specifically related to the TIF Note.

Section 3.4(c) of the Development Agreement allows for the assignment of the Secondary Developer TIF Note to a lender that provides part of the financing for the construction of the Secondary Developer Improvements.

RECOMMENDED ACTION:
By motion: Adopt a resolution approving the collateral assignment of the Secondary Developer Tax Increment Financing Note.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT
   - Lyndale Gardens LLC secured land-use approvals for the redevelopment of the north half of the former Lyndale Garden Center site (approx. 63rd Street and Lyndale Avenue) in June 2018. The approved project includes 30 for sale condominiums, 8 rental townhomes, a 66-unit multifamily apartment building, and approximately 6,000 square feet of retail space.
   - The HRA approved an Amended and Restated Contract for Private Development on July 17, 2018.
   - The Secondary Developer has submitted plans for construction of the 66-unit multifamily
apartment building and 8-unit townhome building to the Building Inspections Department for review.
- The mortgage lender for the construction of the apartment and townhome portions of the project are requiring assignment of the Secondary Developer’s TIF Note.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
- Section 3.4(c) of the Development Agreement allows for the assignment of the Secondary Developer TIF Note to a lender that provides part of the financing for the construction of the Secondary Developer Improvements.

C. CRITICAL TIMING ISSUES:
- Construction cannot begin until the lenders have assignment.
- Land use approvals will expire in June 2019 unless substantial work has been completed.

D. FINANCIAL IMPACT:
- Pursuant to the Contract for Private Development, the HRA has agreed to issue a TIF “Pay-As-You-Go” TIF Note in the amount of $1,491,077 to the Secondary Developer. The TIF Note will be issued only after the Master Developer has provided the HRA with evidence of sufficient qualified costs.

E. LEGAL CONSIDERATION:
- The Collateral Assignment of the Secondary Developer TIF Note was reviewed and approved by the HRA Attorney.

ALTERNATIVE RECOMMENDATION(S):
- Do not adopt the resolution.

PRINCIPAL PARTIES EXPECTED AT MEETING:
N/A

ATTACHMENTS:

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<td>Resolution</td>
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WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the “Authority”) has entered into an Amended and Restated Contract for Private Development, dated July 16, 2018 (the “Development Agreement”), between the Authority and Lyndale Gardens, LLC, a Minnesota limited liability company (the “Master Developer”), pursuant to which the Master Developer, or a secondary developer selected by the Master Developer, agreed to construct 8 rental townhome units and a 66-unit multifamily apartment complex, including 7 affordable residential units (collectively, the “Secondary Developer Improvements”), on property located within the City of Richfield, Minnesota (the “Development Property”); and

WHEREAS, to make the Secondary Developer Improvements economically feasible, the Authority agreed to provide to the Master Developer a Tax Increment Limited Revenue Note (the “TIF Note”) in a maximum principal amount of $1,491,077; and

WHEREAS, pursuant to an Agreement between Master Developer and Secondary Developer executed in December 2018 (the “Master Developer/Secondary Developer Agreement”) between the Master Developer and Richfield Property Holdings, LLC, a Minnesota limited liability company, and 15TH NB Property1 LLC, a Minnesota limited liability company (together, the “Secondary Developer”), the Secondary Developer agreed to construct the Secondary Developer Improvements as required under the Development Agreement, and the Master Developer agreed to cause the Secondary Developer TIF Note defined in and contemplated by the Development Agreement to be issued in favor of the Secondary Developer in place of the TIF Note; and

WHEREAS, Drake Bank, a Minnesota banking corporation (the “Lender”), has agreed to make a loan to the Secondary Developer (the “Lender Loan”) in the amount of $1,340,000 to finance in part the development of the Secondary Developer Improvements; and

WHEREAS, prior to making the Loan, the Lender requires that the Secondary Developer assign all of its interests in the Secondary Developer TIF Note to the Lender to secure the obligations of the Secondary Developer with respect to the Lender Loan and that the Authority issue the Secondary Developer TIF Note directly to the Lender; and

WHEREAS, the Secondary Developer is permitted under Section 3.4(c) of the Development Agreement to assign the Secondary Developer TIF Note to the Lender; and

WHEREAS, there has been presented before this Board of Commissioners of the Authority a form of Collateral Assignment of Secondary Developer TIF Note (the “Collateral Assignment”) proposed to be entered into between the Authority, the Secondary Developer, and the Lender, pursuant to which the Secondary Developer will assign its right, title, and interest in the Secondary Developer TIF Note to the Lender, including the Secondary Developer’s right to receive payments under the Secondary Developer TIF Note, and the Authority will issue the Secondary Developer TIF Note directly to the Lender; and
NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota that:

1. The Collateral Assignment is hereby in all respects authorized, approved, and confirmed, and the Chair and the Executive Director are hereby authorized and directed to execute the Collateral Assignment for and on behalf of the Authority in substantially the form now on file with the Community Development Director but with such modifications as shall be deemed necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

2. The Chair and the Executive Director are hereby authorized to execute and deliver any and all documents deemed necessary to carry out the intentions of this resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of January, 2019.

__________________________________
Chair

__________________________________
Secretary
COLLABORAL ASSIGNMENT OF SECONDARY DEVELOPER TIF NOTE

THIS COLLABORAL ASSIGNMENT OF SECONDARY DEVELOPER TIF NOTE (this “Agreement”) is made and entered into as of the ___ day of January, 2019, by and among the HOUSING AND REDEVELOPMENT AUTHORITY OF AND FOR THE CITY OF RICHFIELD, MINNESOTA, a public body corporate and politic organized under the laws of the State of Minnesota (the “Authority”), RICHFIELD PROPERTY HOLDINGS, LLC, a Minnesota limited liability company, and 15TH NB PROPERTY1 LLC, a Minnesota limited liability company (collectively, the “Developer”), and DRAKE BANK, a Minnesota state banking corporation (the “Lender”).

WITNESSETH:

WHEREAS, the Authority and Lyndale Gardens, LLC (“Master Developer”) have entered into that certain Amended and Restated Contract for Private Development dated as of July 16, 2018 (the “Development Agreement”), concerning, amongst other things, the construction by the Master Developer, or a secondary developer selected by Master Developer, of 8 rental townhome units and a 66-unit multifamily apartment complex, including 7 affordable residential units (as further described in the Development Agreement), on property legally described on Exhibit A attached hereto and hereby made a part hereof (the “Project”); and

WHEREAS, pursuant to the Development Agreement, and provided the Master Developer is in compliance with the requirements contained in the Development Agreement, the Authority shall execute that certain Taxable Tax Increment Revenue Note, in the principal amount of not more than $1,491,077, the form of which is attached as Schedule A to the Development Agreement (the “TIF Note”); and

WHEREAS, Master Developer and Developer are parties to that certain Agreement between Master Developer and Secondary Developer dated December 26, 2018 (the “Master Developer/Secondary Developer Agreement”), pursuant to which Master Developer and Developer have agreed that Developer will construct the Project as required under the Development Agreement in exchange for the Master Developer’s agreement to cause the Secondary Developer TIF Note to be issued in favor of Developer in lieu of the TIF Note described above; and

WHEREAS, the Lender intends to make a loan to the Developer to be evidenced by, among other things, a Promissory Note (the “Lender Note”) in the original principal amount of $1,340,000.00 (the “Loan”), to finance in part the development of the Project; and
WHEREAS, the Lender has required, as a condition to the making of the Loan, that (a) the Developer assign all of its interests in the Secondary Developer TIF Note to the Lender to secure the obligations of the Developer to the Lender under the Lender Note (the Lender Note and all documents executed in connection therewith are collectively referred to as the “Loan Documents”), and (b) the Authority agrees to certain other matters, all as more fully contained herein.

NOW THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Assignment.** The Developer hereby assigns to the Lender all of its right, title and interest in the Secondary Developer TIF Note, including, without limitation, the right to receive payments under the Secondary Developer TIF Note, to secure the Developer’s obligations under the Loan Documents.

