



**SPECIAL JOINT CITY COUNCIL AND HOUSING AND REDEVELOPMENT
AUTHORITY WORKSESSION
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM
MAY 21, 2018
5:45 PM**

Call to order

1. Naturally occurring affordable housing (NOAH) update

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.

CITY OF RICHFIELD, MINNESOTA
Office of City Manager

May 17, 2018

Council Memorandum No. 32

HRA Memorandum No. 6

The Honorable Mayor
and
Members of the City Council

Housing and Redevelopment
Authority Commissioners
City of Richfield

Subject: Naturally Occurring Affordable Housing Update

Council Members:

Staff has been researching and collecting feedback on various tools and strategies for preserving naturally occurring affordable rental housing. Staff will present an update on this work at a work session on Monday, May 21, 2018, at 5:45 p.m.

The enclosed hand out illustrates the tools and strategies under consideration and where they fall under four goals for strengthening the City's apartment communities.

Respectfully submitted,



Steven L. Devich
City Manager

SLD:ju
Attachment
Email: Assistant City Manager
Department Directors

STRENGTHENING RICHFIELD APARTMENT COMMUNITIES

GOALS

1. Preserve and improve the quality of existing affordable housing while discouraging displacement of our residents.
2. Diversify the housing stock through targeted redevelopment to provide a variety of rental housing opportunities at a range of income levels.
3. Strengthen protections for renters in order to promote housing stability.
4. Provide support to renters and apartment owners and managers to facilitate successful apartment communities.

1. PRESERVE & IMPROVE

Continue rental licensing program.

Provide Richfield Apartment Remodeling Program.

Offer building permit fee reduction for rehabilitation of affordable units.

Develop the Chamberlain: rehabilitation of 33 existing apartments.

? *Identify buildings at-risk for purchase/rehab/displacement; meet with owners.*

? *Identify buildings in need of physical/management improvements; city response team.*

? *Promote voluntary "Legacy" Program.*

? *Adopt a 4d Policy.*

3. STRENGTHEN TENANT PROTECTIONS

? *Develop tiered rental licensing.*

? *Enact limit on mass non-renewals.*

? *Enact cold weather rule, in case of mass non-renewals.*

? *Enact Fair Housing Ordinance, prohibiting discrimination of Section 8 voucher holders.*

? *Enact tenant protection ordinance: 90-day period without non-renewals or rent increases.*

2. DIVERSIFY HOUSING CHOICES

Actively seek the development of new apartment communities through targeted redevelopment.

Require 20% affordable units in redevelopment projects or contribution in lieu.

Develop the Chamberlain: 31 new units affordable to households earning less than 50% AMI.

Offer building permit fee reduction for construction of new, affordable units.

Require all projects receiving City assistance to include best practices: Section 8 non-discrimination, provide advanced notice of sale, minimum of 2% of all new units reserved for Section 8 tenants (affordable units).

? *Adopt an inclusionary housing policy/ordinance.*

4. SUPPORT RENTERS & APARTMENT COMMUNITIES

Enact Down Payment Assistance Program targeted at Richfield renters.

Continue support of the Kids@Home Program.

Continue local administration of Section 8 Program.

Educate apartment owners about the Section 8 Program.

Support the Richfield Apartment Managers Association.

? *Develop incentives for participation in the Section 8 Program (e.g., landlord/tenant assistance fund).*

? *Create & Implement Tenant Education Programs.*



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
MAY 21, 2018
7:00 PM**

Call to Order

Approval of the minutes of the regular Housing and Redevelopment Authority meeting of April 16, 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 approval of a Right of Entry Agreement with NHH Companies, LLC for the Cedar Point II properties owned by the Housing and Redevelopment Authority.
Staff Report No. 13
 - B. Consideration of the approval of Contracts for Sale of Buildings located at 6333 16th Avenue, 6401 16th Avenue, and 6409 16th Avenue to NHH Companies, LLC.
Staff Report No. 14
 - C. Consideration of the adoption of a resolution authorizing the HRA to affirm the monetary limits on statutory municipality tort liability.
Staff Report No. 15
3. Consideration of items, if any, removed from Consent Calendar

OTHER BUSINESS

4. Consideration of the approval of the settlement of a Housing and Redevelopment Authority Deferred Loan at 6701 Stevens Avenue.
Staff Report No. 16
5. Consideration of the adoption of a resolution authorizing the purchase of real property located at 1430 E. 66th Street, pending a finding of consistency by the Richfield Planning Commission.
Staff Report No. 17

HRA DISCUSSION ITEMS

6. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

7. Executive Director's Report

CLAIMS AND PAYROLLS

8. Claims and Payrolls

9. 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.



HOUSING AND REDEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

Regular Meeting

April 16, 2018

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:01 p.m.

HRA Members present: Mary Supple, Chair; Pat Elliott; Sue Sandahl (arrived at 7:30pm); Michael Howard and Erin Vrieze Daniels.

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

APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF MARCH 19, 2018

M/Vrieze Daniels, S/Supple to approve the minutes of the March 19, 2018, Housing and Redevelopment Authority regular meeting.

Motion carried 4-0.

Item #1	APPROVAL OF THE AGENDA
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Commissioner Vrieze Daniels requested the removal of the consideration of the approval of a resolution authorizing the purchase of 7324 Girard Avenue through the Richfield Rediscovered program from the consent agenda.

M/Howard, S/Elliott to approve the agenda with the requested change.

Motion carried 4-0.

Item #2	<p>ITEM REMOVED FROM CONSENT AGENDA</p> <p>CONSIDERATION OF THE APPROVAL OF A RESOLUTION AUTHORIZING THE PURCHASE OF 7324 GIRARD AVENUE THROUGH THE RICHFIELD REDISCOVERED PROGRAM</p>
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Community Development Director Stark presented Staff Report 10.

Commissioner Vrieze Daniels expressed concerns about the economics of the transaction, and over the removal of an affordable single-family home in exchange for a higher value home.

Community Development Director Stark discussed the criteria for determining when a home might be acquired through this program.

Chair Supple inquired how many vacant lots were available through the program.

Housing Specialist Aitchison responded that there were currently no vacant lots available in the program.

Executive Director Devich remarked that though the home may be purchased on the open market, it would likely be flipped in a quick-minded approach which would not substantially improve the property.

Community Development Director Stark explained the Richfield Rediscovered Program Credit option.

Commissioner Vrieze Daniels stated that she will not be supporting the acquisition.

Staff explained the substandard requirements that are part of the criteria for qualifying a home for acquisition through the Richfield Rediscovered program.

Community Development Director Stark stated that these conversations are important for the HRA to have.

Executive Director Devich stated that this type of program has been important to keeping the neighborhoods in Richfield strong, by replacing the worst homes on the blocks with the quality new homes.

M/Supple, S/Elliott, to approve of a resolution authorizing the purchase of 7324 Girard Ave through the Richfield Rediscovered program.

Motion carried 3-1, (Commissioner Vrieze Daniels dissenting).

<p>Item #3</p>	<p>CONSIDERATION OF THE APPROVAL OF A RESOLUTION APPROVING AN AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT AND A RIGHT-OF-ENTRY AGREEMENT WITH INLAND DEVELOPMENT PARTNERS FOR THE CEDAR POINT SOUTH REDEVELOPMENT AREA.</p>
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Community Development Director Stark presented Staff Report No. 11.

Commissioner Sandahl arrived at 7:30pm.

Commissioner Elliott remarked that the project needs to move forward and that this action by the HRA will not cost anything, so long as it progresses with the spirit and intent of the original Contract for Private Development.

Community Development Director Stark provided an update on the work with the Metropolitan Airports Commission (MAC) and stated he hoped to provide an update to the HRA soon regarding the outcome of the Letter of Understanding between the City of Richfield and the MAC.

M/Elliott, S/Howard to adopt a resolution approving an Amended and Restated Contract for Private Development with Inland Development Partners for the Cedar Point South Redevelopment area, with wordsmithing as necessary to complete the process.

Motion carried 5-0.

M/Elliott, S/Sandahl to adopt a resolution approving a Right-of-Entry Agreement with Inland Development Partners for the Cedar Point South Redevelopment Area.

Motion carried 5-0.

Item #4	CONSIDERATION OF THE APPROVAL OF A SETTLEMENT OF A HOUSING AND REDEVELOPMENT AUTHORITY DEFERRED LOAN AT 6500 WOODLAKE DRIVE, UNIT #405.
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Housing Specialist Kate Aitchison presented Staff Report No. 12.

M/Howard, S/Elliott to approve the settlement of a Housing and Redevelopment Authority Deferred Loan at 6500 Woodlake Drive for at least \$1,800.

Motion carried 5-0.

Item #5	HRA DISCUSSION ITEMS
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Commissioner Elliott spoke about an editorial he recently read in the Star Tribune regarding housing density.

Chair Supple requested an update on the project for Cedar Point Housing with NHH Properties.

Community Development Director Stark responded that staff has been meeting with the developer and that he is confident they will meet the first benchmarks which are due later this week. Staff is hoping to have a neighborhood meeting scheduled shortly to discuss this project with the homeowners in the neighborhood.

Item #6	EXECUTIVE DIRECTOR REPORT
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Executive Director Devich stated that with all the building activity going on in the community, a temporary building inspector has recently been added to help meet demand for inspections.

Commissioner Sandahl asked if the work was for residential or commercial projects.

Community Development Director Stark stated that more residential projects are underway.

Community Development Director Stark also noted that a community meeting will be held on Thursday, April 19th, regarding a project proposed at 66th Street East and Stevens Avenue. It will be held at City Hall from 5:30-7:30pm.

Item #7	CLAIMS AND PAYROLL
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M/Elliott, S/Howard, that the following claims and payroll be approved:

U.S. BANK	4/16/18
Section 8 Checks: 129625-129708	\$165,655.98
HRA Checks: 33426-33440	\$ 17,271.74
TOTAL	\$182,927.72

Motion carried 5-0.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 7:47 p.m.

Date Approved: May 21, 2018

Mary B. Supple
HRA Chair

Kate Aitchison
Housing Specialist

Steven L. Devich
Executive Director



STAFF REPORT NO. 13
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
5/21/2018

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
5/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
5/16/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a Right of Entry Agreement with NHH Companies, LLC for the Cedar Point II properties owned by the Housing and Redevelopment Authority.

EXECUTIVE SUMMARY:

On March 19, 2018, the Housing and Redevelopment Authority (HRA) approved a Preliminary Development Agreement with NHH Companies, LLC (the Developer) for the development of the Cedar Point II Housing area (63rd to 65th Streets and 16th Avenue to Richfield Parkway). Since that time, the Developer has been working on their plans to redevelop the property and is seeking authorization to enter properties owned by the HRA in order to conduct geotechnical testing. In addition, the Developer is seeking permission to conduct land surveys, to post "for sale" and/or development information signs on the property, and to move a construction/sales trailer to the site.

