



Housing and Redevelopment Authority

Tuesday, October 25, 2016

5:30 PM

Council Chambers

1800 West Old Shakopee Road

AGENDA

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes
 - 3.1. Approval of Minutes - October 11, 2016 and October 18, 2016
4. Unfinished or Organizational Business
5. New Business
 - 5.1. Approval of Rental Homes Capital Improvements Contract
 - 5.2. Approval of New Payment Standards for the Section 8 Housing Choice Voucher Program
 - 5.3. First Amendment to the Predevelopment Agreement (between the Bloomington HRA and Knox & American I, LLC)
 - 5.4. Action Items
6. Adjournment

HRA Agenda Item



Originator
Housing and Redevelopment Authority

Item
Approval of Minutes - October 11, 2016 and October 18, 2016

Date
10/25/2016

Description

Requested Action

Attachments:

October 11, 2016 HRA meeting minutes

October 18, 2016 HRA meeting minutes

UNAPPROVED MINUTES

Housing and Redevelopment Authority in and for the City of Bloomington

1800 West Old Shakopee Road
Bloomington, Minnesota 55431

Tuesday, October 11, 2016
5:30 PM
Dakota Conference Room

- 1 **Call to Order** Chairman Thorson called the meeting to order at 5:32 p.m.

Present – Commissioners: Thorson, Fossum, Carlson, Lewis, Coulter
Staff: Grout, Hartman, Zimmerman
Guest: Jon Oleson
- 2 **Approval of Agenda** M/Lewis, S/Coulter to approve the agenda. Motion carried, 5-0.
- 3 **Approval of Minutes**
- 3.1 **Approval of Minutes - September 27, 2016** M/Fossum, S/Lewis to approve the minutes of the September 27, 2016 HRA meeting. Motion carried, 5-0.
- 4 **Unfinished or Organizational Business**
- 5 **New Business**
- 5.1 **Approval of 2017 Agency Plan and Section 8 Administrative Plan** Hartman explained that this item was brought before the Board at their September 13, 2016 meeting and a public hearing was conducted. Legal Aid submitted a comment letter on that date and approval of the Plan was postponed to allow staff to consult with legal counsel to form a response to those comments. Each comment was addressed and no changes were made that would affect how the program is administered. The Agency Plan and Section 8 Administrative Plan will be submitted to the Department of Housing and Urban Development (HUD) before the deadline of October 15.

M/Lewis, S/Coulter to approve the plans and certifications for the 2017 Agency Plan and Housing Choice Voucher (Section 8) Administrative Plan. Motion carried, 5-0.

- 5.2 Modification of Penn American Redev Project Area and approval of Knox American Redevelopment TIF District and Plan**
- Grout explained that on October 3, the City Council conducted a public hearing and approved a modification of the Penn and American Redevelopment Plan and boundaries and the creation of two Tax Increment Financing (TIF) districts at Knox and American. The Knox and American District consists of four parcels, two owned by the HRA and two owned by the developers, United Properties and StuartCo.
- Staff is requesting that the Board approve the modification of the project area, the Redevelopment Plan, and the creation of a redevelopment TIF district for Phase III on the general site area of 8000 Knox Avenue South.
- Grout gave a brief presentation on the background of the project, the vision and concept plans for the area and a schedule for the next steps. There was also discussion regarding funding sources, storm water management, transit, and rental and vacancy trends in Bloomington.
- M/Coulter, S/Lewis to approve the resolution approving the modification of the boundaries of the Penn and American Redevelopment Project; approve a modification of the Redevelopment Plan; establish the Knox and American Tax Increment Financing District (a Redevelopment District); and approve a Tax Increment Financing Plan. Motion carried, 5-0.
- 5.3 Modification of Penn American Redev Project Area and approval of Knox American Housing TIF District and Plan**
- Grout indicated that this item is similar to the previous item and that staff is requesting the Board to approve the modification of the project area, the Redevelopment Plan, and the creation of a housing TIF district for Phase III on the general site area of 1901 American Blvd. W. and 8049 Morgan Circle S.
- M/Coulter, S/Lewis to approve the resolution approving the modification of the boundaries of the Penn and American Redevelopment Project; approve a modification of the Redevelopment Plan; establish the Knox and American Tax Increment Financing District (a Housing District); and approve a Tax Increment Financing Plan. Motion carried, 5-0.
- 5.4 Knox and American Tax Increment Pledge Agreement**
- Grout explained that the City will be issuing bonds this year on behalf of the HRA to pay for the purchase of 1901 American Boulevard West. The bonds will have a five-year term. The type of bonds being issued will require a Pledge Agreement between the City and the HRA. The Agreement states that the HRA could use the increment from the Redevelopment and Housing TIF districts to pay for the debt service on the bonds if necessary.
- M/Lewis, S/Coulter to approve the resolution authorizing execution of a Tax Increment Pledge Agreement with the City of Bloomington relating to taxable general obligation tax increment bonds, Series 2016A, to be issued in the proposed aggregate principal amount of \$2,055,000. Motion carried, 5-0.
- 6 Adjournment**
- M/Coulter, S/Lewis to adjourn the meeting. Motion carried, 5-0. The meeting adjourned at 6:07 p.m.