2. **TIF Note.** To perfect the Lender’s security interest in the Secondary Developer TIF Note, at such time as the Authority issues the Secondary Developer TIF Note, the Authority shall deliver the Secondary Developer TIF Note directly to the Lender, and the Developer shall execute and deliver to the Lender an endorsement to the Secondary Developer TIF Note, all to be held by the Lender pursuant to the terms of this Agreement. Until payment in full of the Lender Note, the Developer authorizes and directs the Authority to make all payments under the Secondary Developer TIF Note directly to the Lender, and the Lender shall apply any such payments to amounts owing under the Lender Note.

3. **Representations and Warranties of Developer.** The Developer hereby represents and warrants that there have been no prior assignments of the Secondary Developer TIF Note, that the Secondary Developer TIF Note will be valid and enforceable and that neither the Authority nor the Master Developer is in default thereunder and that all covenants, conditions and agreements have been performed as required therein, except those not to be performed until after the date hereof. The Developer agrees not to sell, assign, pledge, mortgage or otherwise transfer or encumber its interest in the Secondary Developer TIF Note as long as this Agreement is in effect. Subject to Section 4 hereof, the Developer hereby irrevocably constitutes and appoints the Lender as its attorney-in-fact to demand, receive and enforce the Developer’s rights with respect to the Secondary Developer TIF Note for and on behalf of and in the name of the Developer, or, at the option of the Lender, in the name of the Lender, with the same force and effect as the Developer could do if this Agreement had not been made.

4. **Present Assignment.** This Agreement shall constitute a perfected, absolute and present assignment, provided that the Lender shall have no right under this Agreement to enforce the provisions of the Secondary Developer TIF Note or exercise any of its rights or remedies under this Agreement until an Event of Default (as that term is defined in the Lender Note) shall occur and be continuing.

5. **Event of Default.** Upon the occurrence and during the continuance of an Event of Default (as that term is defined in the Lender Note), the Lender may, without affecting any of its rights or remedies against the Developer under any other instrument, document or agreement,
exercise its rights under this Agreement as the Developer’s attorney-in-fact in any manner permitted by law and, in addition, the Lender shall have the right to exercise and enforce any and all rights and remedies available after a default to a secured party under the Uniform Commercial Code as adopted in the State of Minnesota. If notice to the Developer of any intended disposition of collateral or of any intended action is required by law in any particular instance, such notice shall be deemed commercially reasonable if given at least ten (10) days prior to the intended disposition or other action.

6. **Representations and Warranties of the Authority.** The Authority hereby consents and agrees to the terms and conditions of this Agreement. The Authority has not declared an event of default under the Development Agreement.

7. **No Assumption.** The Authority acknowledges that the Lender is not a party to the Development Agreement and by executing this Agreement does not become a party to the Development Agreement, and specifically does not assume and shall not be bound by any obligations of the Developer to the Authority under the Development Agreement.

8. **Default Under Development Agreement.** Notwithstanding anything to the contrary in the Development Agreement, if the Lender exercises its rights under this Agreement or under the Loan Documents, the Authority will not declare an event of default under the Development Agreement; provided, however, that the Authority’s obligations under the Development Agreement, and in any event, Authority’s obligation to make payments under the Secondary Developer TIF Note is conditioned upon performance by the Developer or the Lender or their successors of all of the Developer’s obligations under the Development Agreement to the extent provided in the Development Agreement.

9. **Notice from the Authority.** So long as the Development Agreement remains in effect, the Authority agrees to give to the Lender copies of notices of any event of default given to the Developer under the Development Agreement.

10. **Amendments.** The Authority and the Developer agree that no change or amendment shall be made to the terms of the Development Agreement or the Secondary Developer TIF Note without the prior written consent of the Lender.

11. **Waiver.** This Agreement can be waived, modified, amended, terminated or discharged only explicitly in writing signed by the parties hereto. A waiver by the Lender shall be effective only in a specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Lender’s rights or remedies hereunder. All rights and remedies of the Lender shall be cumulative and may be exercised singularly or concurrently at the Lender’s option, and any exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other.

12. **Headings.** The descriptive headings for the several sections of this Agreement are inserted for convenience only and not to confine or limit any of the terms or provisions hereof.

13. **Addresses for Notice.** Any notice from, request, demand or communication hereunder shall be deemed fully given if delivered or served by depositing the same with the
United States Postal Service, postage prepaid, certified or registered, addressed to the parties as set forth below:

If to the Authority: Housing and Redevelopment Authority of and for the City of Richfield, Minnesota  
6700 Portland Avenue  
Richfield, Minnesota 55423  
Attention: Executive Director

If to the Developer: Richfield Property Holdings, LLC  
15th NB Property LLC  
c/o North Bay Companies  
2316 4th Avenue South  
Minneapolis, Minnesota 55404

If to the Lender: Drake Bank  
60 East Plato Blvd, Suite 100  
Saint Paul, Minnesota 55107  
Attention: Daniel Batten

14. Transfer of Title to Lender. The Authority agrees that in the event the Lender, a transferee of the Lender, or a purchaser at foreclosure sale, acquires title to the Project pursuant to foreclosure, or a deed in lieu thereof, the Lender, transferee or purchaser shall not be bound by the terms and conditions of the Development Agreement, except as expressly provided herein. The Authority agrees that in the event the Lender, a transferee of the Lender or a purchaser at foreclosure sale acquires title to the Project pursuant to a foreclosure sale or a deed in lieu thereof, then the Lender, transferee or purchaser shall be entitled to all rights conferred upon the Developer under the Development Agreement, as long as no condition of default exists and remains uncured beyond any applicable cure periods in the obligations of the Developer under the Development Agreement.

15. Successors. This Agreement and each and every covenant, agreement and other provision hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

16. Severability. The enforceability or invalidity of any provision hereof shall not render any other provision or provisions herein contained unenforceable or invalid.

17. Governing Law. This Agreement is made in and shall be construed in accordance with the laws of the State of Minnesota.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.
HOUSING AND REDEVELOPMENT AUTHORITY OF AND FOR THE CITY OF RICHLFIELD, MINNESOTA

By: ________________________________
Name: ______________________________
Its: Chair

By: ________________________________
Name: John Stark
Its: Executive Director

STATE OF MINNESOTA )
) ss.
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this ____ day of January, 2019, by __________, the Chair of the Housing and Redevelopment Authority of and for the City of Richfield, Minnesota, a public body corporate and politic organized under the laws of the State of Minnesota, for and on behalf of said public body.

______________________________
Notary Public

STATE OF MINNESOTA )
) ss.
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this ____ day of January, 2019, by John Stark, the Executive Director of the Housing and Redevelopment Authority of and for the City of Richfield, Minnesota, a public body corporate and politic organized under the laws of the State of Minnesota, for and on behalf of said public body.

______________________________
Notary Public
[SIGNATURE PAGE TO COLLATERAL ASSIGNMENT OF SECONDARY 
DEVELOPER TIF NOTE]

RICHFIELD PROPERTY HOLDINGS, 
LLC, a Minnesota limited liability company

By: __________________________________________
   Daniel Oberpriller
   Its: Manager

STATE OF MINNESOTA )
COUNTY OF __________ ) ss.

The foregoing instrument was acknowledged before me this ____ day of January, 2019, by 
Daniel Oberpriller, the Manager of Richfield Property Holdings, LLC, a Minnesota limited 
liability company, for and on behalf of said limited liability company.

__________________________________________
Notary Public
15TH NB PROPERTY1 LLC, a Minnesota limited liability company

By: ______________________________________
    Daniel Oberpriller
    Its: Chief Manager

STATE OF MINNESOTA   )
                      ) ss.
COUNTY OF ___________ )

The foregoing instrument was acknowledged before me this ____ day of January, 2019, by Daniel Oberpriller, the Chief Manager of 15th NB Property1 LLC, a Minnesota limited liability company, for and on behalf of said limited liability company.

__________________________
Notary Public
DRAKE BANK, a Minnesota state banking corporation

By: _________________
Name: Daniel A. Batten
Its: Vice President

STATE OF MINNESOTA )
COUNTY OF RAMSEY   ) ss.