The proposed Right of Entry Agreement (Agreement) authorizes the Developer to enter the HRA property to conduct these activities.

RECOMMENDED ACTION:

By motion: Authorize execution of a Right of Entry Agreement with NHH Companies, LLC for the Cedar Point II properties owned by the Housing and Redevelopment Authority.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- On March 19, 2018, the HRA approved a Preliminary Development Agreement with the Developer for the development of the Cedar Point II Housing area. The Preliminary Development Agreement establishes several benchmarks that must be met by the Developer, one of which is to complete plans for land use approvals. The Developer needs access to the HRA-owned properties in order to proceed with this item.

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. Allowing testing and other work will facilitate progress on the development, which will further realize the vision set forth in the Master Plan.

- The Planning Division recently revised their land use application requirements to require that all rezoning applicants post a sign on the property to be rezoned. The Developer will be applying to rezone the property to a planned unit development; therefore, they will be required to post a sign on HRA property.

C. CRITICAL TIMING ISSUES:

- The Agreement expires December 31, 2018.
- The Agreement requires the Developer to give the HRA three days advanced notice of any work.
- The Preliminary Development Agreement requires the Developer to complete land use application plans by May 21, 2018. Access to the property is necessary for moving forward with a land use application.

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:

	Description	Type
□	Right of Entry Agreement	Contract/Agreement

RIGHT OF ENTRY AGREEMENT

THIS RIGHT OF ENTRY AGREEMENT (the “Agreement”) is made and entered into this ____ day of May, 2018, by and between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (“Owner”) and NHH Companies, LLC d/b/a NHH Properties, a Minnesota limited liability company (“Developer”).

RECITALS

First: the Owner is the fee simple owner of the real estate located at the addresses identified and legally described on the attached Exhibit A (“HRA Properties”).

Second: The Developer is investigating the possibility of purchasing the HRA Properties for the purpose of redevelopment.

Third: The Developer wishes to have its consultants conduct geotechnical testing, and other related studies on the HRA Properties in order to identify whether the HRA Properties are suitable for the Developer’s intended uses. Developer has requested that the Owner grant the Developer, its employees, agents and contractors, the right to enter the HRA Properties to conduct said testing and studies.

Fourth: The Developer also desires to secure the consent of the Owner to enter the HRA Properties for the purpose of conducting land surveys of the HRA Properties. Developer has requested that Owner grant its consent to the entry of these additional consultants onto the HRA Properties to conduct their studies.

Fifth: The Developer also desires to place and maintain a “for sale” and a “development information” sign on the property.

Sixth: The Developer also desires to place a construction/sales trailer on the property.

Seventh: It is understood that in executing this agreement, the Owner will not be granting (a) any permanent interest in the HRA Properties to the Developer, or (b) exclusive use or possession of the HRA Properties to the Developer.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual obligations of the parties contained herein, each of them does hereby represent, covenant and agree with the other as follows:

1. Right of Entry. Effective upon the date hereof, the Owner hereby grants to the Developer, its agents, employees, contractors and invitees, and such other consultants as the Developer may elect (collectively, “Consultants”) the right to enter upon the HRA Properties, for the purpose of carrying out the activities described in the third, fourth, fifth, and sixth recitals above (the “Permitted Activities”) relative to the Developer’s possible purchase of the HRA Properties.

2. Consideration. In consideration for such right of entry, Developer agrees to:
- (a) Notify the Owner of the date and time that work by the Developer or its Consultants on the HRA Properties will commence under this Agreement, which notice shall be at least three (3) business days prior to doing any work on the HRA Properties in order to permit the Owner's employees or consultants retained by the Owner to be present during the time any work is being done by the Developer or its Consultants;
 - (b) Secure all appropriate governmental approvals and permits for any work that will occur within public streets adjacent to the HRA Properties;
 - (c) Provide a copy of all test results and reports prepared by the Developer's employees or Consultants (except appraisal reports) evaluating the conditions present on the HRA Properties to the Owner as soon as reasonably possible following final completion thereof.
 - (d) Dispose of all solid waste generated during the course of the Developer's sampling activities and other work on the HRA Properties in accordance with applicable federal, state and local laws, rules and regulations.
 - (e) Do the work in the shortest period of time reasonably necessary to complete the Permitted Activities under this Agreement as the Developer, in its sole discretion, shall elect to undertake;
 - (f) Use the HRA Properties only for the purposes described herein and not park or store any equipment on the HRA Properties, except during the limited periods of time when the work on the HRA Properties which is contemplated by this Agreement is actually in progress;
 - (g) Do no unnecessary damage to the HRA Properties and restore the HRA Properties to substantially the same condition as the condition in which it was found by the Developer at the time of the Developer's or its Consultants' entry upon the HRA Properties pursuant to this Agreement;
 - (h) The Developer agrees to indemnify, save harmless, and defend the Owner and its officers and employees, from and against any and all claims, actions, damages, liability and expense in connection with personal injury and/or damage to the HRA Properties arising from or out of any occurrence in, upon or at the HRA Properties caused by the act or omission of the Developer or its Consultants in conducting the Permitted Activities on the HRA Properties, except (a) to the extent caused by the negligence, gross negligence, willful misrepresentation or any willful or wanton misconduct by the Owner, its officers, employees, agents or contractors; (b) to the extent caused by a "Pre-Existing Condition" as defined in this paragraph 2; and (c) caused by the acts or omissions of anyone not within the Developer's control, including without limitation, the Owner and its officers, employees, agents or

contractors. "Pre-Existing Condition" shall mean any condition caused by the existence of hazardous substances or materials in, on, or under the HRA Properties, including without limitation hazardous substances released or discharged into the drainage systems, soils, groundwater, waters or atmosphere, which condition existed as of the date of this Agreement and became known or was otherwise disclosed or discovered by reason of the Developer's Consultants' entry onto the HRA Properties;

- (i) The Developer shall not permit any mechanics', materialmen's or other liens to stand against the HRA Properties or any part thereof for work or materials furnished to the Developer in connection with the right of entry granted pursuant to this Agreement and the Developer agrees to indemnify, defend and hold harmless the Owner from and against the same.
- (j) The Developer shall ensure that its Consultants or their contractors or invitees which enter the HRA Properties pursuant to this Agreement shall carry insurance during the time any work is done on the HRA Properties in accordance with the following minimum requirements:
 - A. Workers' Compensation Insurance with limits as provided by statute, with all necessary statutory elections to provide coverage for and/or claims made by any person doing work on the HRA Properties pursuant to this Agreement;
 - B. Employer's liability insurance (often included as coverage (b) in the Workers' Compensation policy) with limits of at least \$100,000;
 - C. Comprehensive Auto (and truck) Liability Insurance with minimum combined single limits of \$1 million per occurrence;
 - D. Comprehensive General Liability Insurance (including coverage for contractual liability, products and completed operations liability, liability arising out of explosion, or underground related incidents) with minimum combined single limits of \$1 million per occurrence. In addition, the Comprehensive General Liability policy shall include the Owner and the Developer as additional insureds with respect to work done on the HRA Properties.
- (k) If the Developer or its Consultants remove a sample or portion of the HRA Properties for investigation, monitoring or testing or obtains any data or issues any report, it must give the Owner a copy of any data or report.

3. Expiration. The right of entry provided under this Agreement will automatically expire on December 31, 2018. Upon expiration, the Developer shall remove all signs and trailers from the HRA Properties.

4. Governing Law. This Agreement shall be interpreted in accordance with the laws of the state of Minnesota.

5. 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, sent by overnight or same day courier, transmitted by facsimile, or mailed by certified mail, return receipt requested, postage prepaid, properly addressed as follows:

NHH Companies, LLC d/b/a NHH Properties
7455 France Ave S
Suite 351
Edina, MN 55435
Attn: Adam Seraphine
Email: adam@nhhproperties.com

Richfield Housing and Redevelopment Authority
6700 Portland Avenue South
Richfield, MN 55422
Attn: Steve Devich, Executive Director
Email: sdevich@richfieldmn.gov

Or to such other persons as the parties may from time to time designate in writing and forward to the other persons entitled to receive notice as provided in this section.

6. Amendment. This Agreement may be amended by the parties hereto only by written instrument executed with the same procedures and formality as were followed in the execution of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the date and year first above written.

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

NHH Companies, LLC
a Minnesota limited liability company

By: _____
Mary Supple
Its: Chair

By: _____
Adam Seraphine
Its: Chief Manager

By: _____
Steven Devich
Its: Executive Director

EXHIBIT A

HRA PROPERTIES ADDRESSES

Address	PID
6315 16TH AVE S	2602824110034
6333 16TH AVE S	2602824110037
6401 16TH AVE S	2602824140004
6409 16TH AVE S	2602824140005
6314 17TH AVE S	2602824110045
6320 17TH AVE S	2602824110044
6326 17TH AVE S	2602824110043
6332 17TH AVE S	2602824110042
6338 17TH AVE S	2602824110041
6344 17TH AVE S	2602824110040
6400 17TH AVE S	2602824140019
6408 17TH AVE S	2602824140018
6414 17TH AVE S	2602824140017
6420 17TH AVE S	2602824140016
6426 17TH AVE S	2602824140015
6432 17TH AVE S	2602824140014
6438 17TH AVE S	2602824140013
6444 17TH AVE S	2602824140012



STAFF REPORT NO. 14
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
5/21/2018

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
5/16/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager
5/16/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of Contracts for Sale of Buildings located at 6333 16th Avenue, 6401 16th Avenue, and 6409 16th Avenue to NHH Companies, LLC.

EXECUTIVE SUMMARY:

The Housing and Redevelopment Authority (HRA) owns 6333 16th Avenue, 6401 16th Avenue, and 6409 16th Avenue (Properties) within the Cedar Point II housing development area (63rd to 63th Streets, Richfield Parkway to 16th Avenue). The Properties were purchased in anticipation of the redevelopment of this area. The houses and garages remain on the Properties.

The HRA approved a preliminary development agreement with NHH Companies, LLC (Developer) on March 19, 2018, to redevelop the Cedar Point II area. The Developer is asking the HRA to sell them the structures located on the Properties, in anticipation of redevelopment of the area, for \$1. They would move the houses and garages to a different community for resale sometime this summer. By moving them, the Developer will save on the cost of demolition and preserve affordable housing stock. The land itself will eventually be sold to the Developer as part of the development project.

The Developer's original proposal was to move the homes within the Richfield community; however, no HRA lots of a sufficient size are available at this time. The Contracts for Sale of Buildings are contingent upon the Developer's inspection of the structures and finding suitable lots.

RECOMMENDED ACTION:

By motion: Authorize execution of Contracts for Sale of Buildings located at 6333 16th Avenue, 6401 16th Avenue, and 6409 16th Avenue to NHH Companies, LLC.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA purchased the Properties in 2015 and 2017, and the houses have sat vacant since that time in anticipation of redevelopment.
- On May 11, 2017, HRA staff issued a request for proposals to house movers to purchase and move the properties. No bids were received.
- On March 19, 2018, the HRA approved a preliminary development agreement with NHH

Companies, LLC to redevelop the Cedar Point II housing area.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The houses are in good condition, and allowing them to be moved instead of demolished preserves an affordable housing resource.
- The proposed redevelopment of the area is consistent with the City's Comprehensive Plan and the Cedar Corridor Master Plan.