UNAPPROVED MINUTES

**Housing and Redevelopment Authority
in and for the City of Bloomington**
1800 West Old Shakopee Road
Bloomington, Minnesota 55431

Tuesday, October 18, 2016
5:30 PM

- 1 Neighborhood Tour -
1700 East 88th Street**
- The HRA Board met at 5:30 p.m. for a tour of the newly-constructed twin home at 1700 East 88th Street.
- The tour ended at 6:10 p.m.
- Present: Commissioners Thorson, Lewis, Coulter
Staff: Grout, Hartman, Lee, Duerwachter, Zimmerman
- Absent: Commissioners Fossum and Carlson

HRA Agenda Item



Originator Housing and Redevelopment Authority	Item Approval of Rental Homes Capital Improvements Contract
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Date
10/25/2016

Description

A request for bids for improvements to 8 Rental Homes for Future Homebuyers scattered site rental properties, owned and operated by the HRA, was completed on October 4th, 2016. The HRA will be using its annual Capital Improvements Program allocation to fund the improvements for a total cost \$45,545.00.

Attached are summaries of the bids received and a copy of the contracts to perform the improvements. Brent J. Olson is the lowest bid to complete repairs, including: furnace replacement, driveway and sidewalk replacement, gutter installation, glass block window installation, roofing and electrical updates, as detailed in the attachment. The total for these improvements is \$45,545.00.

A total of three general contractors were contacted to request bid proposals. All three of the contractors solicited submitted a bid. As the bid results indicate, this was a highly competitive and accurate bidding process.

Requested Action

Authorize the Administrator to execute a contract to complete capital improvements with Brent J. Olson Inc. for the Rental Homes Program.

Attachments:

2016 Rental Homes Capital Bid Review
Capital Improvements Contract with Brent Olson

Rental Homes Capital Funds Bid Review

<u>Property</u>	<u>Repair</u>	<u>Olson, Inc.</u>	<u>TNT Rem</u>	<u>Hermes</u>
107xx Yosemite Road	Driveway replacement	\$ 3,000.00	\$2,487.00	\$ 3,300.00
	Egress window replacement	\$ 750.00	\$500.00	\$ 500.00
95xx 1st Ave S.	Driveway replacement	\$ 3,750.00	\$3,743.00	\$ 3,300.00
	Sidewalk replacement	\$ 1,280.00	\$1,220.00	\$ 1,200.00
92xx 10th Ave S.	Sidewalk replacement	\$ 7,680.00	\$8,520.00	\$ 8,150.00
	Service door replacement	\$ 850.00	\$575.00	\$ 535.00
5xx East 99th Street	Furnace Replacement	\$ 3,500.00	\$2,780.00	\$ 3,300.00
	Basement window replacement	\$ 940.00	\$1,280.00	\$ 1,100.00
92xx 16th Ave S.	Basement window replacement	\$ 940.00	\$1,280.00	\$ 1,100.00
	Gutter installation	\$ 2,295.00	\$1,403.00	\$ 1,800.00
	Sidewalk Replacement	\$ 1,500.00	\$1,800.00	\$ 1,200.00
104xx Upton Ave S.	Driveway replacement	\$ 6,000.00	\$4,544.00	\$ 6,400.00
	Electrical service panel replacement	\$ 2,500.00	\$2,800.00	\$ 2,500.00
	Roof replacement	\$ 8,100.00	\$9,440.00	\$ 9,200.00
106xx Queen Ave S.	Basement window replacement	\$ 1,050.00	\$1,920.00	\$ 1,700.00
84xx Stevens Ave S.	Basement window replacement	\$ 1,410.00	\$1,600.00	\$ 1,600.00
Subtotal		\$45,545.00	\$45,892.00	\$46,885.00

Recommend Brent J. Olson Inc. \$45,545.00

**CONTRACT AGREEMENT
BETWEEN BRENT J. OLSON INC.
AND THE BLOOMINGTON HRA**

This contract agreement ("Agreement") is made on the 25th day of October 2016 (the "Effective Date") by and between Brent J. Olson Inc. (the "Contractor") and the Housing and Redevelopment Authority in and for the City of Bloomington, Minnesota (the "HRA").

The Contractor and the HRA for the consideration stated herein mutually agree as follows:

Article 1 – The Work. The Contractor shall furnish all supervision, labor, materials, machinery, tools, equipment, and services, including transportation services, and perform and complete all work required in and pursuant to the Contract Documents specified in Article 2 below (the "Work") in an efficient and workmanlike manner for the property at: See bid Attachment, all in accordance with the Contract Documents.

Article 2 – Contract Documents. The "Contract Documents" consist of the following:

- a. This Agreement
- b. Contractor's bid submitted in person on October 4th, 2016
- c. HRA Sexual Harassment Policy, attached hereto

Contract Documents that are not attached to this Agreement are available for review and copying in the HRA's offices during its normal business hours, and Contractor acknowledges that it has been given the opportunity to review and copy these Contract Documents prior to the execution of this Agreement.