The foregoing instrument was acknowledged before me this ___ day of January, 2019, by Daniel A. Batten, the Vice President of Drake Bank, a Minnesota state banking corporation, for and on behalf of said corporation.

________________________________
Notary Public
EXHIBIT A

(Legal Description)

Lot 2, Block 1, Lyndale Gardens 2nd Addition
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the adoption of a resolution authorizing acceptance of a donation of $100,000 to the Housing and Redevelopment Authority from Affordable Suburban Housing and approval of program guidelines for distributing the funds through an Affordable Apartment Improvement Grant Program.

EXECUTIVE SUMMARY:
Affordable Suburban Housing (ASH) is a non-profit that supports affordable housing in suburban communities. ASH recently offered the Housing and Redevelopment Authority (HRA) the opportunity to request a donation to be used to support affordable housing efforts in the community. Staff submitted an application proposing to use the funds on an Affordable Apartment Improvement Grant Program (Program) and was awarded $100,000 in funding. The HRA must formally accept the funds by resolution.

The purpose of the proposed Program would be to provide financial resources to improve existing, affordable apartments. The HRA would provide grants targeted at small rental buildings to make improvements to units currently occupied by tenants, while maintaining affordable rents. Grants of up to $5,000 per unit would be provided to units occupied by tenants who have lived in the unit for ten or more years. The owner would provide a 60% match and commit to maintaining the affordability of the unit for at least five years. Only buildings containing between four and fourteen units and charging rents affordable to households earning no more than 50% of the area median income (AMI) would be eligible.

RECOMMENDED ACTION:
By motion:
1. Adopt a resolution authorizing acceptance of a donation of $100,000 to the Housing and Redevelopment Authority from Affordable Suburban Housing for funding of an Affordable Apartment Improvement Grant Program.
2. Approve guidelines for the Affordable Apartment Improvement Grant Program.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT
- Bill Schatzlein, the founder of Affordable Suburban Housing, had a long relationship with the HRA. Bill was one of the original organizers of the Remodeling Fair, developed several affordable single family homes through the New Home Program, and helped to coordinate the Community Apartment Program. Bill passed away several years ago, and the ASH Board recently decided to disband the non-profit and donate the remaining funds to other non-profit organizations who work on providing affordable housing in suburban communities. ASH contacted HRA staff last Fall asking that we submit a proposal for use of the funds.
B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
   - The proposed Program furthers a goal of the City’s Comprehensive Plan to encourage the maintenance and upgrading of aging apartment buildings, while maintaining affordability and preventing displacement of residents.

C. CRITICAL TIMING ISSUES:
   - This grant was received at the end of 2018 and should be formally accepted as soon as possible.
   - Funds will be made available to interested owner(s) following approval of the guidelines by the HRA.

D. FINANCIAL IMPACT:
   - ASH donated $100,000 to the HRA. The funds will be used to support improvements to affordable apartments in small apartment buildings while maintaining affordable rents. With the funds and the required match from the owner, 20-30 units may be improved with the funds.

E. LEGAL CONSIDERATION:
   - The HRA Attorney reviewed the program guidelines.

ALTERNATIVE RECOMMENDATION(S):
   - N/A

PRINCIPAL PARTIES EXPECTED AT MEETING:
Board members of Affordable Suburban Housing, including Mary Schatzlein and Dan Schatzlein.

ATTACHMENTS:

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RESOLUTION NO.

RESOLUTION AUTHORIZING ACCEPTANCE OF A DONATION RECEIVED BY THE HOUSING AND REDEVELOPMENT AUTHORITY (HRA) AND TO AUTHORIZE THE HRA TO ADMINISTER THE FUNDS IN ACCORDANCE WITH AFFORDABLE APARTMENT IMPROVEMENT GRANTS PROGRAM GUIDELINES

WHEREAS, Minnesota Statute 465.03 reads in part as follows:

Any city, county, school district or town may accept a grant or devise of real or personal property and maintain such property for the benefit of its citizens in accordance with the terms prescribed by the donor. Nothing herein shall authorize such acceptance or use for religious or sectarian purposes. Every acceptance shall be by resolution of the Council adopted by two-thirds majority of its members, expressing such terms in full, and

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield has received grants and donations as described below:

$100,000 from Affordable Suburban Housing for funding an Affordable Apartment Improvement Grant Program

NOW, THEREFORE, BE IT RESOLVED, by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, as follows:

That the Housing and Redevelopment Authority hereby accepts the grants and donations as listed above, received in 2018, and authorizes the HRA to administer the funds in accordance with program guidelines.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield this 15th day of January, 2019.

Chairperson

Secretary
Purpose: The purpose of the Affordable Apartment Improvement Grants (AAIG) Program is to provide financial resources to improve existing, affordable apartments. The grants are targeted at small rental buildings and intended to make improvements to units currently occupied by tenants, while maintaining affordable rents.

Program Objectives:

- To maintain and improve Richfield’s rental housing stock.
- To provide improvement resources to small apartment buildings.
- To improve units occupied by existing tenants while maintaining affordability.
- To incentivize owners to invest private resources into apartment buildings.
- To stabilize and improve neighborhoods.

Criteria for Eligibility:

1. Rental apartment buildings that contain between four and fourteen units.
2. Units to be improved must be occupied by tenants who have lived in the unit for ten or more years.
3. The building(s) to be improved must be at least 30 years old.
4. The contract rent of the units to be improved must be affordable at 50% of the Twin Cities Area Median Income. As of April 1, 2018, the maximum rents to be charged are: Efficiency/Studio = $826; 1BR = $885; 2Br = $1,061; 3BR = $1,226.
5. The grant recipient must be willing to commit to five years of affordability for improved units and raise rents no more than three percent per year.
6. The Applicant must have a current rental housing license for the Property and be in compliance with applicable city codes and ordinances.

Terms and Conditions of the Grants:

1. Funds will be awarded in the form of a grant.
2. Minimum grant amount = $5,000. Maximum grant amount per unit = $5,000. The HRA Executive Director may consider requests for amounts more than the maximum.
3. The grant recipient must provide a 60% match of the grant funds.
4. A grant agreement will detail the terms of the grant.
5. Eligible improvements include but are not limited to: kitchen cabinets, counters, bathroom vanities, flooring, accessibility improvements, energy-efficiency-related improvements, paint. The plan for improvements to individual units must be made in consultation with the tenant.
6. HRA funds can only be used for improvements to individual units. Matching funds may be used to improve individual units, common areas, and/or the building exterior.
7. Funds will be disbursed following completion of the improvement work and submission of invoices and digital photos of the improvements.
8. Funding is available on a limited basis.
9. Funding an application is at the HRA’s discretion.
AGENDA
SECTION: RESOLUTIONS
AGENDA ITEM # 5.

STAFF REPORT NO. 8
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
1/15/2019

REPORT PREPARED BY: Kate Aitchison/Celeste McDermott, Housing Specialists
OTHER DEPARTMENT REVIEW: N/A
EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director 1/8/2019

ITEM FOR COUNCIL CONSIDERATION:
Consideration of the adoption of a resolution authorizing the purchase of 6412 Bloomington Avenue S. for future development as a single-family home.

EXECUTIVE SUMMARY:
The owner of 6412 Bloomington Avenue S has expressed an interest in selling her home to the Richfield Housing and Redevelopment Authority (HRA). The house is 707 square feet and was built in 1928. It is a 1.25 story home, with a small second-floor space that can only be accessed via a stairway in the home’s only bathroom. It has one bedroom plus den, along with one bathroom and an unfinished basement. There is a detached one-car garage on the property. An independent assessment of the property found that it had "an awkward floorplan resulting from multiple additions over the years," and that it has excessive code deficiencies that would cost more than 25% of the property's value to correct. The house was deemed substandard and meets the requirements for acquisition and demolition under state statute. A sale price of $115,000 was agreed upon with the seller, with $1,000 paid ahead of closing as earnest money.