C. CRITICAL TIMING ISSUES:

- The deadline for removing the structures is September 30, 2018.
- The contracts provide 15 days for the Developer to inspect the properties.
- The contracts provide the Developer with 75 days to locate suitable lots for the structures.

D. FINANCIAL IMPACT:

- The structures would be sold to the Developer for \$1.
- Moving and reselling the structures instead of demolishing them saves money and increases the financial feasibility of the overall development project.

E. LEGAL CONSIDERATION:

- The HRA Attorney approved the contracts.

ALTERNATIVE RECOMMENDATION(S):

- The HRA may decide not to sell the structures at this time.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Type
□	Contract: 6401 16th	Cover Memo
□	Contract: 6409 16th	Cover Memo
□	Contract: 6333 16th	Cover Memo

CONTRACT FOR SALE OF BUILDING

This Contract for Sale of Building made as of the _____ day of May, 2018 (“Effective Date”), by and between the Housing and Redevelopment Authority in and for the City of Richfield (the “HRA”), and NHH Companies, LLC, a Minnesota limited liability company and/or assigns (the “Buyer”). HRA and Buyer are hereinafter collectively referred to as “Parties.”

RECITALS:

For good and valuable consideration, the sufficiency of which is hereby acknowledged, HRA, as owner of the full legal beneficial title to the Building described herein, has this day sold, and agrees to convey by Bill of Sale, said Building. The terms and conditions of this purchase and sale are as follows:

1. **Sale Property.** The property to be conveyed (hereinafter referred to as the “Buildings”) consists of the house and garage located at 640116th Ave. S, Richfield, Minnesota, legally described in Exhibit A, but not the land upon which such Buildings are situated (which land shall be referred to herein as the “Property”).

2. **Consideration.** Buyer agrees to purchase said Buildings for the price of One Dollar (\$1.00). Buyer will provide the purchase price, the surety requirements set forth in Section 7, and proof of insurance within the later of five (5) days following the Buyer’s notice of removal of all Contingencies in Section 3 or five (5) business days following the bid award date of _____ (“Bid Award Date”), in accordance with Section 4 below.

3. **Contingencies.** Buyer and HRA acknowledge that the Parties have executed a pre-development agreement that includes the subject Property. Buyer is agreeing to purchase the Buildings as a method of defraying future development costs and to avoid the demolition of structurally sound buildings. This is not a stand-alone business venture of the Buyer; therefore, the Contract is contingent upon the following:

- (a) Buyer’s ability to find relocation lots that are suitable to the Buyer within seventy-five (75) days of the Effective Date of the Contract; and
- (b) Buyer’s inspection of the structure within fifteen (15) days of the Effective Date of the Contract (collectively, the “Contingencies”).

4. **Closing.** Closing must occur within the later of five (5) days following the Buyer’s notice of removal of all Contingencies or five (5) business days following the Bid Award Date at a location designated by the HRA. At closing, Buyer shall:

- (a) pay to the HRA the balance of the purchase price in cash or certified funds (applicable only if purchase price is a positive number);
- (b) deliver surety in the form required by Section 7 below;
- (c) deliver the certificates of insurance required by Section 8 below.

Upon receipt of the foregoing, the HRA shall execute and deliver to Buyer a Quit Claim Bill of Sale in the form attached hereto as Exhibit B, conveying the Building to Buyer subject to the provisions of this Contract, which shall survive the delivery of the Quit Claim Bill of Sale. If Buyer fails to meet the requirements of this Section 4 within the later of five (5) days following the Buyer’s notice of removal of all Contingencies or five (5) business days after the Bid Award Date, the HRA may terminate this Contract, by written notice to Buyer and retain the Deposit as liquidated damages.

5. **Post-Closing Requirements; Removal of Buildings.** Buyer shall complete on or before _____ (the “Completion Date”), each of the following requirements:

- (a) Buyer shall give all notices and obtain and pay for all permits, licenses, bonds, and franchises which may be required for the removal and transportation of the Buildings by federal, state, county or HRA laws, rules, statutes, regulations and ordinances, before Buyer begins to remove the Buildings from the Property. Buyer shall provide the HRA with copies of all required permits before Buyer commences work on moving the Buildings;
- (b) Buyer shall have the municipal water service and sewer service connections into the Buildings cut off permanently at the main and sealed in accordance with applicable regulations and ordinances of the City of Richfield (the “City”). In this regard, Buyer acknowledges being cautioned that the City requires permits to be issued for disconnection of water and sewer prior to any work being performed. For utility disconnects contact the Inspections Division at 612-861-9165 and for street cut permits contact the Public Works Department at 612-861-9790;
- (c) Buyer shall remove the Buildings, which shall include all structures at-grade level or higher such as: house, garage and outbuildings, from the Property;
- (d) Immediately upon removing the Buildings from its foundation, Buyer shall post a sign on the Property stating “NO TRESPASSING,” which shall be clearly visible from the street;
- (e) Immediately upon the removal of the Buildings from its foundation, Buyer shall furnish and erect on the Property a

wood slat snow fence or an approved substitute, either one being in good repair and reasonably acceptable to the HRA. The fence shall be at least four feet in height, shall completely enclose the open basement, and shall remain in place until the basement is filled, at which time it shall be removed;

(f) After the Buildings have been removed from the Property, Buyer shall remove all furnace, laundry tubs, appliances, ducts, pipes, wiring, wood, wallboard, columns, flooring, and any other non-masonry items. Buyer shall also remove foundation walls and the basement floor slab, and shall remove all other at grade masonry, concrete slabs, sidewalks, steps, and driveways from the Property. ALL ASPHALT, MASONRY, AND NON-MASONRY MATERIAL MUST BE TRANSPORTED AWAY FROM THE SITE;

(g) After removing all foundation walls and the basement floor slab, as provided above, Buyer shall fill the basement less than ground level, sloped 4:1 (gradual enough to mow) from existing grade and graded so it drains without holding water, or as directed by the City (contact the Engineering Division at 612-861-9798). Fill shall be an acceptable mineral soil that is free of clods, stones over 3 inches in greatest dimension, sod, and roots meeting Minnesota Department of Transportation Spec. 3149 for "Granular Backfill" and 4 inches of topsoil. The basement hole MUST BE inspected by the City prior to filling, and any unauthorized debris removed. The fill must not contain any hazardous substance or disposed building material;

(h) Buyer shall remove all other personal property or debris from the Property;

(i) All sheds and other accessory structures, clothesline and other poles, and landscape structures shall be removed from the Property;

(j) Any trees cut or felled in the moving process shall be removed immediately, and the tree stumps may remain; and

(k) As directed by the City, a silt fence shall be erected around the perimeter of the Property to prevent erosion and unwanted run-off onto adjacent properties, streets, and alleys. Silt fences must conform to standards set by the Minnesota Pollution Control Agency and the City.

6. **General Covenants.**

(a) Buyer represents and warrants to the HRA that Buyer, or Buyer's sub-contractor, is in the business of house moving and has all the necessary qualifications and abilities to perform the obligations under this contract award. Buyer will obtain written consent of the HRA for the subcontracting of the responsibility of moving the Buildings, and such consent will not be unreasonably withheld.

(b) Buyer is purchasing the Buildings in "AS-IS" condition, with all faults, without representation or warranty of any kind, including, but not limited to, implied warranties of merchantability or fitness for a particular purpose.

(c) The HRA makes no representation or warranty, express or implied, that the Buildings will conform to the building code or permit restrictions of any local jurisdiction having control over the relocation of the Building.

(d) Buyer shall have sole responsibility for weather-proofing the Buildings; the HRA makes no representations as to the work which may have been done by the HRA in this regard, and cautions Buyer to make its own inspection and determination as to the need for additional steps to be taken.

(e) The Buyer assumes all risk that the Buildings can be moved over any contemplated route, that necessary permits for relocating the Building can be obtained, that a Buildings can be removed in any weather conditions, and that the Buildings can be moved off the Property within the time period allowed in this contract.

(f) The Buyer shall furnish and pay for all labor, material, and equipment which is required for the removal of the Buildings and required work on the Property. All work shall be done in accordance with this Contract and in accordance with City ordinances and regulations. In the event there is a conflict between this Contract and Richfield Ordinances and regulations, the Richfield ordinances and regulations shall govern.

(g) No work may be done on the job site, nor any showing of the Buildings to prospective buyers, except for complete removal of the Building off of the Property, between the hours of 7 p.m. and 7 a.m.

(h) A Sign stating "FOR SALE" may be posted on the Buildings. Sign must be no larger than six (6) square feet and must be made professionally. No hand-written signs may be used. Any other signs of any kind posted anywhere on the site is strictly prohibited except for no trespassing signs.

(i) Any materials removed from the Buildings or Property must be stacked neatly behind the Building and removed from the Property within 48 hours.

(j) A suitable container must be kept on the job site to be used for trash disposal. Buyer shall at all times keep the Property free from the accumulation of waste materials and debris caused by Buyer's operations.

(k) Buyer may not cut or remove a tree from the Property without prior permission from the HRA. If any trees are cut or destroyed by Buyer without prior approval, Buyer will pay to the HRA damages of \$200 per tree. Any such damages shall be deducted from Buyer's surety.

(l) Any reported damage to other lots, rights-of-way or property of others, be it real or personal property caused as a result of or in connection with the Building removal is the responsibility of the Buyer. Buyer shall promptly inform the HRA of any such reported damage. The HRA will retain all surety until all such damage is satisfactorily repaired and inspected by the HRA.

(m) Buyer and/or its subcontractor shall not store any Buildings and/or house moving related equipment on property owned by the HRA other than the Property where the Buildings is located, nor on City streets, rights-of-way and easements. Any violations shall result in the Buyer and/or its subcontractor being disqualified from future bidding on buildings and/or removal of buildings.

(n) If the Buildings have not been moved and/or the Property has not been cleared by the Completion Date, or if any other requirements set forth herein are not satisfied within the time required by these specifications, damages of five hundred dollars (\$500.00) will be collected per day that has not fulfilled the terms and conditions set forth herein and surety will be retained by the HRA until such time as Buyer has fulfilled the requirements undertaken in this contract to the reasonable satisfaction of the HRA. After Buyer has complied with the requirements described herein, the HRA will return the surety deposit, minus any damages assessed.

(o) If the Buyer sells the Buildings before it has been removed from the property, the Buyer shall continue to be responsible to the HRA for all of the obligations of the Buyer contained in this Contract. In addition, the Buyer agrees to hold harmless the HRA, its officers and employees from any claims brought by the subsequent buyer which arise as a consequence of the HRA exercising its rights under this Contract to dispose of the Building.