Article 3 – Contract Price. The Bloomington HRA will pay the Contractor for performance of the Work for the total sum of \$45,545.00 (the "Contract Price"). Payment shall be made as follows (check one option):

- Progress Payments. Payments for the Work shall be made as set forth in the HUD General Conditions Form 5370.
- Payment Upon Completion. Notwithstanding the language set forth in the HUD General Conditions Form 5370 regarding progress payments, the entire Contract Price shall be due and payable upon completion of the Work and approval by the HRA. No progress payments shall be made.

Article 4 – Completion Date. Work shall be fully and satisfactorily completed within 90 days of the signing of this Agreement (the "Completion Date"). In the event the Work is not completed by the Completion Date, the Contractor and his sureties shall be assessed liquidated damages of one percent (1%) of the Contract Price or \$50.00, whichever is greater, per day for each calendar day of delay excluding Saturdays, Sundays, and Holidays. This sum shall either be deducted from the Contract Price at time of final payment or shall be paid to the HRA on demand. The HRA and Contractor agree that the HRA's actual delay damages would be difficult to determine and that the liquidated damages set forth herein are a reasonable measure of delay damages and are not a penalty. The Completion Date may only be modified by a written Change Order signed by the Contractor and the HRA as set forth in Article 5 below.

Article 5 – Changes. Contractor is not authorized to perform any work in addition to or differing from the drawings and specifications set forth in the Contract Documents, and shall make no substitution for a specified item without a written Change Order that is signed by the Contractor and the HRA, before any such additional or different work is performed. No change in the Work, Contract Price, or Completion Date shall be binding on the HRA unless included in a written Change Order signed by the parties, as set forth in Section 28 of the HUD General Conditions Form 5370.

Article 6 – Warranty. Contractor warrants to HRA that all materials and equipment furnished under this Agreement will be new unless otherwise specified. If requested, Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment furnished. Contractor warrants that the Work shall be free from defects caused by faulty workmanship and defective materials for a period of one year from the warranty date. Contractor also warrants that, if applicable, all installation of plumbing, electrical, heating and cooling systems shall be free from defects for a period of two years from the warranty date. Contractor also warrants that, if applicable, all workmanship and materials shall be free from major construction defects, as that term is defined by Minn. Stat. Chapter 327A. The “warranty date” shall be the date established in Minn. Stat. Chapter 327A. Contractor also warrants that all workmanship performed and materials supplied by Contractor shall comply with all applicable laws, regulations, statutory warranties, and ordinances, including, but not limited to, applicable building and energy codes and the warranties provided in Minn. Stat. Chapter 327A. All warranties shall survive the termination of this Agreement. Contractor agrees to provide warranty work free of charge to HRA and on a timely basis, all as necessary to cause the Work to conform to the requirements of this Agreement. Contractor agrees that HRA has the right to hold payment on any project, if warranty service work is not being completed

Article 7 – Non-Discrimination. The Contractor agrees to comply with all local, state, and federal equal employment opportunity laws and ordinances as they pertain to unlawful discrimination on account of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability or age.

Article 7 – Lead Safe Work Practices. All contractors disturbing paint surfaces above “De Minimis Levels” must be trained in accordance with 29 CFR 1926.59 and either be supervised by an individual certified as a lead-based paint abatement supervisor or have successfully completed a course approved by HUD and EPA on “safe work practices”. Proof of certification will be required prior to contract award if applicable.

Article 8 – Indemnity. The Contractor will indemnify, protect, and hold harmless the HRA and real estate owned by it against any loss, damage, and liens of any nature, in connection with this Agreement and the Work, including any attorneys’ fees incurred by the HRA in enforcing this Agreement. Contractor shall provide partial lien waivers in connection with any progress payment and a final lien waiver in connection with the final payment. This Article 8 shall survive the completion of the Work and/or the termination of this Agreement.

Article 9 – Insurance Obligations to be Performed Prior to Commencement of the Work. Prior to commencing the Work, Contractor shall provide the HRA with all of the following:

- a. **Worker’s Compensation Insurance.** Contractor shall provide HRA with evidence reasonably satisfactory to HRA that Contractor is maintaining such workers’ compensation insurance as may be required by law

b. **Liability Insurance.** Contractor shall maintain general liability insurance coverage, in an amount not less than \$1,200,000.00 combined single limit per occurrence and a \$1,200,000.00 general aggregate, providing coverage for completed operations, products liability and contractual liability. Contractor's insurance carriers must be rated at least an A-minus by A.M. Best. Contractor's general liability insurance policy shall also include automobile liability coverage with limits of not less than \$1,200,000.00 for each accident.

c. **Builder's Risk.** Contractor shall maintain Builder's Risk Insurance to the value of all Work in place and all materials stored at the project site, including foundations and building equipment.

HRA shall be named as an additional insured on Contractor's policies and shall provide that HRA shall receive at least thirty (30) days' written notice prior to cancellation, non-renewal or alteration in the terms of the policy. Contractor shall provide to HRA a certificate of insurance evidencing such coverage and provide replacement certificates as needed.

Article 10 – Priority of Contract Documents. This instrument together with the other Contract Documents, which Contract Documents are fully incorporated herein, form the Agreement. In the event that any provision of any other component part or this Agreement conflicts with any provision of any other component part, the provision of the component part first enumerated in Article 2 shall govern, except as otherwise specifically stated. The various provisions of any addenda shall be construed in the order of preference of the component part of the Agreement which each modifies. Any alteration, variation, modification, or waiver of the provisions of this Agreement shall be valid only after it has been reduced to writing, approved and signed by the Contractor and HRA.