This home could be redeveloped under the Richfield Rediscovered Program or the New Home Program. Staff will seek the HRA's input on future development at the February meeting.

RECOMMENDED ACTION:
By motion: Adopt a resolution authorizing the purchase of 6412 Bloomington Avenue S for future development as a single-family home.

BASIS OF RECOMMENDATION:
A. HISTORICAL CONTEXT
   • In late 2017, the owner of 6412 Bloomington Avenue S contacted Richfield staff inquiring about the possibility of the City purchasing her home. After a visual inspection by staff, a substandard inspection of the home was completed, which indicated that it would qualify for purchase and demolition utilizing the Housing and Redevelopment Fund. The owner was not ready to move forward at that time.
   • In November of 2018, the owner again contacted staff stating she was ready to move forward and had new housing arranged at a local senior living facility. Staff ordered an appraisal and worked with the homeowner to find an agreed upon price.
   • Constructed in 1928, the 1.25 story home has 707 finished square feet with an unfinished basement. It has one bedroom plus den, along with one bathroom and a small upper-level crawl space, accessed via the bathroom.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
The Richfield 2040 Comprehensive Plan states as a goal: "Provide a full range of housing choices that meet residents' needs at every stage of their lives, and ensure a healthy balance of housing types that meet the needs of a diverse population with diverse needs."

In efforts to reach that goal, the following policies are promoted:
  1. Encourage the creation of "move up" housing through new construction and home remodeling.
  2. Promote the development of a balanced housing stock that is available to a range of income levels.
  3. Through the Richfield Rediscovered Program, the HRA purchases and removes substandard and functionally obsolete housing and replaces it with newer, higher valued homes with square footages and design features sought after by current buyers.
  4. Through the New Home Program, the HRA, in conjunction with partner organizations, purchases and removes or rehabilitates substandard and functionally obsolete housing, replacing it with newer, subsidized housing reserved for households at, or under, a certain income threshold.

C. CRITICAL TIMING ISSUES:
  1. A Purchase Agreement was signed by the property owner contingent upon HRA approval.
  2. Under the terms of the purchase agreement, closing would occur, at the latest, by April 1, 2019.
  3. If redeveloped under the Richfield Rediscovered Program, the property would be marketed in early summer to builders and potential buyers for the construction of a new home.
  4. If redeveloped under the New Home Program, the timeline would likely be more drawn out, and the land held for a period of time.

D. FINANCIAL IMPACT:
  1. The home was appraised on December 4, 2018. The appraised market value of the property was $146,000.
  2. The homeowner indicated in a letter dated December 18, 2018, that she would be willing to sell the property for $120,000.
  3. Staff spoke with the homeowner and a price of $115,000 was agreed upon.
  4. $1,000 will be deducted from the sales price and paid before closing as earnest money.
  5. If sold through the Richfield Rediscovered Program, staff anticipates a sale price of at least $50,000. The property would be sold as-is, with the buyer assuming the responsibility for demolition. The HRA's subsidy in this case would be around $65,000. In the Richfield Rediscovered Program, overall subsidies have ranged from $29,000 - $63,000/unit in the past five years.
  6. If sold through the New Home Program, the development of the parcel would depend on funding availability and capacity of partner organizations, like Twin Cities Habitat for Humanity, or the West Hennepin Affordable Housing Land Trust (Homes Within Reach). In the past five years, the subsidies per unit in the New Home Program have ranged from approximately $70,000 to $100,000 per unit.

E. LEGAL CONSIDERATION:
  1. The purchase agreement was reviewed by legal counsel.

ALTERNATIVE RECOMMENDATION(S):
  1. Do not approve a resolution authorizing the acquisition of 6412 Bloomington Avenue S.

PRINCIPAL PARTIES EXPECTED AT MEETING:
Jeannine Sloan, homeowner of 6412 Bloomington Avenue S.

ATTACHMENTS:

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<td>Purchase Agreement</td>
<td>Contract/Agreement</td>
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WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota ("the HRA") desires to purchase certain real property pursuant to and in furtherance of the Richfield Rediscovered Program, said property being described as:

6412 Bloomington Avenue

Legal: Lot 3, Block 6, Girard Parkview, Hennepin County, Minnesota

WHEREAS, the HRA is authorized by Minnesota Statutes Section 469.012 to acquire real property within its area of operation; and

WHEREAS, Housing and Redevelopment Fund money is available for acquisition purposes.

NOW THEREFORE, BE IT RESOLVED, by the Housing and Redevelopment Authority in and for the City of Richfield:

1. The purchase price for the property is approved at $115,000 plus closing costs, not to exceed $119,000.

2. The Chairperson and Executive Director are authorized to execute a Purchase Agreement and to take other actions necessary to purchase the property for the amount set forth in this Resolution.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota on this 15th day of January, 2019.
PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the "Agreement") is made as of this day of __________, 20__, by and between Jeannine C. Sloan, single ("Seller") and the Housing and Redevelopment Authority in and for the City of Richfield, a public body corporate and politic under the laws of the State of Minnesota ("Buyer").

RECITALS

Seller is the owner of property located at 6412 Bloomington Avenue, Richfield, Minnesota, which is legally described on the attached Exhibit A ("Property").

The Property includes includes all plants, shrubs and trees, storm windows and/or inserts, storm doors, screens, awnings, window shades, blinds, curtain-traverse-drapery rods, attached lighting fixtures with bulbs, plumbing fixtures, water heater, heating system, humidifier, central air conditioning, electronic air filter, automatic garage door opener with controls, water softener, cable television outlets and cabling, and built-ins, including dishwasher, garbage disposal, trash compactor, oven(s), cook top stove, microwave oven, hood-fan, intercom and installed carpeting located on the premises which are the property of Seller. The property also includes the following personal property: NONE. Seller is responsible for removal of all personal property. Seller may remove the following items, provided Seller does not cause any unnecessary damage to the Property:

AGREEMENT

1. Offer/Acceptance for Sale of Property. The Seller agrees to sell to Buyer the Property and Buyer agrees to purchase the same, according to the terms of this Agreement.

2. Purchase Price for Property and Terms.

   A. PURCHASE PRICE: The total purchase price for the Property is One hundred and Fifteen thousand and 00/100ths Dollars ($115,000) (the "Purchase Price").

   B. TERMS:

      (1): EARNEST MONEY. The sum of One Thousand Dollars ($1,000.00) (the "Earnest Money") shall be paid by Buyer to Seller.

      (2): BALANCE DUE SELLER. Buyer agrees to pay by check or electronic transfer of funds on the date of closing on the Property (the "Closing Date") any remaining balance of the Purchase Price due to Seller
according to the terms of this Agreement.

(3): DEED/MARKETABLE TITLE. Subject to performance by Buyer, Seller agrees to execute and deliver a Warranty Deed or Personal Representative’s Deed conveying marketable title to the Property to Buyer, subject only to the following exceptions:

a. Building and zoning laws, ordinances, state and federal regulations.

b. Reservation of minerals or mineral rights to the State of Minnesota, if any.

c. Public utility and drainage easements of record which will not interfere with Buyer’s intended use of the Property.

(4): DOCUMENTS TO BE DELIVERED AT CLOSING BY SELLER. In addition to the Warranty Deed required at paragraph 2B(3) above, Seller shall deliver to Buyer:

a. Standard form Affidavit of Seller.

b. A “bring-down” certificate, certifying that all of the warranties made by Seller in this Agreement remain true as of the Closing Date.

c. Certificate that Seller is not a foreign national.

d. If an environmental investigation by or on behalf of Buyer discloses the existence of petroleum product or other pollutant, contaminant or other hazardous substance on the Property, either (i) a closure letter from the Minnesota Pollution Control Agency (MPCA) or other appropriate regulatory authority that remediation has been completed to the satisfaction of the MPCA or other authority; or (ii) Agreement for remediation/indemnification and security as Buyer may require.

e. Well disclosure certification as required pursuant to Paragraph 9 (g) of this Agreement.