(p) Neither Buyer nor any representative of Buyer shall enter the Property until closing has occurred and the Quit Claim Bill of Sale has been delivered. Alteration or removal of any item on the Property prior to delivery of the Quit Claim Bill of Sale shall constitute trespass and/or theft.

(q) Buyer shall comply with any road weight restrictions imposed by the Minnesota Department of Transportation or any other weight restrictions imposed by other applicable entities of government. Buyer shall not receive any extension of the Completion Date by reason of road weight restrictions, however long the period of restriction may be.

(r) Any damage done to street pavement, or adjacent properties may result in money being withheld from surety bond to recover cost of repair of said damage.

7. **Default; Remedies.** In the event Buyer defaults in the performance of any of its obligations under this Contract, the HRA shall be entitled to the following remedies, in addition to those provided elsewhere in this Contract or by applicable law:

(a) In the event Buyer fails to complete all of the requirements of Section 5 and 6 on or before the Completion Date, the HRA shall be entitled to liquidated damages equal to all sums previously paid to the HRA, plus an amount equal to \$500.00 per day for each day after the Completion Date during which the requirements set forth above remain unsatisfied. In this regard, the parties agree that the actual damage which will be realized by the HRA shall be difficult to determine, and that the liquidated damages provided for herein represent a reasonable estimate of such damage;

(b) Buyer shall be deemed to have abandoned the Building and any other items remaining on the Property after the Completion Date, and Buyer authorizes HRA to dispose of such items in any manner HRA deems appropriate, including, without limitation, demolition or removal. Buyer shall reimburse HRA for all costs incurred by HRA in disposing of such property and otherwise completing the requirements of Sections 5 and 6, and any other costs incurred by HRA as a result of Buyer's default;

(c) The HRA may take all action necessary to cure Buyer's failure to perform and collect from Buyer the costs incurred in doing so;

(d) The HRA may enjoin Buyer from further activities on the Property until Buyer's default is cured;

(e) All sums which the HRA is entitled to collect from Buyer may be collected from Buyer's surety deposit. If the surety is not adequate to cover such obligations, Buyer shall be directly liable to HRA for the excess; and

(f) Nothing herein shall be construed as a waiver of HRA's right to seek specific performance of Buyer's obligations hereunder.

8. **Surety Requirements.** Surety in the form of cash, certified funds, or an irrevocable letter of credit acceptable to the HRA in the amount of Five Thousand Dollars (\$5,000.00) shall be provided by Buyer to the HRA as a condition precedent to the issuance of a Quit Claim Bill of Sale for the Building by the HRA. Any surety provided by Buyer, other than cash, must be executed by an appropriate financial institution licensed to do business in the State of Minnesota and acceptable to the HRA. In the event a letter of credit is provided, the term of said security shall at a minimum extend thirty days (30) beyond the Completion Date. After all of the conditions set forth in Section 5 and 6 have been met and the HRA has inspected and accepted the Property, the Buyer's surety will be returned. If any or all of said conditions have not been met within the time limit set forth in Sections 5 and 6, the surety shall be applied by the HRA in accordance with Section 7.

9. **Insurance Requirements.** The Buyer shall provide insurance coverage as follows:

Comprehensive General (Public) Liability:

\$1,000,000 Each Occurrence (Bodily Injury & Property Damage)

\$1,000,000 Personal & Advertising Injury

\$5,000 Medical Expenses

\$2,000,000 General Aggregate

\$2,000,000 Products & Completed Operations Aggregate

Automobile:

\$1,000,000 - Combined Single Limit - with symbol 1-Any Auto

Workers' Compensation: Statutory Limits

Umbrella: \$10,000,000

A minimum AM Best Rating of: A- VIII

HRA requires the following to be named as additional insured:

Housing and Redevelopment Authority in and for the City of Richfield

The insurance company or companies providing such coverage must be acceptable to the HRA and be licensed to conduct business in the State of Minnesota. Certificates evidencing such coverage must be furnished to the HRA at closing. Payment will not be accepted at closing without valid certificates of insurance.

10. **Hold Harmless.** The Buyer shall be responsible to the HRA for the acts and omissions of Buyer, or its subcontractor, any other person or organization performing any of the work under a contract with or at the direction of the Buyer and any individual purchasing the Building from Buyer prior to its removal from the Property. The Buyer agrees to indemnify and hold harmless the HRA, its officers and employees from all suits, actions, and claims of any character brought because of injuries received or damages sustained by any person, persons, or property arising out of the removal of the Building or the performance or non-performance of Buyer's obligations under this Contract; or in consequence of any neglect in safeguarding the Building or Property; or because of any other act or omission, neglect, or misconduct of the Buyer, or by any person or organization employed directly or indirectly by the Buyer. In addition, Buyer shall indemnify and defend the HRA from and against any mechanics' liens or other claims asserted by any party who claims to have performed work or provided materials in connection with the removal of the Building or restoration of the Property.

11. **Hazardous Materials Report.** The Buyer acknowledges receipt of a Hazardous Materials Report of the Building, a copy of which is attached to this Agreement as Exhibit A, with attached notification form. Buyer acknowledges that the Buildings may contain known and/or unknown hazardous materials. It is the Buyer's full responsibility to remove, abate, mitigate and dispose of any hazardous materials and conduct such activities in accordance with state and federal regulations. Buyer is hereby notified that the Minnesota Pollution Control Agency (MPCA) requires the attached notification form be submitted to the MPCA prior to initiating building moving activities. Buyer agrees to accurately complete the notification form, submit the form to the MPCA, and provide a copy to the HRA. Buyer shall indemnify the HRA for any cost, loss, or damage resulting from Buyer's failure to comply with this Section 11.

12. **Payment of Subcontractors.** Contractor agrees to pay every subcontractor within 10 days of receipt of payment from the HRA pursuant to Minn. Stat. § 471.425.

IN WITNESS WHEREOF, the Buyer and the HRA have executed this Contract as of this _____ day of May, 2018.

By: Buyer

NHH Companies, LLC
7455 France Ave S, Ste 351
Edina, MN 55435
612-716-9052

By: _____

Its: President _____

By: Seller

Richfield HRA
6700 Portland Avenue South
Richfield, MN 55423

By: _____

Its: Chairperson _____

By: _____

Its: Executive Director _____

CONTRACT FOR SALE OF BUILDING

This Contract for Sale of Building made as of the _____ day of May, 2018 (“Effective Date”), by and between the Housing and Redevelopment Authority in and for the City of Richfield (the “HRA”), and NHH Companies, LLC, a Minnesota limited liability company and/or assigns (the “Buyer”). HRA and Buyer are hereinafter collectively referred to as “Parties.”

RECITALS:

For good and valuable consideration, the sufficiency of which is hereby acknowledged, HRA, as owner of the full legal beneficial title to the Building described herein, has this day sold, and agrees to convey by Bill of Sale, said Building. The terms and conditions of this purchase and sale are as follows:

1. **Sale Property.** The property to be conveyed (hereinafter referred to as the “Buildings”) consists of the house and garage located at 640916th Ave. S, Richfield, Minnesota, legally described in Exhibit A, but not the land upon which such Buildings are situated (which land shall be referred to herein as the “Property”).

2. **Consideration.** Buyer agrees to purchase said Buildings for the price of One Dollar (\$1.00). Buyer will provide the purchase price, the surety requirements set forth in Section 7, and proof of insurance within the later of five (5) days following the Buyer’s notice of removal of all Contingencies in Section 3 or five (5) business days following the bid award date of _____ (“Bid Award Date”), in accordance with Section 4 below.

3. **Contingencies.** Buyer and HRA acknowledge that the Parties have executed a pre-development agreement that includes the subject Property. Buyer is agreeing to purchase the Buildings as a method of defraying future development costs and to avoid the demolition of structurally sound buildings. This is not a stand-alone business venture of the Buyer; therefore, the Contract is contingent upon the following:

- (a) Buyer’s ability to find relocation lots that are suitable to the Buyer within seventy-five (75) days of the Effective Date of the Contract; and
- (b) Buyer’s inspection of the structure within fifteen (15) days of the Effective Date of the Contract (collectively, the “Contingencies”).

4. **Closing.** Closing must occur within the later of five (5) days following the Buyer’s notice of removal of all Contingencies or five (5) business days following the Bid Award Date at a location designated by the HRA. At closing, Buyer shall:

- (a) pay to the HRA the balance of the purchase price in cash or certified funds (applicable only if purchase price is a positive number);
- (b) deliver surety in the form required by Section 7 below;
- (c) deliver the certificates of insurance required by Section 8 below.

Upon receipt of the foregoing, the HRA shall execute and deliver to Buyer a Quit Claim Bill of Sale in the form attached hereto as Exhibit B, conveying the Building to Buyer subject to the provisions of this Contract, which shall survive the delivery of the Quit Claim Bill of Sale. If Buyer fails to meet the requirements of this Section 4 within the later of five (5) days following the Buyer’s notice of removal of all Contingencies or five (5) business days after the Bid Award Date, the HRA may terminate this Contract, by written notice to Buyer and retain the Deposit as liquidated damages.

5. **Post-Closing Requirements; Removal of Buildings.** Buyer shall complete on or before _____ (the “Completion Date”), each of the following requirements:

- (a) Buyer shall give all notices and obtain and pay for all permits, licenses, bonds, and franchises which may be required for the removal and transportation of the Buildings by federal, state, county or HRA laws, rules, statutes, regulations and ordinances, before Buyer begins to remove the Buildings from the Property. Buyer shall provide the HRA with copies of all required permits before Buyer commences work on moving the Buildings;
- (b) Buyer shall have the municipal water service and sewer service connections into the Buildings cut off permanently at the main and sealed in accordance with applicable regulations and ordinances of the City of Richfield (the “City”). In this regard, Buyer acknowledges being cautioned that the City requires permits to be issued for disconnection of water and sewer prior to any work being performed. For utility disconnects contact the Inspections Division at 612-861-9165 and for street cut permits contact the Public Works Department at 612-861-9790;
- (c) Buyer shall remove the Buildings, which shall include all structures at-grade level or higher such as: house, garage and outbuildings, from the Property;
- (d) Immediately upon removing the Buildings from its foundation, Buyer shall post a sign on the Property stating “NO TRESPASSING,” which shall be clearly visible from the street;
- (e) Immediately upon the removal of the Buildings from its foundation, Buyer shall furnish and erect on the Property a

wood slat snow fence or an approved substitute, either one being in good repair and reasonably acceptable to the HRA. The fence shall be at least four feet in height, shall completely enclose the open basement, and shall remain in place until the basement is filled, at which time it shall be removed;

(f) After the Buildings have been removed from the Property, Buyer shall remove all furnace, laundry tubs, appliances, ducts, pipes, wiring, wood, wallboard, columns, flooring, and any other non-masonry items. Buyer shall also remove foundation walls and the basement floor slab, and shall remove all other at grade masonry, concrete slabs, sidewalks, steps, and driveways from the Property. ALL ASPHALT, MASONRY, AND NON-MASONRY MATERIAL MUST BE TRANSPORTED AWAY FROM THE SITE;

(g) After removing all foundation walls and the basement floor slab, as provided above, Buyer shall fill the basement less than ground level, sloped 4:1 (gradual enough to mow) from existing grade and graded so it drains without holding water, or as directed by the City (contact the Engineering Division at 612-861-9798). Fill shall be an acceptable mineral soil that is free of clods, stones over 3 inches in greatest dimension, sod, and roots meeting Minnesota Department of Transportation Spec. 3149 for "Granular Backfill" and 4 inches of topsoil. The basement hole MUST BE inspected by the City prior to filling, and any unauthorized debris removed. The fill must not contain any hazardous substance or disposed building material;

(h) Buyer shall remove all other personal property or debris from the Property;

(i) All sheds and other accessory structures, clothesline and other poles, and landscape structures shall be removed from the Property;

(j) Any trees cut or felled in the moving process shall be removed immediately, and the tree stumps may remain; and

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(a) Buyer represents and warrants to the HRA that Buyer, or Buyer's sub-contractor, is in the business of house moving and has all the necessary qualifications and abilities to perform the obligations under this contract award. Buyer will obtain written consent of the HRA for the subcontracting of the responsibility of moving the Buildings, and such consent will not be unreasonably withheld.