Article 11 – Independent Contractor. Subcontractor represents and warrants that it is an independent contractor and neither the Contract nor any of the Contractor's employees or subcontractors are employees of the HRA.

Article 12 – Compliance with HRA Policies. The Contractor agrees, as a condition of being awarded this Contract, to require each of its agents, officers and employees to abide by the HRA's policies prohibiting sexual harassment, firearms and smoking, as well as all other reasonable work rules, safety rules or policies regulating the conduct of persons on HRA property at all times while performing duties pursuant to this Agreement. No smoking shall be allowed inside any building where the Work is being performed or any other property owned or maintained by the HRA. The Contractor agrees and understands that a violation of any of these policies or rules constitutes a breach of the Agreement and sufficient grounds for immediate termination of the Agreement by the HRA.

Article 13 – Public Protection And Safety. Contractor shall comply with all applicable federal, state and local laws, codes and ordinances, and all regulations and requirements of the Williams-Steiger Occupational Safety and Health Act of 1970 (OSHA). Contractor shall provide and maintain proper warning signals, signs, lights and barricades, and shall take all other necessary precautions for the protection and the safety of the public in performing Contractor's Work. Contractor shall cooperate with HRA in efforts to prevent injuries to any workers employed in connection with the Overall Project. Contractor will adopt and place in effect such suggestions as may be offered by HRA to promote safety and safe working conditions at the site of the Overall Project. Should Contractor fail to maintain its equipment in safe operating condition and/or should Contractor's operations be subject to injuries to workers which HRA considers of undue frequency, then at the option of HRA, this Agreement may be terminated on forty eight (48) hours written or oral notice to Contractor. Upon such termination, Contractor shall remove its equipment and employees from the site of the Overall Project.

Article 14 – Default by Contractor; Termination for Cause. If Contractor fails or neglects to proceed diligently, timely, competently, and in a workmanlike manner, or should Contractor delay the overall project, interfere with HRA, other subcontractors, or damage the work being performed by others, or jeopardize the timely or satisfactory completion of the overall project, HRA, in its sole discretion, reserves the right, after giving twenty four (24) hours written or oral notice, to take over and complete the Work, without prejudice to HRA's other rights or remedies for any losses or damages that arise as a result of Contractor's actions or failures to act. If HRA takes over the Work, Contractor agrees that no materials located on the site of the project shall be removed until the Work is completed. Previous defaults of Contractor that do not result in HRA's taking over the Work shall not be deemed a waiver of HRA's right to do so in the future.

If HRA takes over Contractor's Work, Contractor shall not be entitled to receive any further payment until Contractor's Work is completed. If the unpaid balance of the Compensation exceeds the cost of finishing Contractor's Work (including the cost of correcting defective or non-conforming Contractor's Work), the excess shall be paid to HRA. If such costs exceed the unpaid balance of the Compensation, Contractor shall immediately pay the difference to HRA upon demand. If a default or any other act by Contractor causes any delay to HRA or any other Contractor, Contractor shall be responsible for any damages suffered as a result.

Article 15. – General. This Agreement shall be governed by Minnesota law and shall bind the parties, their heirs, executors, administrators, successors and assigns. This Agreement constitutes the entire agreement between the parties. This Agreement may not be amended or modified in any manner, other than a written amendment signed by both parties. Contractor may not install any signage identifying Contractor, unless Contractor obtains HRA's prior written consent. If HRA retains the services of an attorney to enforce any provision of this Agreement, Contractor shall be responsible for HRA's attorneys' fees and costs, whether or not suit is brought. The indemnifications and warranties in this Agreement shall survive the termination of this Agreement. The parties agree that the courts located in Hennepin County, Minnesota shall have exclusive jurisdiction in any dispute between the parties involving this Agreement and/or the Work.

The remainder of this page is intentionally blank.

The parties have executed this Agreement effective as of the Effective Date.

Acceptance by the Bloomington
Housing and Redevelopment Authority

Acceptance by the Contractor

Signature of HRA Representative

Signature of Contractor

Doug Grout

Brent J. Olson

Name Printed

Name Printed

Dated

Dated

Administrator

Owner

Title

Title

1800 W Old Shakopee Rd

6219 Halifax Avenue South

Address

Address

Bloomington, MN 55431

Edina, MN 55424

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

SEXUAL HARASSMENT POLICY

General Authority

The policies set forth in this document have been established by the Housing and Redevelopment Authority (the "Authority") Board for the purpose of declaring that:

- 1) Sexual harassment and inappropriate conduct by its chairperson, administrator, members of its Board of Commissioners, staff assigned to the Authority by the City of Bloomington, and consultants retained by the Authority is prohibited;
- 2) Any person in the above mentioned positions found to have acted in violation of this policy will be subject to appropriate disciplinary action, which may include immediate termination;
- 3) In the case of consultants retained by the Authority, violation of this policy is grounds for the Authority to cancel its consulting agreement with the consultant.