If Seller is unaware of the location of a well and there is a building permit issued for the Property prior to installation of a City water system, Seller agrees to have a licensed well contractor examine the Property for purposes of locating a well.

Seller agrees to have all wells located on the Property, which are not in use, sealed by a licensed well contractor at Seller’s expense.
Seller agrees to escrow funds on the Closing Date for the purpose of locating and sealing wells if circumstances prohibit locating and sealing wells prior to closing.

f. Any other documents reasonably required by Buyer's title insurance company or attorney to evidence that title to the Property is marketable and that Seller has complied with the terms of this Agreement.

3. **Contingencies.** Buyer's obligation to buy is contingent upon the following:

a. Buyer's determination of marketable title pursuant to paragraph 4 of this Agreement;

b. Buyer's determination, in its sole discretion, that the results of any environmental investigation of the Property conducted pursuant to this Agreement are satisfactory to Buyer;

c. Approval of this Agreement by Buyer's Board.

Buyer shall have until the Closing Date to remove the foregoing contingencies. The contingencies at a., b., and c. are solely for the benefit of Buyer and may be waived by Buyer. The contingency at d. may not be waived by either party. If Buyer or its attorney gives written notice to Seller that the contingencies at a., b., and c. are duly satisfied or waived, Buyer and Seller shall proceed to close the transaction as contemplated herein.

If one or more of Buyer's or Seller's contingencies is not satisfied, or is not satisfied on time, and is not waived, this Agreement shall thereupon be void at the written option of Buyer and Seller shall return the Earnest Money, if any, to Buyer, and Buyer and Seller shall execute and deliver to each other a termination of this Agreement. As a contingent Agreement, the termination of this Agreement is not required pursuant to Minnesota Statutes, Section 559.21, et. seq.

4. **Title Examination/Curing Title Defects.** As soon as reasonably possible after execution of this Agreement by both parties,

(a) Seller shall surrender any abstract of title and a copy of any owner's title insurance policy for the property, if in Seller's possession or control, to Buyer or to Buyer's designated title service provider; and

(b) Buyer shall obtain the title evidence determined necessary or desirable by Buyer.

The Buyer shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The Seller shall have 90 days from the date of such objection to affect a cure; provided, however, that Seller shall have no obligation to cure any objections, and may inform Buyer of such. The
Buyer may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

5. **Environmental Investigation.** The Seller warrants that the Property has not been used for production, storage, deposit or disposal of any toxic or hazardous waste or substance, petroleum product or asbestos product during the period of time Seller has owned the Property. The Seller further warrants that Seller has no knowledge or information of any fact which would indicate the Property was used for production, storage, deposit or disposal of any toxic or hazardous waste or substance, petroleum product or asbestos product prior to the date Seller purchased the Property. Notwithstanding the above, Seller's warranty regarding petroleum products does not preclude the presence of heating oil or other similar products used as a heating fuel for the dwelling but Seller does warrant that if there was a fuel tank on the Property used for the storage of heating oil or other similar product, Seller has no knowledge of any leak in the tank or contamination caused thereby.

Seller hereby grants to Buyer and Buyer's agents a license to enter and evaluate the Property for the purpose of conducting an environmental assessment. The Buyer is required to perform an environmental assessment prior to committing federal Community Development Block Grant (CDBG) funds. Further, Buyer or Buyer's agent shall have the right pursuant to the license to bring persons and equipment onto the Property, make inspections and perform tests and analyses as Buyer may deem reasonable to determine the presence of any toxic or hazardous waste, substance, or petroleum product or asbestos product, and ascertain soil conditions on the Property. Buyer shall bear the cost of the environmental assessment. If the results of the environmental assessment are not to the satisfaction of Buyer, including a release from environmental conditions related to the commitment and expenditure of CDBG funds, Buyer at its sole discretion may cancel this Agreement. If Buyer cancels this Agreement pursuant to this provision, Buyer shall restore the Property to its original condition or nearly so as is reasonably practicable.

6. **Real Estate Taxes and Special Assessments.** Real estate taxes payable in the year of closing will be pro-rated between Buyer and Seller to the Closing Date. Seller shall pay all real estate taxes payable in previous years, the entire unpaid balance of special assessments, and all installments of special assessments levied and pending, including special assessments installments payable after the year of closing. Seller also agrees to pay all assessments related to service charges furnished to the Property prior to the Closing Date (e.g., delinquent water or sewer bills, removed or diseased trees), including those charges levied, pending, or certified to taxes payable in the year of closing. If closing occurs prior to the date the amount of real estate taxes due in the year of closing are available from Hennepin County, the current year’s taxes will be pro-rated based on the amount due in the prior year.

7. **Closing Date.** The Closing Date will be on or before April 1, 2019. Delivery of all papers and the closing shall be made at the offices of Buyer, 6700 Portland Avenue South, Richfield, Minnesota 55423, or at such other location as is mutually agreed upon by the parties. All deliveries and notices to Buyer shall be made to the above address and marked to the attention of Housing Specialist.

(a) Possession. The Seller agrees to deliver possession not later than the Closing Date.

(b) Utilities. City water and sewer charges, electricity and natural gas charges, fuel oil and liquid petroleum gas shall be pro-rated between the parties as of the Closing Date. Seller shall arrange for final readings as of the Closing Date.

(c) Personal Property. The Seller agrees to remove all debris and all personal property not included herein from the Property before the possession date. Personal property not so removed shall be deemed forfeited to and shall become the property of Buyer. The Buyer may inspect the Property immediately prior to closing and deduct from the purchase price payable at closing an amount reasonably necessary to pay for the cost of removal of any debris or personal property then remaining on the Property. The provisions of this paragraph shall not merge with the deed and shall survive closing on the property.

(d) Escrow. Seller agrees that, at closing, Buyer may retain Five Hundred Dollars ($500.00) from the purchase price for the Property as an Escrow for payment of personal property removal, disposal charges and utility charges. The retained amount, less deductions provided for in this paragraph 8, will be delivered to Seller no later than 60 days following the Closing Date or delivery of possession, whichever is later. Said funds shall be held by Kennedy & Graven, Chartered, as Escrow Agent, pursuant to the terms of the Escrow Agreement attached here as Exhibit C.

(e) Amounts Due. The Buyer’s ability to deduct amounts due under this paragraph from the retained escrow is not exclusive but is in addition to Buyer’s rights at law and equity to collect such amounts from Seller. The Seller is responsible for the amounts due under this paragraph even if: (i) Buyer neglects to deduct the amount from escrow; or (ii) the escrowed amount is insufficient to pay all amounts due under this paragraph 8.


(a) Sewer and Water. Seller warrants that the Property is connected to City sewer and City water.

(b) Mechanics’ Liens. Seller warrants that, prior to the Closing Date, Seller shall pay in full all amounts due for labor, materials, machinery, fixtures or tools furnished within the 120 days immediately preceding the Closing Date in connection with construction, alteration or repair of any structure upon or improvement to the Property.

(c) Notices. Seller warrants that it has not received any notice from any governmental authority as to violation of any law, ordinance or regulation in connection with the Property.

(d) Tenants. Seller warrants that the Property is not now occupied by tenants and
was not occupied by tenants at the time Seller first received Buyer's written offer to purchase the Property.

(e) **Broker Commission.** Each party represents to the other that it has not utilized the services of any real estate broker or agent in connection with this Agreement or the transaction contemplated by this Agreement. Each party agrees to indemnify, defend, and hold harmless the other party against and in respect of any such obligation and liability based in any way upon agreements, arrangements, or understandings made or claimed to have been made by the party with any third person.

(f) **Structures.** The Seller warrants that the buildings, if any, are entirely within the boundary lines of the Property. The parties acknowledge that the Property is being sold in "as is" condition relating to the structural, operational, and mechanical systems.

(g) **Well Disclosure.**

X The Seller certifies that the Seller does not know of any wells on the described real property.  
☐ A well disclosure certificate accompanies this document.  
☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

(h) **Methamphetamine Disclosure.** To the best of Seller’s knowledge, methamphetamine production has not occurred on the property.