(b) Buyer is purchasing the Buildings in "AS-IS" condition, with all faults, without representation or warranty of any kind, including, but not limited to, implied warranties of merchantability or fitness for a particular purpose.

(c) The HRA makes no representation or warranty, express or implied, that the Buildings will conform to the building code or permit restrictions of any local jurisdiction having control over the relocation of the Building.

(d) Buyer shall have sole responsibility for weather-proofing the Buildings; the HRA makes no representations as to the work which may have been done by the HRA in this regard, and cautions Buyer to make its own inspection and determination as to the need for additional steps to be taken.

(e) The Buyer assumes all risk that the Buildings can be moved over any contemplated route, that necessary permits for relocating the Building can be obtained, that a Buildings can be removed in any weather conditions, and that the Buildings can be moved off the Property within the time period allowed in this contract.

(f) The Buyer shall furnish and pay for all labor, material, and equipment which is required for the removal of the Buildings and required work on the Property. All work shall be done in accordance with this Contract and in accordance with City ordinances and regulations. In the event there is a conflict between this Contract and Richfield Ordinances and regulations, the Richfield ordinances and regulations shall govern.

(g) No work may be done on the job site, nor any showing of the Buildings to prospective buyers, except for complete removal of the Building off of the Property, between the hours of 7 p.m. and 7 a.m.

(h) A Sign stating "FOR SALE" may be posted on the Buildings. Sign must be no larger than six (6) square feet and must be made professionally. No hand-written signs may be used. Any other signs of any kind posted anywhere on the site is strictly prohibited except for no trespassing signs.

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(j) A suitable container must be kept on the job site to be used for trash disposal. Buyer shall at all times keep the Property free from the accumulation of waste materials and debris caused by Buyer's operations.

(k) Buyer may not cut or remove a tree from the Property without prior permission from the HRA. If any trees are cut or destroyed by Buyer without prior approval, Buyer will pay to the HRA damages of \$200 per tree. Any such damages shall be deducted from Buyer's surety.

(l) Any reported damage to other lots, rights-of-way or property of others, be it real or personal property caused as a result of or in connection with the Building removal is the responsibility of the Buyer. Buyer shall promptly inform the HRA of any such reported damage. The HRA will retain all surety until all such damage is satisfactorily repaired and inspected by the HRA.

(m) Buyer and/or its subcontractor shall not store any Buildings and/or house moving related equipment on property owned by the HRA other than the Property where the Buildings is located, nor on City streets, rights-of-way and easements. Any violations shall result in the Buyer and/or its subcontractor being disqualified from future bidding on buildings and/or removal of buildings.

(n) If the Buildings have not been moved and/or the Property has not been cleared by the Completion Date, or if any other requirements set forth herein are not satisfied within the time required by these specifications, damages of five hundred dollars (\$500.00) will be collected per day that has not fulfilled the terms and conditions set forth herein and surety will be retained by the HRA until such time as Buyer has fulfilled the requirements undertaken in this contract to the reasonable satisfaction of the HRA. After Buyer has complied with the requirements described herein, the HRA will return the surety deposit, minus any damages assessed.

(o) If the Buyer sells the Buildings before it has been removed from the property, the Buyer shall continue to be responsible to the HRA for all of the obligations of the Buyer contained in this Contract. In addition, the Buyer agrees to hold harmless the HRA, its officers and employees from any claims brought by the subsequent buyer which arise as a consequence of the HRA exercising its rights under this Contract to dispose of the Building.

(p) Neither Buyer nor any representative of Buyer shall enter the Property until closing has occurred and the Quit Claim Bill of Sale has been delivered. Alteration or removal of any item on the Property prior to delivery of the Quit Claim Bill of Sale shall constitute trespass and/or theft.

(q) Buyer shall comply with any road weight restrictions imposed by the Minnesota Department of Transportation or any other weight restrictions imposed by other applicable entities of government. Buyer shall not receive any extension of the Completion Date by reason of road weight restrictions, however long the period of restriction may be.

(r) Any damage done to street pavement, or adjacent properties may result in money being withheld from surety bond to recover cost of repair of said damage.

7. **Default; Remedies.** In the event Buyer defaults in the performance of any of its obligations under this Contract, the HRA shall be entitled to the following remedies, in addition to those provided elsewhere in this Contract or by applicable law:

(a) In the event Buyer fails to complete all of the requirements of Section 5 and 6 on or before the Completion Date, the HRA shall be entitled to liquidated damages equal to all sums previously paid to the HRA, plus an amount equal to \$500.00 per day for each day after the Completion Date during which the requirements set forth above remain unsatisfied. In this regard, the parties agree that the actual damage which will be realized by the HRA shall be difficult to determine, and that the liquidated damages provided for herein represent a reasonable estimate of such damage;

(b) Buyer shall be deemed to have abandoned the Building and any other items remaining on the Property after the Completion Date, and Buyer authorizes HRA to dispose of such items in any manner HRA deems appropriate, including, without limitation, demolition or removal. Buyer shall reimburse HRA for all costs incurred by HRA in disposing of such property and otherwise completing the requirements of Sections 5 and 6, and any other costs incurred by HRA as a result of Buyer's default;

(c) The HRA may take all action necessary to cure Buyer's failure to perform and collect from Buyer the costs incurred in doing so;

(d) The HRA may enjoin Buyer from further activities on the Property until Buyer's default is cured;

(e) All sums which the HRA is entitled to collect from Buyer may be collected from Buyer's surety deposit. If the surety is not adequate to cover such obligations, Buyer shall be directly liable to HRA for the excess; and

(f) Nothing herein shall be construed as a waiver of HRA's right to seek specific performance of Buyer's obligations hereunder.

8. **Surety Requirements.** Surety in the form of cash, certified funds, or an irrevocable letter of credit acceptable to the HRA in the amount of Five Thousand Dollars (\$5,000.00) shall be provided by Buyer to the HRA as a condition precedent to the issuance of a Quit Claim Bill of Sale for the Building by the HRA. Any surety provided by Buyer, other than cash, must be executed by an appropriate financial institution licensed to do business in the State of Minnesota and acceptable to the HRA. In the event a letter of credit is provided, the term of said security shall at a minimum extend thirty days (30) beyond the Completion Date. After all of the conditions set forth in Section 5 and 6 have been met and the HRA has inspected and accepted the Property, the Buyer's surety will be returned. If any or all of said conditions have not been met within the time limit set forth in Sections 5 and 6, the surety shall be applied by the HRA in accordance with Section 7.

9. **Insurance Requirements.** The Buyer shall provide insurance coverage as follows:

Comprehensive General (Public) Liability:

\$1,000,000 Each Occurrence (Bodily Injury & Property Damage)

\$1,000,000 Personal & Advertising Injury

\$5,000 Medical Expenses

\$2,000,000 General Aggregate

\$2,000,000 Products & Completed Operations Aggregate

Automobile:

\$1,000,000 - Combined Single Limit - with symbol 1-Any Auto

Workers' Compensation: Statutory Limits

Umbrella: \$10,000,000

A minimum AM Best Rating of: A- VIII

HRA requires the following to be named as additional insured:

Housing and Redevelopment Authority in and for the City of Richfield

The insurance company or companies providing such coverage must be acceptable to the HRA and be licensed to conduct business in the State of Minnesota. Certificates evidencing such coverage must be furnished to the HRA at closing. Payment will not be accepted at closing without valid certificates of insurance.

10. **Hold Harmless.** The Buyer shall be responsible to the HRA for the acts and omissions of Buyer, or its subcontractor, any other person or organization performing any of the work under a contract with or at the direction of the Buyer and any individual purchasing the Building from Buyer prior to its removal from the Property. The Buyer agrees to indemnify and hold harmless the HRA, its officers and employees from all suits, actions, and claims of any character brought because of injuries received or damages sustained by any person, persons, or property arising out of the removal of the Building or the performance or non-performance of Buyer's obligations under this Contract; or in consequence of any neglect in safeguarding the Building or Property; or because of any other act or omission, neglect, or misconduct of the Buyer, or by any person or organization employed directly or indirectly by the Buyer. In addition, Buyer shall indemnify and defend the HRA from and against any mechanics' liens or other claims asserted by any party who claims to have performed work or provided materials in connection with the removal of the Building or restoration of the Property.

11. **Hazardous Materials Report.** The Buyer acknowledges receipt of a Hazardous Materials Report of the Building, a copy of which is attached to this Agreement as Exhibit A, with attached notification form. Buyer acknowledges that the Buildings may contain known and/or unknown hazardous materials. It is the Buyer's full responsibility to remove, abate, mitigate and dispose of any hazardous materials and conduct such activities in accordance with state and federal regulations. Buyer is hereby notified that the Minnesota Pollution Control Agency (MPCA) requires the attached notification form be submitted to the MPCA prior to initiating building moving activities. Buyer agrees to accurately complete the notification form, submit the form to the MPCA, and provide a copy to the HRA. Buyer shall indemnify the HRA for any cost, loss, or damage resulting from Buyer's failure to comply with this Section 11.

12. **Payment of Subcontractors.** Contractor agrees to pay every subcontractor within 10 days of receipt of payment from the HRA pursuant to Minn. Stat. § 471.425.

IN WITNESS WHEREOF, the Buyer and the HRA have executed this Contract as of this _____ day of May, 2018.