Sexual Harassment/Inappropriate Conduct

"Sexual harassment" includes unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other verbal or physical conduct or communication of a sexual nature when:

- 1) Submission to the undesirable conduct or communication is made a term or condition, either explicitly or implicitly, of an individual's employment or right to services from the Authority;
- 2) Submission to or rejection of that conduct or communication by an individual is used as a factor in decisions affecting that individual's employment or right to services from the Authority;
- 3) That conduct or communication has the purpose or effect of substantially interfering with an individual's employment or creates an intimidating, hostile, or offensive work environment; or
- 4) Such conduct or communication occurred because of the sex of the victim even though it is not clearly sexual in nature or an explicit sexual advance.

Procedures for Processing a Claim

- 1) Any claims of a violation of this policy should be reported to the Authority's chairperson, administrator, a member of the Board of Commissioners, or anyone else in a position of authority at the Bloomington Authority. In the case of staff members assigned to the Authority by the City of Bloomington, claims of violation of this policy may also be directed to their immediate supervisor at the Authority or their immediate supervisor's supervisor at the Authority.
- 2) Any claims or violations of this policy which are reported or discovered will be investigated by the Authority's Administrator or outside agent where deemed appropriate by the Authority

Board. If the facts appear to support the allegations of sexual harassment or violation of this policy, disciplinary action up to and including immediate termination or termination of a consulting agreement may result.

- 3) All reports of harassment will be handled as confidentially as possible by the Authority subject to state and/or federal law regarding disclosure.
- 4) Any person subject to this policy found to have made a false complaint of a violation of this policy or found to have knowingly given false information during an investigation of such a complaint may also be subject to disciplinary action.
- 5) Any person who knows or should know of the existence of a violation of this policy and fails to take timely and appropriate action, may be subject to disciplinary action.

Applicable Parties

This policy applies to all of the Authority's personnel, chairperson, administrator, members of its Board of Commissioners, as well as all Authority staff assigned to the Authority by the City of Bloomington and consultants retained by the Authority while performing their duties within or outside the workplace.

HRA:HARASS

Adopted: October 9, 1992

ACKNOWLEDGEMENT OF RECEIPT OF SEXUAL HARASSMENT POLICY

THIS IS TO ACKNOWLEDGE that Brent J. Olson Inc. ("the Contractor") has been informed by the Housing and Redevelopment Authority in and for the City of Bloomington ("the Authority") that the Authority has implemented a sexual harassment policy applicable to the Authority's chairperson, administrator, members of its Board of Commissioners, staff assigned to the Authority by the City of Bloomington, and consultants/contractors retained by the Authority.

The Contractor further acknowledges that he/she has read the Authority's sexual harassment policy and fully understands and accepts the guidelines set forth in the Authority's sexual harassment policy. the Contractor agrees to comply with the provisions of the Authority's sexual harassment policy and acknowledges that violation of the Authority's sexual harassment policy by the Contractor is grounds for the Authority to cancel its agreement with the Contractor.

Dated: HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON

By: _____
Its: Administrator

Dated: CONSULTANT/CONTRACTOR

By: _____
Its: Owner

HRA Agenda Item



Originator Housing and Redevelopment Authority	Item Approval of New Payment Standards for the Section 8 Housing Choice Voucher Program
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Date 10/25/2016

Description

As stated in the Administrative Plan for our Section 8 Rent Assistance Program, the HRA is required to annually, or as necessary, review the Payment Standards used for the program. The Payment Standards determine the amount of subsidy a participant will receive. Several factors affect how the HRA sets Payment Standards, including HUD's Fair Market Rents (FMR) for the Metro Area, vacancy rates, and the funding provided by HUD. Payment standards are required to be set within a range of 90% to 110% of the published FMR.

The federal government recently released the final FMRs for 2017 which increased amounts for the all bedroom size units. However, staff recommends increasing the Payment Standard for only those bedroom sizes that now fall below 90% of the new FMR's: 3BR, 4BR, 5BR and 6BR. The current projection of our HUD funding indicates that the HRA will have sufficient funds available to support the increased Housing Assistance Payments (HAP) resulting from higher Payment Standards for these bedroom sizes. Staff will evaluate increasing Payment Standards for the smaller bedroom sizes when our 2017 budget is provided by HUD later this year.

The chart below details the proposed increase to each Payment Standard by bedroom size. The new Payment Standards will be effective retro-active to October 1, 2016.

Proposed Payment Standards Effective October 1, 2016

	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
10/1/2016 HUD Fair Market Rent (FMR) & Amount of Increase	699 (+43)	862 (+49)	1,086 (+59)	1,538 (+94)	1,799 (+106)	2,085 (+140)	2,338 (+138)
Old Payment Standard	680	860	1,030	1,320	1,530	1,840	2,070
New Payment Standard	680	860	1,030	1,390	1,620	1,880	2,110
Difference	(No Change)	(No Change)	(No Change)	+ 70	+ 90	+ 40	+ 40

Requested Action

Staff recommends approval of the above Payment Standards schedule for the Section 8 Housing Choice Voucher Program.