10. **Closing Costs/Recording Fees/Deed Tax.** The Buyer will pay: (a) the closing fees charged by the title insurance or other closing agent, if any, utilized to close the transaction contemplated by this Agreement; (b) fees for title evidence obtained by Buyer; and (c) the recording fee for the deed transferring title to Buyer. Seller will pay all other fees normally paid by sellers, including (a) any transfer taxes, recording fees and Well Disclosure fees required to enable Buyer to record its deed from Seller under this Agreement, and (b) fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees.

11. **Inspections.** From the date of this Agreement to the Closing Date, Buyer, its employees and agents, shall be entitled to enter upon the Property to conduct such surveying, inspections, investigations, soil borings and testing, and drilling, monitoring, sampling and testing of groundwater monitoring wells, as Buyer shall elect; provided, that Seller is given at least 24 hours’ notice.

12. **Risk of Loss.** If there is any loss or damage to the Property between the date hereof and the Closing Date, for any reason including fire, vandalism, flood, earthquake or act of God, the risk of loss shall be on Seller. If the Property is destroyed or substantially damaged before the closing date, this Agreement shall become null and void, at Buyer’s option. At the request of Buyer, Seller agrees to sign a cancellation of Agreement.
13. **Default/Remedies.** If Buyer defaults in any of the covenants herein, Seller may terminate this Agreement, and on such termination all payments made hereunder shall be retained by Seller as liquidated damages, time being of the essence. This provision shall not deprive either party of the right to enforce specific performance of this Agreement, provided this Agreement has not terminated and action to enforce specific performance is commenced within six months after such right of action arises. In the event Buyer defaults in its performance of the terms of this Agreement and Notice of Cancellation is served upon Buyer pursuant to Minn. Stat. Section 559.21, the termination period shall be thirty (30) days as permitted by Minn. Stat., Section 559.21, Subd. 4.

14. **Notice.** Any notice, demand, request or other communication which may or shall be given or served by the parties, shall be deemed to have been given or served on the date the same is personally served upon one of the following indicated recipients for notices or is deposited in the United States Mail, registered or certified, return receipt requested, postage prepaid and addressed as follows:

**SELLER:**
Jeannine C. Sloan  
6412 Bloomington Avenue  
Richfield, MN 55423

**BUYER:**
Housing and Redevelopment Authority of the City of Richfield  
Attn: Housing Specialist  
6700 Portland Avenue South  
Richfield, MN 55423

**AGENT:**
Kennedy & Graven, Chartered  
ATTN: Julie Eddington and  
Catherine B. Rocklitz  
470 U.S. Bank Plaza  
200 South Sixth Street  
Minneapolis, MN 55402

15. **Entire Agreement.** This Agreement, Exhibits, and other amendments signed by the parties, shall constitute the entire Agreement between Seller and Buyer and supersedes any other written or oral agreements between the parties relating to the Property. This Agreement can be modified only in a writing properly signed on behalf of Seller and Buyer; except that the Closing Date may be extended up to 6 months by written agreement of the Seller and Buyer without further approval by Buyer’s Board. Buyer’s staff is hereby authorized to execute agreements to extend the Closing Date up to 6 months from the Closing Date at paragraph 7 above.

16. **Survival.** Notwithstanding any other provisions of law or court decision to the contrary, the provisions of this Agreement shall survive closing.
IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date and year above.

Buyer: 
Housing and Redevelopment Authority of the City of Richfield

By: ___________________________
   Its Chair

And by: _________________________
   Its Executive Director

Seller: _________________________
       [Signature]

EXHIBIT A

Legal Description of Property

Lot 3, Block 6, Girard Parkview, Hennepin County, Minnesota
EXHIBIT B

Escrow Agreement

THIS AGREEMENT entered into this ___ day of __________, 20___, by and between ___________________________ ("Seller"), the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHLAND, a Minnesota municipal corporation ("Buyer"), and KENNEDY & GRAVEN, CHARTERED ("Escrow Agent" or "Agent").

RECITALS

A. Seller and Buyer have entered into a Purchase Agreement dated ____________, 20___ ("Purchase Agreement") for the sale of property located at ____________, Richfield, Minnesota and legally described on the attached Exhibit One (the ("Property").

B. The parties desire to close the sale of the Property on ____________.

AGREEMENT

The parties agree as follows:

1. Delivery of Possession. Seller shall deliver possession of the Property to Buyer in accordance with the Purchase Agreement entered into by the parties. The Purchase Agreement requires Seller to pay all utilities and to remove all personal property from the Property upon closing.

2. Escrow. (a) Upon closing and execution of this Agreement, Seller agrees to deposit into escrow the sum of $500.00 (the "Escrowed Funds") from the purchase price, to be held by Agent in a non-interest bearing account.

(b) Within 7 days after requested by Agent, Buyer shall provide to Agent (with copy to Seller) evidence of expenses incurred for the removal and disposal of personal property and for payment of utility charges for services provided to the Property prior to date of possession, if any. Agent shall reimburse Buyer for the incurred expenses from the Escrowed Funds within 7 days following receipt of such evidence from Buyer.

(c) Agent shall deliver to Seller the balance of the Escrowed Funds on deposit, less deductions provided for in paragraph 2(b) above, no later than 30 days following vacation of the Property by Seller.

(d) The sole duties of Agent shall be those described herein, and Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other
agreements among said parties. Agent shall have no duty or liability to verify any amounts deducted from the retained amount and Agent’s sole responsibility shall be to act expressly as set forth in this Escrow Agreement.

3. **Escrow Agent Liability.** The sole duties of Escrow Agent shall be those described herein, and Escrow Agent shall be under no obligation to determine whether the other parties hereto are complying with any requirements of law or the terms and conditions of any other agreements among said parties. Escrow Agent may conclusively rely upon and shall be protected in acting on any notice believed by it to be genuine and to have been signed or presented by the proper party or parties, consistent with reasonable due diligence on Escrow Agent’s part. Escrow Agent shall have no duty or liability to verify any such notice, and its sole responsibility shall be to act expressly as set forth in this Escrow Agreement.

Seller and Buyer understand that Agent is legal counsel to Buyer and each consents to Agent’s serving as Escrow Agent notwithstanding such representation. In the event Agent determines, in its sole discretion, that it cannot continue to serve as Escrow Agent herein, Agent shall deposit the funds with Old Republic National Title Insurance Company or such other Escrow Agent acceptable to Seller and Buyer. Seller consents to Agent’s continued representation of Buyer after a deposit is made, and Buyer agrees to pay all escrow fees charged by the substitute Escrow Agent.

4. Notices to be sent to the parties to this Agreement shall be sent by mail or personal delivery to:

**SELLER:**

__________________________________

**BUYER:** Housing and Redevelopment Authority in and for the City of Richfield Attn:

Richfield City Hall
6700 Portland Avenue South
Richfield, MN 55423

**AGENT:** Kennedy & Graven, Chartered

ATTN: Julie Eddington and Catherine B. Rocklitz
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

IN WITNESS WHEREOF, the parties have executed this agreement as of the date written above.
SELLER:

BUYER:
HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD

By:
Its Chair

And by:
Its Executive Director

ESCROW AGENT:
KENNEDY & GRAVEN, CHARTERED

By:
Exhibit One
Legal Description of Property

Lot 3, Block 6, Girard Parkview, Hennepin County, Minnesota
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the adoption of a resolution amending the Bylaws of the Richfield Housing and Redevelopment Authority to reflect the composition of membership as authorized by the Mayor and City Council of the City of Richfield.

EXECUTIVE SUMMARY:
On December 13, 2011, the Richfield Mayor and City Council adopted a resolution amending the composition of the board of Commissioners of the Richfield Housing and Redevelopment Authority (HRA) to require the appointment of two sitting members of the City Council as HRA Commissioners. The HRA Bylaws, however, were never amended to reflect this action nor other details related to the composition of the HRA board. HRA staff and legal counsel are recommending that the HRA amend its Bylaws at this time to reflect the language pertaining to the composition of the HRA as approved by the City Council. The recommended amendment mirrors the wording contained in the 2011 City Council resolution.