By: Buyer

NHH Companies, LLC
7455 France Ave S, Ste 351
Edina, MN 55435
612-716-9052

By: _____

Its: President _____

By: Seller

Richfield HRA
6700 Portland Avenue South
Richfield, MN 55423

By: _____

Its: Chairperson _____

By: _____

Its: Executive Director _____

CONTRACT FOR SALE OF BUILDING

This Contract for Sale of Building made as of the _____ day of May, 2018 (“Effective Date”), by and between the Housing and Redevelopment Authority in and for the City of Richfield (the “HRA”), and NHH Companies, LLC, a Minnesota limited liability company and/or assigns (the “Buyer”). HRA and Buyer are hereinafter collectively referred to as “Parties.”

RECITALS:

For good and valuable consideration, the sufficiency of which is hereby acknowledged, HRA, as owner of the full legal beneficial title to the Building described herein, has this day sold, and agrees to convey by Bill of Sale, said Building. The terms and conditions of this purchase and sale are as follows:

1. **Sale Property.** The property to be conveyed (hereinafter referred to as the “Buildings”) consists of the house and garage located at 6333 16th Ave. S, Richfield, Minnesota, legally described in Exhibit A, but not the land upon which such Buildings are situated (which land shall be referred to herein as the “Property”).

2. **Consideration.** Buyer agrees to purchase said Buildings for the price of One Dollar (\$1.00). Buyer will provide the purchase price, the surety requirements set forth in Section 7, and proof of insurance within the later of five (5) days following the Buyer’s notice of removal of all Contingencies in Section 3 or five (5) business days following the bid award date of _____ (“Bid Award Date”), in accordance with Section 4 below.

3. **Contingencies.** Buyer and HRA acknowledge that the Parties have executed a pre-development agreement that includes the subject Property. Buyer is agreeing to purchase the Buildings as a method of defraying future development costs and to avoid the demolition of structurally sound buildings. This is not a stand-alone business venture of the Buyer; therefore, the Contract is contingent upon the following:

- (a) Buyer’s ability to find relocation lots that are suitable to the Buyer within seventy-five (75) days of the Effective Date of the Contract; and
- (b) Buyer’s inspection of the structure within fifteen (15) days of the Effective Date of the Contract (collectively, the “Contingencies”).

4. **Closing.** Closing must occur within the later of five (5) days following the Buyer’s notice of removal of all Contingencies or five (5) business days following the Bid Award Date at a location designated by the HRA. At closing, Buyer shall:

- (a) pay to the HRA the balance of the purchase price in cash or certified funds (applicable only if purchase price is a positive number);
- (b) deliver surety in the form required by Section 7 below;
- (c) deliver the certificates of insurance required by Section 8 below.

Upon receipt of the foregoing, the HRA shall execute and deliver to Buyer a Quit Claim Bill of Sale in the form attached hereto as Exhibit B, conveying the Building to Buyer subject to the provisions of this Contract, which shall survive the delivery of the Quit Claim Bill of Sale. If Buyer fails to meet the requirements of this Section 4 within the later of five (5) days following the Buyer’s notice of removal of all Contingencies or five (5) business days after the Bid Award Date, the HRA may terminate this Contract, by written notice to Buyer and retain the Deposit as liquidated damages.

5. **Post-Closing Requirements; Removal of Buildings.** Buyer shall complete on or before _____ (the “Completion Date”), each of the following requirements:

- (a) Buyer shall give all notices and obtain and pay for all permits, licenses, bonds, and franchises which may be required for the removal and transportation of the Buildings by federal, state, county or HRA laws, rules, statutes, regulations and ordinances, before Buyer begins to remove the Buildings from the Property. Buyer shall provide the HRA with copies of all required permits before Buyer commences work on moving the Buildings;
- (b) Buyer shall have the municipal water service and sewer service connections into the Buildings cut off permanently at the main and sealed in accordance with applicable regulations and ordinances of the City of Richfield (the “City”). In this regard, Buyer acknowledges being cautioned that the City requires permits to be issued for disconnection of water and sewer prior to any work being performed. For utility disconnects contact the Inspections Division at 612-861-9165 and for street cut permits contact the Public Works Department at 612-861-9790;
- (c) Buyer shall remove the Buildings, which shall include all structures at-grade level or higher such as: house, garage and outbuildings, from the Property;
- (d) Immediately upon removing the Buildings from its foundation, Buyer shall post a sign on the Property stating “NO TRESPASSING,” which shall be clearly visible from the street;
- (e) Immediately upon the removal of the Buildings from its foundation, Buyer shall furnish and erect on the Property a

wood slat snow fence or an approved substitute, either one being in good repair and reasonably acceptable to the HRA. The fence shall be at least four feet in height, shall completely enclose the open basement, and shall remain in place until the basement is filled, at which time it shall be removed;

(f) After the Buildings have been removed from the Property, Buyer shall remove all furnace, laundry tubs, appliances, ducts, pipes, wiring, wood, wallboard, columns, flooring, and any other non-masonry items. Buyer shall also remove foundation walls and the basement floor slab, and shall remove all other at grade masonry, concrete slabs, sidewalks, steps, and driveways from the Property. ALL ASPHALT, MASONRY, AND NON-MASONRY MATERIAL MUST BE TRANSPORTED AWAY FROM THE SITE;

(g) After removing all foundation walls and the basement floor slab, as provided above, Buyer shall fill the basement less than ground level, sloped 4:1 (gradual enough to mow) from existing grade and graded so it drains without holding water, or as directed by the City (contact the Engineering Division at 612-861-9798). Fill shall be an acceptable mineral soil that is free of clods, stones over 3 inches in greatest dimension, sod, and roots meeting Minnesota Department of Transportation Spec. 3149 for "Granular Backfill" and 4 inches of topsoil. The basement hole MUST BE inspected by the City prior to filling, and any unauthorized debris removed. The fill must not contain any hazardous substance or disposed building material;

(h) Buyer shall remove all other personal property or debris from the Property;

(i) All sheds and other accessory structures, clothesline and other poles, and landscape structures shall be removed from the Property;

(j) Any trees cut or felled in the moving process shall be removed immediately, and the tree stumps may remain; and

(k) As directed by the City, a silt fence shall be erected around the perimeter of the Property to prevent erosion and unwanted run-off onto adjacent properties, streets, and alleys. Silt fences must conform to standards set by the Minnesota Pollution Control Agency and the City.

6. **General Covenants.**

(a) Buyer represents and warrants to the HRA that Buyer, or Buyer's sub-contractor, is in the business of house moving and has all the necessary qualifications and abilities to perform the obligations under this contract award. Buyer will obtain written consent of the HRA for the subcontracting of the responsibility of moving the Buildings, and such consent will not be unreasonably withheld.

(b) Buyer is purchasing the Buildings in "AS-IS" condition, with all faults, without representation or warranty of any kind, including, but not limited to, implied warranties of merchantability or fitness for a particular purpose.

(c) The HRA makes no representation or warranty, express or implied, that the Buildings will conform to the building code or permit restrictions of any local jurisdiction having control over the relocation of the Building.

(d) Buyer shall have sole responsibility for weather-proofing the Buildings; the HRA makes no representations as to the work which may have been done by the HRA in this regard, and cautions Buyer to make its own inspection and determination as to the need for additional steps to be taken.

(e) The Buyer assumes all risk that the Buildings can be moved over any contemplated route, that necessary permits for relocating the Building can be obtained, that a Buildings can be removed in any weather conditions, and that the Buildings can be moved off the Property within the time period allowed in this contract.

(f) The Buyer shall furnish and pay for all labor, material, and equipment which is required for the removal of the Buildings and required work on the Property. All work shall be done in accordance with this Contract and in accordance with City ordinances and regulations. In the event there is a conflict between this Contract and Richfield Ordinances and regulations, the Richfield ordinances and regulations shall govern.

(g) No work may be done on the job site, nor any showing of the Buildings to prospective buyers, except for complete removal of the Building off of the Property, between the hours of 7 p.m. and 7 a.m.

(h) A Sign stating "FOR SALE" may be posted on the Buildings. Sign must be no larger than six (6) square feet and must be made professionally. No hand-written signs may be used. Any other signs of any kind posted anywhere on the site is strictly prohibited except for no trespassing signs.

(i) Any materials removed from the Buildings or Property must be stacked neatly behind the Building and removed from the Property within 48 hours.

(j) A suitable container must be kept on the job site to be used for trash disposal. Buyer shall at all times keep the Property free from the accumulation of waste materials and debris caused by Buyer's operations.

(k) Buyer may not cut or remove a tree from the Property without prior permission from the HRA. If any trees are cut or destroyed by Buyer without prior approval, Buyer will pay to the HRA damages of \$200 per tree. Any such damages shall be deducted from Buyer's surety.

(l) Any reported damage to other lots, rights-of-way or property of others, be it real or personal property caused as a result of or in connection with the Building removal is the responsibility of the Buyer. Buyer shall promptly inform the HRA of any such reported damage. The HRA will retain all surety until all such damage is satisfactorily repaired and inspected by the HRA.

(m) Buyer and/or its subcontractor shall not store any Buildings and/or house moving related equipment on property owned by the HRA other than the Property where the Buildings is located, nor on City streets, rights-of-way and easements. Any violations shall result in the Buyer and/or its subcontractor being disqualified from future bidding on buildings and/or removal of buildings.

(n) If the Buildings have not been moved and/or the Property has not been cleared by the Completion Date, or if any other requirements set forth herein are not satisfied within the time required by these specifications, damages of five hundred dollars (\$500.00) will be collected per day that has not fulfilled the terms and conditions set forth herein and surety will be retained by the HRA until such time as Buyer has fulfilled the requirements undertaken in this contract to the reasonable satisfaction of the HRA. After Buyer has complied with the requirements described herein, the HRA will return the surety deposit, minus any damages assessed.

(o) If the Buyer sells the Buildings before it has been removed from the property, the Buyer shall continue to be responsible to the HRA for all of the obligations of the Buyer contained in this Contract. In addition, the Buyer agrees to hold harmless the HRA, its officers and employees from any claims brought by the subsequent buyer which arise as a consequence of the HRA exercising its rights under this Contract to dispose of the Building.

(p) Neither Buyer nor any representative of Buyer shall enter the Property until closing has occurred and the Quit Claim Bill of Sale has been delivered. Alteration or removal of any item on the Property prior to delivery of the Quit Claim Bill of Sale shall constitute trespass and/or theft.

(q) Buyer shall comply with any road weight restrictions imposed by the Minnesota Department of Transportation or any other weight restrictions imposed by other applicable entities of government. Buyer shall not receive any extension of the Completion Date by reason of road weight restrictions, however long the period of restriction may be.

(r) Any damage done to street pavement, or adjacent properties may result in money being withheld from surety bond to recover cost of repair of said damage.