Attachments:

HRA Agenda Item



Originator Housing and Redevelopment Authority	Item First Amendment to the Predevelopment Agreement (between the Bloomington HRA and Knox & American I, LLC)
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Date
10/25/2016

Description

Due to the Bonds being issued to finance a portion of the acquisition costs related to Parcel C (1901 American Boulevard West), the HRA needs an agreement with the Developer (Knox & American I, LLC) that, per the City's bond counsel, needs to provide: (i) the Developer will purchase Parcel C; (ii) the Developer will construct the project on Parcel C by a date certain; and (iii) the HRA has a right of reverter on Parcel C if the project does not go forward by the date certain.

In accordance with the foregoing, HRA legal counsel have prepared a First Amendment to Pre-Development Agreement, which was reviewed and approved by the City's Bond Counsel. That draft is attached hereto. This document needs to be completed and executed by the HRA and developers the week of October 31 and no later than November 4 due to the Bonds being sold on November 7.

Requested Action

Approval of the First Amendment to the Pre-Development Agreement by and between the Housing and Redevelopment Authority in and for the City of Bloomington, and Knox & American I, LLC.

Attachments:

First Amendment to the Predevelopment Agreement (between the Bloomington HRA and Knox & American I, LLC)

FIRST AMENDMENT TO PRE-DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO PRE-DEVELOPMENT AGREEMENT (this “Amendment”) is made as of the _____ day of _____, 2016, by and between the Housing and Redevelopment Authority in and for the City of Bloomington, Minnesota, a public body corporate and politic of the State of Minnesota (the “Authority”), and Knox & American I, LLC, a Minnesota limited liability company (the “Developer”).

RECITALS:

WHEREAS, the Authority and the Developer entered into that certain Pre-Development Agreement dated as of January 28, 2016 (the “Agreement”); and

WHEREAS, due to statutory requirements related to the bonds expected to be issued to finance a portion of the costs of the Parcel C Purchase Price, the Parties desire to amend the Agreement as set forth in this Amendment; and

WHEREAS, the Parties hereby amend the Agreement to add the provisions set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Developer agree as follows:

1. **Recitals.** The Recitals set forth above are incorporated into this Amendment by reference.
2. **Defined Terms.** Capitalized terms not otherwise defined in this Amendment shall have the meanings subscribed to them in the Agreement.
3. **Developer Acquisition of Parcel C.** The Authority agrees to sell Parcel C to the Developer and the Developer agrees to acquire Parcel C from the Authority prior to the start of construction of any portion of the Project on such Parcel. At closing, the Authority will convey Parcel C to the Developer by Quit Claim Deed in the form attached hereto as Exhibit 1. The Authority’s Quit Claim Deed to the Developer will be subject to the right of reverter required by Section 5 of this Amendment.
4. **Completion of Project.** Subject to Force Majeure, Developer shall complete construction of the Project on Parcel C on or before December 31, 2018.
5. **Right of Reverter.** If subsequent to the sale of Parcel C to the Developer and prior to completion of the Project on Parcel C:
 - (a) the Developer fails to complete construction of the Project on Parcel C in conformity with the Agreement, and such failure is not due to Force Majeure;

(b) the Developer, after commencement or the construction of the Project on Parcel C, defaults and/or violates its obligations with respect to construction of the Project Parcel C, including the nature and the date for the completion thereof, of abandons or substantially suspends construction work, and such act or action is not due to Force Majeure;

(c) the Developer fails to pay real estate taxes or assessments on Parcel C or any part thereof when due, or places thereon any encumbrance or lien not authorized by the Agreement or consented to by the Authority, or suffers any levy or attachment to be made, or any mechanic's lien or other unauthorized encumbrance or lien to attach to such Parcel;

(d) there is a default under the Agreement; or

(e) the Developer fails to comply with any of its covenants under the Agreement,

then the Authority shall have the right upon thirty (30) days written notice to the Developer and the Developer's failure to cure within such thirty (30) day period to re-enter and take possession of Parcel C and to terminate and revest in the Authority the interest of the Developer in Parcel C.

6. Ratification of Agreement. Except as provided in this Amendment, all of the provisions of the Agreement are hereby ratified and confirmed and continue in full force and effect.

7. Binding Amendment. This Amendment is binding on and inures to the benefit of the Authority and the Developer and their respective heirs, representatives, successors and assigns.

8. Counterparts. This Amendment may be signed in any number of counterparts, with the same effect as if the signature on each counterpart were on the same instrument.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date stated in the first paragraph of this Amendment.

DEVELOPER:

KNOX & AMERICAN I, LLC,
a Minnesota limited liability company

By: Nolan Family Limited Liability Limited
Partnership IV, a Minnesota limited liability
limited partnership

Its: Managing Member

By: Nolan Properties, Inc., a Minnesota corporation

Its: General Partner

By: _____

Name: Ryan C. Dunlay

Title: Vice President

[SIGNATURE PAGE TO FIRST AMENDMENT TO PRE-DEVELOPMENT AGREEMENT]

AUTHORITY:

**HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE CITY OF
BLOOMINGTON,**
a public body and political subdivision of the State
of Minnesota

By: _____
Its: Administrator

858084.DOCX

[SIGNATURE PAGE TO FIRST AMENDMENT TO PRE-DEVELOPMENT AGREEMENT]

EXHIBIT 1

QUIT CLAIM DEED

THIS INDENTURE, from the Housing and Redevelopment Authority in and for the City of Bloomington, Minnesota, a public body corporate and politic of the State of Minnesota (“Grantor”), to Knox & American I, LLC, a Minnesota limited liability company (“Grantee”).