RECOMMENDED ACTION:
By motion: Adopt a resolution amending the Bylaws of the Richfield Housing and Redevelopment Authority to reflect the composition of membership as authorized by the Mayor and City Council of the City of Richfield.

BASIS OF RECOMMENDATION:
A. HISTORICAL CONTEXT
   • Although not reflected in its current Bylaws, the HRA’s composition has included two City Council members for over seven years (since January 2012).

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
   • State Statute (Chapter 469) allows a City Council to create a Housing and Redevelopment Authority and to determine the composition of it’s membership.

C. CRITICAL TIMING ISSUES:
   • The terms of (former) Commissioners Pat Elliott and Michael Howard (as ex-officio Commission members) expired on December 31, 2018 to coincide with the termination of the office of City Council members that they had held.
   • The City Council is scheduled to make HRA Commission appointments, including appointments of two ex-officio City Council members, on January 8, 2018.

D. FINANCIAL IMPACT:
E. **LEGAL CONSIDERATION:**
   - HRA Legal Counsel Julie Eddington recommends that the HRA adopt this Bylaw revision to reflect the City Council's appointment requirements.

**ALTERNATIVE RECOMMENDATION(S):**
   - Adopt the resolution (as recommended), but recommend a different HRA Commission composition to the Richfield City Council for their future consideration.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**
None

**ATTACHMENTS:**

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<th>Description</th>
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<tr>
<td>Resolution</td>
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<td>City Council Resolution No. 10586</td>
<td>Backup Material</td>
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HRA RESOLUTION NO.

RESOLUTION AMENDING THE BYLAWS OF THE HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF RICHFIELD, MINNESOTA

WHEREAS, the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (Authority) has established Bylaws; and

WHEREAS, from time to time it is appropriate for the Bylaws to be amended; and

WHEREAS, in accordance with Minnesota State Statutes, the Mayor and the City Council of the City of Richfield is authorized to create a Housing and Redevelopment Authority (Authority) and to determine the composition thereof; and

WHEREAS, the bylaws of the Authority do not currently reflect or acknowledge the Composition of Membership as determined by the Mayor and City Council.

NOW, THEREFORE, BE IT RESOLVED by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota that Article I of its bylaws be augmented to include:

Section 5. Composition of Membership. The Composition of Membership of the Authority shall be determined by the Mayor and City Council of the City of Richfield (City Council). Until and unless further amended by the Mayor and City Council, this Composition shall be as follows:

a. In making appointments to the HRA commission, the Mayor and City Council shall designate two positions as ex-officio with voting rights, to be filled by two members of the City Council, which may include the Mayor. The term of office of an ex-officio commission member shall be set to coincide with the member’s term as mayor or council member.

b. The remaining three members of the HRA commission shall be residents of the City of Richfield and appointed in the manner required by law. The citizen members shall serve five-year terms, which shall be staggered.

c. No citizen member of the HRA commission shall be appointed to more than two consecutive terms on the commission.

d. No citizen member, once appointed, may serve on any city advisory commission, except the Charter Commission, during the term of the HRA appointment.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 15th day of January 2019.

_________________________________
Chair

ATTEST:

__________________________
Secretary
BYLAWS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY
OF RICHFIELD, MINNESOTA

ARTICLE I – THE AUTHORITY

Section 1. Name of Authority. The name of the Authority shall be the “Housing and Redevelopment Authority of Richfield, Minnesota”.

Section 2. Seal of Authority. The seal of the Authority shall be in the form of a circle and shall bear the name of the Authority.

Section 3. Office of Authority. The offices of the Authority shall be at City Hall in the City of Richfield, Minnesota, but the Authority may hold its meetings at such other place or places as it may designate by resolution.

Section 4. Official Newspaper. The official newspaper shall be the official newspaper designated by the City as its official newspaper each year.

Section 5. Composition of Membership. The Composition of Membership of the Authority shall be determined by the Mayor and City Council of the City of Richfield (City Council). Until and unless further amended by the Mayor and City Council, this Composition shall be as follows:

a. In making appointments to the HRA commission, the Mayor and City Council shall designate two positions as ex-officio with voting rights, to be filled by two members of the City Council, which may include the Mayor. The term of office of an ex-officio commission member shall be set to coincide with the member's term as mayor or council member.

b. The remaining three members of the HRA commission shall be residents of the City of Richfield and appointed in the manner required by law. The citizen members shall serve five-year terms, which shall be staggered.

c. No citizen member of the HRA commission shall be appointed to more than two consecutive terms on the commission.

d. No citizen member, once appointed, may serve on any city advisory commission, except the Charter Commission, during the term of the HRA appointment.

ARTICLE II – OFFICERS

Section 1. Officers. The officers of the Authority shall be a Chairperson, a Vice-Chairperson, and a Secretary.

Section 2. Chairperson. The Chairperson shall preside at all meetings of the Authority. Except as otherwise authorized by resolution of the Authority, the Chairperson shall sign all contracts, deeds, resolutions and other instruments made by the Authority. At each meeting the Chairperson shall submit such recommendations and information he or she may consider proper concerning the business, affairs and policies of the Authority.
Section 3. **Vice-Chairperson.** The Vice-Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson; and in case of the resignation or death of the Chairperson, the Vice-Chairperson shall perform such duties as are imposed on the Chairperson until such time as the Authority shall select a new Chairperson.

Section 4. **Secretary.** The Secretary shall perform the duties of a Secretary for the Authority. The Secretary shall perform the duties as the Chairperson in cases where both the Chairperson and Vice-Chairperson are absent or incapacitated.

Section 5. **Executive Director.** The Authority shall employ an Executive Director who shall have general supervision over the administration of its business and affairs, subject to the direction of the Authority. He or she shall be charged with the management of the housing and redevelopment projects of the Authority. Regardless of who is appointed, the City Manager of the City of Richfield shall have ultimate authority in recommending an annual levy and budget. The Executive Director may designate an acting Executive Director during periods when he or she is absent or incapacitated.

Section 6. **Other Administrative Officers.** The Authority may designate an assistant to the Secretary who shall keep the records of the Authority, shall act as recorder of the meetings of the Authority and record all votes, and shall keep a record of the proceedings of the Authority in a journal of proceedings to be kept for such purpose, and shall perform all duties incidental to his office. He or she shall keep in safe custody the seal of the Authority and shall have power to affix such seal to all contracts and instruments authorized to be executed by the Authority.

The Authority may designate a Treasurer who shall have the care and custody of all funds of the Authority and shall deposit the same in the name of the Authority in such bank or banks as the Authority may select. The Executive Director and Treasurer shall sign all orders and checks for the payment of money and shall pay out and disburse such moneys under the direction of the Authority. Except as otherwise authorized by resolution of the Authority, all such orders and checks shall also be countersigned by the Chairperson. The Treasurer shall keep regular books of accounts showing receipts and expenditures and shall render to the Authority, at each regular meeting (or more often when requested), an account of his transactions and also of the financial condition of the Authority. He or she shall give such bond for the faithful performance of his duties as the Authority may determine.

**ARTICLE III – MEETINGS**

Section 1. **Annual Meeting.** The annual meeting of the Authority shall be held on the third Tuesday in January at 7:00 p.m. at the regular meeting place of the Authority.

Section 2. **Regular Meetings.** Monthly meetings shall be held without notice at the regular meeting place of the Authority on the third Monday of each month, at 7:00
p.m. unless the same shall be a legal holiday, in which event said meeting shall be held on the next succeeding secular day.

Section 3. **Special Meetings.** Special meetings of the Authority may be called by the Chairperson, or two members of the Authority for the purpose of transacting any business designated in the call. The call for a special meeting may be delivered at any time prior to the time of the proposed meeting to each member of the Authority or may be mailed to the business or home address of each member of the Authority at least two (2) days prior to the date of such special meeting. At such special meeting no business shall be considered other than as designated in the call, but if all of the members of the Authority are present at a special meeting, any and all business may be transacted at such special meeting.