7. **Default; Remedies.** In the event Buyer defaults in the performance of any of its obligations under this Contract, the HRA shall be entitled to the following remedies, in addition to those provided elsewhere in this Contract or by applicable law:

(a) In the event Buyer fails to complete all of the requirements of Section 5 and 6 on or before the Completion Date, the HRA shall be entitled to liquidated damages equal to all sums previously paid to the HRA, plus an amount equal to \$500.00 per day for each day after the Completion Date during which the requirements set forth above remain unsatisfied. In this regard, the parties agree that the actual damage which will be realized by the HRA shall be difficult to determine, and that the liquidated damages provided for herein represent a reasonable estimate of such damage;

(b) Buyer shall be deemed to have abandoned the Building and any other items remaining on the Property after the Completion Date, and Buyer authorizes HRA to dispose of such items in any manner HRA deems appropriate, including, without limitation, demolition or removal. Buyer shall reimburse HRA for all costs incurred by HRA in disposing of such property and otherwise completing the requirements of Sections 5 and 6, and any other costs incurred by HRA as a result of Buyer's default;

(c) The HRA may take all action necessary to cure Buyer's failure to perform and collect from Buyer the costs incurred in doing so;

(d) The HRA may enjoin Buyer from further activities on the Property until Buyer's default is cured;

(e) All sums which the HRA is entitled to collect from Buyer may be collected from Buyer's surety deposit. If the surety is not adequate to cover such obligations, Buyer shall be directly liable to HRA for the excess; and

(f) Nothing herein shall be construed as a waiver of HRA's right to seek specific performance of Buyer's obligations hereunder.

8. **Surety Requirements.** Surety in the form of cash, certified funds, or an irrevocable letter of credit acceptable to the HRA in the amount of Five Thousand Dollars (\$5,000.00) shall be provided by Buyer to the HRA as a condition precedent to the issuance of a Quit Claim Bill of Sale for the Building by the HRA. Any surety provided by Buyer, other than cash, must be executed by an appropriate financial institution licensed to do business in the State of Minnesota and acceptable to the HRA. In the event a letter of credit is provided, the term of said security shall at a minimum extend thirty days (30) beyond the Completion Date. After all of the conditions set forth in Section 5 and 6 have been met and the HRA has inspected and accepted the Property, the Buyer's surety will be returned. If any or all of said conditions have not been met within the time limit set forth in Sections 5 and 6, the surety shall be applied by the HRA in accordance with Section 7.

9. **Insurance Requirements.** The Buyer shall provide insurance coverage as follows:

Comprehensive General (Public) Liability:

\$1,000,000 Each Occurrence (Bodily Injury & Property Damage)

\$1,000,000 Personal & Advertising Injury

\$5,000 Medical Expenses

\$2,000,000 General Aggregate

\$2,000,000 Products & Completed Operations Aggregate

Automobile:

\$1,000,000 - Combined Single Limit - with symbol 1-Any Auto

Workers' Compensation: Statutory Limits

Umbrella: \$10,000,000

A minimum AM Best Rating of: A- VIII

HRA requires the following to be named as additional insured:

Housing and Redevelopment Authority in and for the City of Richfield

The insurance company or companies providing such coverage must be acceptable to the HRA and be licensed to conduct business in the State of Minnesota. Certificates evidencing such coverage must be furnished to the HRA at closing. Payment will not be accepted at closing without valid certificates of insurance.

10. **Hold Harmless.** The Buyer shall be responsible to the HRA for the acts and omissions of Buyer, or its subcontractor, any other person or organization performing any of the work under a contract with or at the direction of the Buyer and any individual purchasing the Building from Buyer prior to its removal from the Property. The Buyer agrees to indemnify and hold harmless the HRA, its officers and employees from all suits, actions, and claims of any character brought because of injuries received or damages sustained by any person, persons, or property arising out of the removal of the Building or the performance or non-performance of Buyer's obligations under this Contract; or in consequence of any neglect in safeguarding the Building or Property; or because of any other act or omission, neglect, or misconduct of the Buyer, or by any person or organization employed directly or indirectly by the Buyer. In addition, Buyer shall indemnify and defend the HRA from and against any mechanics' liens or other claims asserted by any party who claims to have performed work or provided materials in connection with the removal of the Building or restoration of the Property.

11. **Hazardous Materials Report.** The Buyer acknowledges receipt of a Hazardous Materials Report of the Building, a copy of which is attached to this Agreement as Exhibit A, with attached notification form. Buyer acknowledges that the Buildings may contain known and/or unknown hazardous materials. It is the Buyer's full responsibility to remove, abate, mitigate and dispose of any hazardous materials and conduct such activities in accordance with state and federal regulations. Buyer is hereby notified that the Minnesota Pollution Control Agency (MPCA) requires the attached notification form be submitted to the MPCA prior to initiating building moving activities. Buyer agrees to accurately complete the notification form, submit the form to the MPCA, and provide a copy to the HRA. Buyer shall indemnify the HRA for any cost, loss, or damage resulting from Buyer's failure to comply with this Section 11.

12. **Payment of Subcontractors.** Contractor agrees to pay every subcontractor within 10 days of receipt of payment from the HRA pursuant to Minn. Stat. § 471.425.

IN WITNESS WHEREOF, the Buyer and the HRA have executed this Contract as of this _____ day of May, 2018.

By: Buyer

NHH Companies, LLC
7455 France Ave S, Ste 351
Edina, MN 55435
612-716-9052

By: _____

Its: President _____

By: Seller

Richfield HRA
6700 Portland Avenue South
Richfield, MN 55423

By: _____

Its: Chairperson _____

By: _____

Its: Executive Director _____



STAFF REPORT NO. 15
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
5/21/2018

REPORT PREPARED BY: Jesse Swenson, Assistant HR Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, Executive Director
5/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
5/14/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution authorizing the HRA to affirm the monetary limits on statutory municipality tort liability.

EXECUTIVE SUMMARY:

The HRA purchases its insurance from the League of Minnesota Cities Insurance Trust (LMCIT). Each year, the HRA must either affirm or waive its statutory limits of liability by July 1. After reviewing cost considerations measured against potential risk, the HRA has, historically, affirmed the liability limits which are \$500,000 for an individual claimant and \$1,500,000 per occurrence. Staff is recommending the same course of action for the current period.

RECOMMENDED ACTION:

By motion: Adopt a resolution authorizing the HRA to affirm the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- A requirement of insurance coverage through the LMCIT is an annual affirmation or waiver of statutory limits of liability.
- The current statutory limits of liability for Minnesota cities and political entities are \$500,000 for an individual claimant and \$1,500,000 per occurrence. Cities can waive these limits to allow an individual claimant to recover more than \$500,000, up to the \$1,500,000 per occurrence limit, if excess liability insurance is purchased. However, the cost of excess liability insurance continues to be very expensive. An additional \$1,000,000 of coverage would cost the HRA approximately \$6,000 annually.
- Slightly more than half of the cities in Minnesota do not waive its limits of liability.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The State Statute establishes liability limits for cities and the current level is \$1,500,000, which appears to be a reasonable limit.
- Historically, just over one-half of the municipalities in Minnesota have not waived the monetary limits on municipality tort liability as was established by Statutes 466.06.

- The HRA could waive its statutory limits in future years if the Commissioners should decide to do so.
- The City of Richfield has historically not waived its limits of liability.

C. CRITICAL TIMING ISSUES:

- The HRA's insurance policy with the League of Minnesota Cities Insurance Trust renews on July 1, 2018. This action must be completed before that time.
- The HRA does not have to make a decision on purchasing excess liability coverage at this time. Coverage such as excess liability may be added at any time.

D. FINANCIAL IMPACT:

- There is a slight premium savings for political entities that affirm the statutory monetary limits. For the Richfield HRA, the savings would be less than \$1,000 for the coverage year.
- The HRA has historically not purchased excess liability coverage because of the relatively high cost of such coverage. The cost for \$1,000,000 of excess coverage would likely be between \$6,000 and \$8,000 per year.

E. LEGAL CONSIDERATION:

- The tort liability limits established by Minnesota statutes have historically protected cities and no Minnesota court has ever established a monetary award in excess of the statutory limits against a municipality.
- Each municipal entity must annually decide whether the entity would voluntarily waive the statute for both the single claims and each occurrence limit.

ALTERNATIVE RECOMMENDATION(S):

- If the HRA feels that any single claimant should receive more than the \$500,000 limit, the HRA could elect to waive the statutory monetary limits.
- If the HRA feels that the \$1,500,000 per occurrence limit is not adequate, the HRA could purchase excess liability coverage.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter

HRA RESOLUTION NO.

**RESOLUTION AFFIRMING MUNICIPAL TORT LIABILITY LIMITS ESTABLISHED BY
MINNESOTA STATUTES 466.04**

WHEREAS, Minnesota Statute 466.04 provides for Municipal tort liability limits for Minnesota cities and for other municipal entities like the Richfield Housing and Redevelopment Authority; and

WHEREAS, the League of Minnesota Cities Insurance Trust has asked that each participating entity review the tort liability limits and determine if the respective entity would choose to waive its limits; and

WHEREAS, such decision to affirm or waive the tort liability limits must be filed with the League of Minnesota Cities Insurance Trust at the insurance renewal date.

NOW, THEREFORE, BE IT RESOLVED that the Executive Director is directed to report to the League of Minnesota Cities Insurance Trust that the Richfield HRA does not waive the monetary limits on the municipal tort liability established by Minnesota statutes 466.04.

Approved by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 21st day of May, 2018.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary



STAFF REPORT NO. 16
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
5/21/2018

REPORT PREPARED BY: Kate Aitchison, Housing Specialist

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
5/16/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
5/16/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of the settlement of a Housing and Redevelopment Authority Deferred Loan at 6701 Stevens Avenue.

EXECUTIVE SUMMARY:

In 2001 and 2002, Daisy Young (Homeowner) received two Richfield Rehabilitation Deferred Loans for her home at 6701 Stevens Avenue. The loan in 2001 covered a number of home repairs for the amount of \$23,095.68. In 2002, the Homeowner requested funds to upgrade her electrical service. Another repayment agreement was signed and filed in the amount of \$1,180.00.

In 2006, the Homeowner applied for a reverse mortgage through Financial Freedom Senior Funding Company. The Richfield Housing and Redevelopment Authority (HRA) was asked to subordinate to this reverse mortgage and did so based on the current subordination policy of that time. In the course of drafting and filing the subordination, only one of the HRA's liens became subordinate to the Financial Freedom reverse mortgage. The HRA's second loan from 2002 (\$1,180) is currently in first position, ahead of the reverse mortgage.

In July 2017, the Homeowner suffered a stroke and was moved to a nursing home. She requires full time care, and is unable to move home. Her son began the process of selling the home and received multiple offers when the home was listed. The outstanding HRA liens were discovered when Results Title began their work in preparation for closing. A purchase agreement has been signed, and the buyer is hoping to close on May 30.

The short sale request to Financial Freedom comes with strict limitations and the firm has been unwilling to compromise with any deductions for the payment of other liens on the property. The Homeowner's representatives were told that they needed to address the other liens apart from the short sale settlement or risk the sale falling through and moving to foreclosure.