WITNESSETH, that Grantor, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to Grantee, its successors and assigns forever, all the tract of land lying and being in the County of Hennepin, State of Minnesota described as follows, to-wit (hereinafter referred to as the “Property”);

Lot 2, Block 1, Hays Penn Avenue 2nd Addition, Hennepin County, Minnesota.

Together with easements and benefits contained in Declaration of Reciprocal Easements dated July 1, 2000, filed June 30, 2000, as Document No. 7318162.

Abstract Property

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging in any wise appertaining, to Grantee, its successors and assigns, forever,

Provided:

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement entered into between Grantor and Grantee on the 28th day of January, 2016, identified as “Pre-Development Agreement” (hereinafter referred to as the “Agreement”) and that Grantee shall not convey this Property, or any part thereof, without the consent of Grantor until a certificate of completion releasing Grantee from the obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record. This provision, however, shall in no way prevent Grantee from mortgaging this Property in order to obtain funds for the purchase of the Property hereby conveyed and for erecting improvements thereon in conformity with the Agreement, any applicable development plan and applicable provisions of the Zoning Ordinance of the City of Bloomington, Minnesota, nor shall this provision prevent Grantee from any other purpose authorized by the Agreement (including execution of leases in the ordinary course of business to tenants occupying the retail portions of the Property and executing leases, reservations and/or purchase agreements for residential portions of the Property).

It is specifically agreed that Grantee shall promptly begin and diligently prosecute to completion the development of the Property through the construction of the improvements thereon, as provided in the Agreement.

Promptly after completion of the improvements in accordance with the provisions of the Agreement, Grantor will furnish Grantee with an appropriate instrument so certifying. Such certification by Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants of and pursuant to the Agreement and of this Deed with respect to the obligation of Grantee, and its successors and assigns, to construct the improvements and evidence that Sections 2 and 3 hereof have been complied with in full and are no longer applicable.

All certifications provided for herein shall be in such form as will enable them to be recorded with the County Recorder or Registrar of Titles, as applicable, of Hennepin County, Minnesota. If Grantor shall refuse or fail to provide any such certification in accordance with the provisions of the Agreement and this Deed, Grantor shall, within ten (10) days after written request by Grantee, provide Grantee with a written statement indicating in adequate detail in what respects Grantee has failed to complete the improvements in accordance with the provisions of the Agreement or is otherwise in default, and what measures or acts will be necessary, in the opinion of Grantor, for Grantee to take or perform in order to obtain such certification.

SECTION 2.

If Grantee (or any successor or assign) shall, prior to the recording of the certificate of completion hereinabove referred to:

- (1) Default in or violate its obligations with respect to the construction of the improvements provided for in this Deed and the Agreement, or shall abandon or substantially suspend construction work, and any default or violation, abandonment or suspension shall not be cured, ended or remedied within thirty (30) days after written demand by Grantor so to do or Grantee shall not have provided satisfactory evidence to Grantor that such default or violation is not curable within thirty (30) days, but will be cured as soon as reasonably possible; or
- (2) Fail to pay real estate taxes or assessments on the Property or any part thereof when due or shall place thereon any encumbrance or lien unauthorized by the Agreement or this Deed, or shall suffer any levy or attachment to be made, or any mechanic's liens, or any other unauthorized encumbrances or liens to attach, and such taxes or assessments shall not have been paid or the encumbrance or lien removed or discharged, or provisions satisfactory to Grantor made for such payments, removal or discharge, within thirty (30) days after written demand by Grantor so to do; or
- (3) Transfer, in violation of the Agreement or of this Deed, the Property or any part thereof, and such violation shall not be cured within thirty (30) days after written demand by Grantor to Grantee or Grantee shall not have provided satisfactory evidence to Grantor that such default or violation is not curable within thirty (30) days, but will be cured as soon as reasonably possible; or
- (4) Fail to comply with any covenants under the Agreement and fail to cure any such noncompliance within thirty (30) days after written demand by Grantor to Grantee to do

so or Grantee shall not have provided satisfactory evidence to Grantor that such default or violation is not curable within thirty (30) days, but will be cured as soon as reasonably possible,

then Grantor shall have the right to re-enter and take possession of the Property and to terminate and re-vest in Grantor the estate conveyed by this Deed to Grantee, its assigns or successors in interest.

SECTION 3.

Grantee agrees, for itself and its successors and assigns to or of the Property or any part thereof, that Grantee and such successors and assigns shall:

- (1) Assume, maintain or cause to be maintained the insurance referred to in Article 14 of the Agreement and assume and comply with the provisions of Article 14 of the Agreement;
- (2) Devote the Property to, and only to, any lawful use permitted by the Zoning Ordinance of the City of Bloomington; and
- (3) Not cause the Property to be removed from the public tax rolls or to become exempt from assessment for general real estate taxes by reason of any conveyance, lease, abatement, or other action, except as expressly permitted by the Agreement, so long as tax increment generated by the Property is pledged to the repayment of the public assistance.

It is intended and agreed that the above and foregoing agreements and covenants, unless otherwise provided, shall terminate twenty (20) years from the date of this Deed, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, Grantor, its successors and assigns, and any successor in interest to the Property, or any part thereof against Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that Grantor and its successors and assigns shall be deemed beneficiaries of the agreements and covenants provided herein, both for and in their own rights, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of Grantor without regard to whether Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. Grantor shall have the right, in the event of any breach of any such agreement or covenant, to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any beneficiaries of such agreement or covenant may be entitled.

SECTION 4.

This Deed is also given subject to:

- (1) Provision of the ordinances, building and zoning laws of the City of Bloomington, state and federal laws and regulations in so far as they affect this real estate; and
- (2) Taxes payable in the year following the year of this conveyance and to all special assessments and installments thereof levied or pending from the date of the conveyance.

Check box if applicable:

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

IN WITNESS WHEREOF, Grantor has caused this Deed to be duly executed in its behalf by its administrator this ____ day of _____, 20__.

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

By: _____
Its: Administrator

STATE OF MINNESOTA)
) ss:
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by Douglas Grout, the Administrator of the Housing and Redevelopment Authority in and for the City of Bloomington, Minnesota, a public body corporate and politic under the laws of the State of Minnesota, on behalf of the public body.

Notary Public

THIS DOCUMENT WAS DRAFTED BY:

McGrann Shea Carnival Straughn & Lamb, Chtd. (cjp)
800 Nicollet Mall, Suite 2600
Minneapolis, MN 55402
612-338-2525

HRA Agenda Item



Originator
Housing and Redevelopment Authority

Item
Action Items

Date
10/25/2016

Description

Requested Action

Attachments:

Action Items Update



Bloomington Housing and Redevelopment Authority

■ 1800 West Old Shakopee Road ■ Bloomington MN 55431-3027 ■ 952-563-8937 ■ FAX 952-563-4977 ■ TTY 952-563-8740 ■

TO: BLOOMINGTON HRA BOARD OF COMMISSIONERS

FROM: DOUG GROUT

RE: ACTION ITEMS UPDATE – OCTOBER 25, 2016 HRA BOARD MEETING

Legislative Update: Nothing to report.

Neighborhood Enhancement:

- **Housing and Neighborhoods (“Fix Up My Home”) Initiative:** The Bloomington City Council has responded favorably to the new Curb Appeal Loan Program and the changes to the Home Improvement Loan Programs (lower interest rate, higher income guidelines). The City is planning to provide additional funding for the programs in 2016. The HRA Board, staff and City Council will determine the 2017 Neighborhood Focus Area over the next 3-4 months. We will likely keep the current We are working with the Building and Inspections Division to provide the HRA a part-time, flexible staff person to assist with loan administration next year, as we expect a similar demand.

Meetings/Agendas:

- **October 25:** The HRA Board is scheduled to meet Tuesday, October 25, 2016 in the Dakota Conference Room.
- **November 8:** The HRA Board Meeting on Tuesday, November 8 has been cancelled.

City Council Action: The Bloomington City Council unanimously approved the Knox & American Housing and Redevelopment TIF Districts at the Council Meeting on October 3.

The City’s Strategic Plan will include affordable housing as a goal. We will work with the City staff and Council to determine the best strategies and programs for achieving this goal.

Program Update:

- **Housing Choice Voucher (Section 8) rent assistance program:** Nothing to report.
- **Blighted Housing:** The HRA has closed on the property at 9431 Garfield, and will plan for the demolition of the house next spring.

Redevelopment:

- **Neighborhood commercials centers:** The City Council accepted the HRA/Planning Division concept plan for the rating and redevelopment of Bloomington Neighborhood Commercial Centers. The HRA Board and staff will develop an action plan to determine the viability of the first three sites in November.
- **Knox & American:**
 - **MHFA Super RFP:** The Development Team and HRA applied to the Minnesota Housing Finance Agency (MHFA) Super RFP for a portion of project funding for the construction of the 248-unit apartment. The developers retained the firm of Rippley Richard to complete the application. MHFA did not fund the application. The developers and HRA will meet with MHFA staff to consider a reapplication next year. Over half of the applications funded this round applied and were denied for funding last year.
 - **Met Council LCDA:** The pre-application and application submitted for the Met Council Livable Communities Demonstration Account (LCDA) grant program was submitted, and the HRA is one of the finalists for funding consideration. The HRA was interviewed by the Met Council committee on October 6, with final funding decisions announced in late October.
 - **Hennepin County AHIF:** Staff will begin preparing the Hennepin County Affordable Housing Incentive Fund (AHIF) funding application for Knox & American in November.
 - **TIF Request to Council:** Please note the “City Council Action” item above.

Other:

- **Housing Market Study:** Staff are preparing a Request for Proposals to be sent out to market research firms for the completion of a housing market study for the City of Bloomington. These studies have been commissioned by the HRA typically every 4-7 years. When it’s completed, we will have the firm selected to complete it present the study at a public meeting.
- **10/25/16 HRA Board Meeting:** I won’t be in attendance at the 10/25 HRA Board Meeting.