Section 4. **Quorum.** The powers of the Authority shall be vested in the Commissioners thereof in office from time to time. Three Commissioners shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. When a quorum is in attendance, action may be taken by the Authority upon a vote of a majority of the Commissioners present.

Section 5. **Order of Business.** At the regular meetings of the Authority the following shall be the order of business:

1. Roll Call.
2. Approval of the Minutes of the Previous Meeting.
3. Reports of the Executive Director.
4. Unfinished Business.
5. New Business.
6. Adjournment.

All resolutions shall be in writing and shall be copied in the journal of the proceedings of the Authority.

Section 6. **Manner of Voting.** The voting on all questions coming before the Authority shall be by roll call and the yeas and nays shall be entered upon the minutes of such meeting.

Section 7. **Combining Administrative Offices: Compensation.** The compensation of the Executive Director and other personnel of the Authority shall be determined by the Authority. Any two or more administrative offices may be combined.
Section 8. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the Authority or the Bylaws or rules and regulations of the Authority.

Section 9. Election of Appointment. The first Chairperson shall, pursuant to this appointment, serve in the capacity of Chairperson until the expiration of his term of office as Commissioner. The Vice-Chairperson, Secretary and, except in the case of the First Chairperson, the Chairperson shall be elected at the annual meeting of the Authority from among the Commissioners of the Authority, and shall hold office for one year or until their successors are elected and qualified.

The Executive Director shall be appointed by the Authority. Any person appointed to fill the office of Executive Director or any vacancy therein, shall have such term as the Authority fixes, but no Commissioner of the Authority shall be eligible for this office.

Section 10. Vacancies. Should the office of Chairperson, Vice-Chairperson or Secretary become vacant, the Authority shall elect a successor from its membership at the next regular meeting, and such election shall be for the unexpired term of said office.

Section 11. Additional Personnel. The Authority may from time to time employ or contract for such personnel as it deems necessary to exercise its powers, duties and functions as prescribed by the Municipal Housing and Redevelopment Law of Minnesota applicable thereto. Such personnel may be employees of the Authority, employees of other governmental organizations, or independent contractors. The selection and compensation of such personnel shall be determined by the Authority subject to the laws of the State of Minnesota.

ARTICLE IV – AMENDMENTS

Section 1. Amendments to Bylaws. The Bylaws of the Authority shall be amended only with the approval of at least three of the members of the Authority at a regular or a special meeting.

Amended 04/21/80
Amended 01/21/86
Amended 12/15/86
Amended 08/18/03
Amended 02/18/14
Amended 09/17/18
Amended 01/15/19
RESOLUTION NO. 10586

RESOLUTION REGARDING APPOINTMENTS TO THE HOUSING AND REDEVELOPMENT AUTHORITY BOARD OF COMMISSIONERS; ESTABLISHING COMPOSITION OF THE BOARD AND TERM LIMITS ON NON-ELECTED MEMBERS

WHEREAS, Housing and Redevelopment Authority (HRA) was established by the City of Richfield in 1974 to support the long-term vitality of Richfield's residential and commercial property; and

WHEREAS, the HRA consists of five board members who are nominated by the Mayor and approved by the City Council, serving staggered terms; and

WHEREAS, the HRA plays a significant role in the redevelopment of the City and in the achievement of the City's goals for housing and commercial development; and

WHEREAS, the City Council has determined that the public interest is served by requiring that two HRA representatives be elected Council members; and

WHEREAS, the City Council has determined that the use of term limits will provide an opportunity for a greater number of individuals to serve as HRA members.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Richfield, Minnesota as follows:

1. In making appointments to the HRA commission, the Mayor and City Council shall designate two positions as ex-officio with voting rights, to be filled by two members of the City Council, which may include the Mayor. The term of office of an ex-officio commission member shall be set to coincide with the member's term as mayor or council member.

2. The remaining three members of the HRA commission shall be residents of the City of Richfield and appointed in the manner required by law. The citizen members shall serve five-year terms, which shall be staggered.

3. No citizen member of the HRA commission shall be appointed to more than two consecutive terms on the commission.

4. No citizen member, once appointed, may serve on any city advisory commission, except the Charter Commission, during the term of the HRA appointment.

5. This resolution is effective upon adoption and shall be applied to each appointment made after the effective date.

Adopted by the City Council of the City of Richfield, Minnesota this 13th day of December 2011.

Debbie Goettel, Mayor

ATTEST:

Nancy Gibbs, City Clerk
ITEM FOR COUNCIL CONSIDERATION:
Consideration of the approval of the use of up to $180,000 from the Housing and Redevelopment Authority's Capital Improvements Fund to advance payments for the Housing Choice Voucher Program for the month of March (if necessary).

EXECUTIVE SUMMARY:
The Housing and Redevelopment Authority (HRA) is responsible for local administration of the U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher Program (Program). These housing vouchers provide rent subsidies to low-income households. In Richfield, we serve approximately 270 households through this Program. The amount of assistance that individual households receive vary from under $100 a month to over $1,000 a month. Collectively, the Richfield HRA provides approximately $160,000 in housing voucher payments each month. These funds are advanced to us by HUD on a monthly basis. The funds themselves are provided directly to rental property owners to make up the difference between the actual rent and what the tenant can afford to pay.

HRA staff has learned from multiple sources (but not from HUD) that, if the federal government shutdown were to continue beyond February, there would not be funding available to advance the HRA funds for our payment of housing vouchers. This would result in a financial burden on the rental property owners that chose to participate in the Program and it could give property owners justification to quit participating in the Program and/or to begin eviction proceedings on tenants who are unable to pay their full month's rent.

Based on these concerns, HRA staff is recommending that the HRA use up to $180,000 from its Capital Improvement Fund to advance payments on housing vouchers for the month of March, if necessitated by a continued federal government shutdown. In past shutdowns, the federal government has always made retroactive payments upon the conclusion of the shutdown and there hasn't been any reporting in the national news media to cause concern that this will not continue to be the case. If the shutdown is not resolved prior to the February 19 HRA meeting, staff will plan to bring continuing funding actions to the HRA for further consideration.

RECOMMENDED ACTION:
By motion: Approve the use of up to $180,000 from the Housing and Redevelopment Authority's Capital Improvements Fund to advance payments for the Housing Choice Voucher Program for the month of March (if necessary).

BASIS OF RECOMMENDATION:
A. HISTORICAL CONTEXT
- The HRA has historically been charged with local administration of the U.S. Department of Housing and Urban Development (HUD) Housing Choice Voucher Program.
- The HRA typically gets payment from the federal government to make housing voucher payments.
- The current federal government shutdown is putting the ability to make these payments in jeopardy.
- Historically, the federal government makes retroactive payments of funding upon the conclusion of a shutdown.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):
- The potential impacts of not being able to honor payments of housing vouchers due to the federal government shutdown are a financial burden on the rental property owners that chose to participate in the Housing Choice Voucher Program (Program) and it could give property owners justification to quit participating in the Program and/or to begin eviction proceedings on tenants who are unable to pay their full month's rent.

C. CRITICAL TIMING ISSUES:
- The reports that staff have received indicate that the federal government has sufficient funds available to advance Housing Choice Voucher payments for the month of February, but that further Housing Choice Voucher payments cannot be made without a cessation of the current federal government shutdown.

D. FINANCIAL IMPACT:
- The Capital Improvement Fund has a current investment balance of $1,157,000. As a matter of policy (but not governed by any statute or ordinance) the HRA keeps $1 million invested from this fund and only uses fund earning on project costs.
- Historically, the federal government makes retroactive payments of funding upon the conclusion of a shutdown.

E. LEGAL CONSIDERATION:
- HRA legal counsel was made aware of this recommendation and has not identified any issues of legal concern.

ALTERNATIVE RECOMMENDATION(S):
- Defer this consideration until the February meeting (which may result in a great deal of anxiety for housing voucher holders and landlords).

PRINCIPAL PARTIES EXPECTED AT MEETING:
None