In order to avoid this, the Homeowner's representatives are proposing to pay off the first lien and are asking the HRA to forgive the second lien for \$23,095.68. The Title Company is putting forward the funds to cover the repayment of the first lien, in order to protect the security of the short sale settlement with Financial Freedom. No sales proceeds will be collected in this short sale situation and neither the Homeowner nor her heirs are in a position to repay the HRA.

RECOMMENDED ACTION:

By motion: Approve the proposal made by the representatives of the Homeowner of 6701 Stevens Avenue for the full forgiveness of a \$23,095.68 Richfield Rehabilitation Deferred Loan.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- In 2001, the Homeowner qualified for a Deferred Loan for \$23,095.68.
 - These funds were used for new windows, painting and new wallpaper, plumbing and electrical work, and new toilets.
- In 2002, another repayment agreement was filed in the amount of \$1,180.
 - These funds were used to upgrade the Homeowner's electrical service.
- In July 2017, the Homeowner became ill and was no longer able to live in her home.
- In the winter of 2018, the Homeowner's son hired a realtor and began preparing the home for sale.
- In March 2018, the house was listed on the Multiple Listing Service for \$235,000 and accepted a full price, cash offer soon after.

DEBT	AMOUNT OWED	PROPOSED SETTLEMENT AMOUNT
Financial Freedom	\$240,025.51	\$218,349.86
Richfield HRA 2001 lien	\$23,095.68	\$0.00
Richfield HRA 2002 lien	\$1,180.00	\$1,180.00
Taxes, fees, commissions	\$18,118.00	\$16,938.00

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The HRA's current Subordination policy does not allow for HRA liens to be subordinate to reverse mortgages.
- The Deferred Loan Program provides loans to homeowners earning less than 80 percent of the Twin Cities Area Median Income (AMI) to make repairs and improvements that address health, safety and/or property maintenance items. Most recipients of the Deferred Loan earn less than 50 percent of the Twin Cities AMI.
- The entire loan amount is due and payable if the property is sold within the 30-year period, regardless of the number of years remaining on the loan.
- The Deferred Loan Program is funded with federal Community Development Block Grant (CDBG) funds. There is no federal requirement that the money be repaid.
- The Mortgage Foreclosure Response Program Procedural Guidelines state as follows: "Staff will consider short sale offers and negotiate as high of repayment as possible. Action will be taken quickly so as to not disrupt the short sale opportunity and cause the homeowner to enter into foreclosure."
- Hennepin County, who administers the Deferred Loan for Richfield and other communities, considers a 10% loan settlement to be a reasonable settlement in a short-sale situation. The proposed settlement in this case is for 5% of the two loans.
- The HRA has received eight requests for a short sale settlement in the past five years. The following settlements have been reached:

YEAR	LIEN AMOUNT	AMOUNT REPAID	% RECAPTURED
2018	\$18,463	\$ 3,077*	16.6%
2017	\$ 10,000	\$ 2,000	20.0%
2016	\$ 10,345	\$ 1,000	9.7%
2014	\$ 8,238	\$ 500	6.1%
2014	\$ 15,892	\$ 2,384	15.0%
2013	\$ 30,000	\$26,094	87.0%
2013	\$ 10,080	\$ 5,040	50.0%

2012 \$ 26,000 \$ 2,600 10.0%

- * A settlement of at least \$1,800 was approved by the HRA.

C. CRITICAL TIMING ISSUES:

- The current Purchase Agreement lists a closing date of May 30, 2018.
- The short sale settlement for the primary mortgage expires on June 9th, and all funds must be secured 48 hours in advance.
- If a settlement is not approved by the lien holders, the property risks falling into further short sale or foreclosure. Foreclosure proceedings would result in the home remaining vacant for an extended period of time.

D. FINANCIAL IMPACT:

- Any repaid funds will be returned to the Deferred Loan Program for future loan recipients.
- The attached letter from the Homeowner's representative describes the financial and personal difficulties she has encountered that have led to the need to sell her home.
- The HRA's second lien from 2002 for \$1,180 is not subordinate to the reverse mortgage with Financial Freedom. This lien would need to be repaid if the property did go into foreclosure. The lien from 2002 for \$23,095.68 would not be repaid in a foreclosure redemption.
- The loan was funded with CDBG funds. The HRA established the requirement that the borrower must repay the loan at the sale of the property. There is no federal requirement to repay the funds.

E. LEGAL CONSIDERATION:

- The HRA has the authority to negotiate the settlement or forgiveness of the loan.

ALTERNATIVE RECOMMENDATION(S):

- Deny the proposal for the settlement of the HRA loan at 6701 Stevens Avenue in the amount of \$1,180.
- Approve the settlement of the HRA loan at 6701 Stevens Avenue for a different amount.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Lance Watkins, Realtor David Young, Son of the Homeowner and Power of Attorney

ATTACHMENTS:

Description	Type
▢ Hardship Letter	Backup Material

To Whom It May Concern:

My name is David B. Young, per your request, I am writing this letter to explain the circumstances involving my mother, Daisy R. Young, as it relates to the loan that she established with the city of Richfield.

My parents purchased the property at the address listed above, in 1972 and this has been my mother's home ever since. My father passes away unexpectedly in 1983 as a result of cancer of the lungs and shortly thereafter my mother opted for early retirement from her place of employment. Since then her income has consisted of a retirement pension from my father, her social security benefit and a monthly annuity payment which is from her pension plan. My mother took out a reverse mortgage sometime around 2005 which has allowed her to remain in her home up until last year.

On the 9th of July 2017 she suffered an expected stroke which has left her with paralysis on the left side of her body and confined to a wheelchair. The recommendation from the transitional care facility and long-term care facility was that she no longer live independently as she needs assistance 24x7 with all tasks. Prior to suffering the stroke she was diagnosed by her primary care physician with the onset of early dementia which affected her short-term memory; this was accelerated as a result of the stroke.

My mother currently resides at Catholic Eldercare which is a nursing home/long-term care facility in Northeast Minneapolis and has been there since August 4th, 2017. We have had to apply for medical assistance from Hennepin County in order to afford the expenses associated with being a fulltime resident. Hennepin County required us to spend down all liquid assets in order to meet with their qualifications; this included the sale of her home.

The house was listed on March 19th and we received multiple offers. We accepted the highest offer, which was a cash offer with no inspection. Unfortunately, due to my mother's health and hardship she does not have the funds or ability to pay the difference of the payoff and the sale amount, so Financial Freedom has agreed to do a short sale for that amount. She also does not have the funds to pay the City of Richfield loan.

We truly hope that you will consider working with us and we are anxious to get this settled so we all can move on.

Sincerely and Respectfully,

David B. Young – Attorney-in-Fact for Daisy R. Young, under the Power of Attorney dated August 4, 2008.

A handwritten signature in black ink, appearing to read "David B. Young". The signature is written in a cursive style with a large, prominent loop for the letter 'Y' and a long horizontal stroke extending to the right.



STAFF REPORT NO. 17
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
5/21/2018

REPORT PREPARED BY: John Stark, Community Development Director

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
5/10/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, Executive Director
5/14/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the adoption of a resolution authorizing the purchase of real property located at 1430 E. 66th Street, pending a finding of consistency by the Richfield Planning Commission.

EXECUTIVE SUMMARY:

The property located at 1430 E. 66th Street has been vacant since 2015. Prior to that point, the building on the property operated as the El Jalapeno Market since approximately 2000.

The property was foreclosed on in 2015 and subject to sheriff's sale. As there were no potential buyers in the sheriff's sale process, the building ownership reverted to its primary lender, the Richfield-Bloomington Credit Union (RBCU). Since that time RBCU has been attempting to sell the property. The prior owner had listed the property at \$547,000 in 2014. After the foreclosure (and removal of the fixtures and grocery-specific mechanicals), the asking price for the property was \$280,000, but RBCU reduced the listing price to \$220,000 in 2016 based on an appraisal. RBCU, however, has been unable to sell the property.

As a vacant property, code violations occur regularly; especially dumping. The condition of the building, even while it was open and operational, was poor and it has fallen into a further state of disrepair since. While the building is secured there is the potential for persons to enter the building and harm themselves, especially since there is a large hole in the floor.

Staff has had an ongoing dialog with representatives of the RBCU since February 2017 relating to the possible purchase of the property by the Housing and Redevelopment Authority (HRA), but were unable to reach an agreement on a proposed purchase price. In April, staff made a final offer (contingent on HRA approval) to purchase the property for \$191,400; which is 10% greater than its Assessed Market Value of \$174,000. Staff viewed this as a reasonable offer given that the Assessed Values, as determined by Hennepin County, reflect the prior year's value and typically lag the real estate market.

If purchased, the building on the property would be demolished within 90 days. Staff would then market the property as a redevelopment site which could possibly include a shared parking arrangement with the adjoining Frenchman's Pub.

RECOMMENDED ACTION:

By motion: Adopt a resolution authorizing the purchase of real property located at 1430 E. 66th Street,

pending a finding of consistency by the Richfield Planning Commission.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The HRA has a history of purchasing vacant and derelict properties along the city's commercial corridors when the private market has proved unable to acquire, rehabilitate and occupy such properties.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- In the City Council's 2018 goalsetting meeting on March 22, the Council discussed capitalizing on opportunities for redeveloping the east side, including acquisition of vacant and/or underdeveloped properties.
- State Statutes require that a community's Planning Commission make a ruling on whether any public acquisition is consistent with that community's Comprehensive Plan.

C. CRITICAL TIMING ISSUES:

- A contingent purchase offer was accepted by RBCU on May 7, 2018.
- The Planning Commission is scheduled to consider the consistency of this acquisition with the Comprehensive Plan on May 29.

D. FINANCIAL IMPACT:

- The HRA budget anticipates occasional acquisitions (and related demolitions) such as this, and there is available funding.
- The exact source of the funding will depend on the outcome of a "substandard and blight study."
- If, as expected, the property is determined to be "blighted and substandard", the property will be acquired with funds from the HRA's "Housing and Redevelopment Fund." Otherwise the funding would come from the "Development Opportunities" fund.

E. LEGAL CONSIDERATION:

- HRA legal counsel drafted the Purchase Agreement related to this acquisition.

ALTERNATIVE RECOMMENDATION(S):

- Deny approval of the resolution and do not pursue acquisition of this property.
- Approve the resolution with modifications that address any concerns by HRA Commissioners.

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Resolution for Acquisition of 1430 E 66th Street	Resolution Letter

HRA RESOLUTION NO. _____

**RESOLUTION AUTHORIZING PURCHASE OF REAL PROPERTY
LOCATED AT 1430 EAST 66TH STREET**

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 redevelopment and the City’s Comprehensive Plan, said property being described as:

1430 East 66th Street

Lot 10 and 11 including adjoining 1/2 of vacated alley, Block 4, Nokomis Gardens
Right Block 1-5 Girard Parkview

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

WHEREAS, HRA funds are 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 identified is approved not to exceed \$191,400, plus closing costs, not to exceed \$25,000.
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 21st day of May, 2018.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary