



**REGULAR HOUSING AND REDEVELOPMENT AUTHORITY MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
MARCH 19, 2018
7:00 PM**

Call to Order

Approval of the minutes of the regular Housing and Redevelopment Authority meeting of February 20, 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 resolution approving Assignment and Second Amendment to Amended and Restated Contract for Private Development in the Urban Village Tax Increment Financing District.
Staff Report No. 8
3. Consideration of items, if any, removed from Consent Calendar

OTHER BUSINESS

4. Consideration of the approval of a resolution approving a preliminary development agreement between the Housing and Redevelopment Authority and NHH Properties, LLC for the development of the Cedar Point Housing redevelopment area.
Staff Report No. 9

HRA DISCUSSION ITEMS

5. HRA Discussion Items

EXECUTIVE DIRECTOR REPORT

6. Executive Director's Report

CLAIMS AND PAYROLLS

7. Claims and Payrolls
8. 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

February 20, 2018

CALL TO ORDER

The meeting was called to order by Chair Supple at 7:00 p.m.

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

Staff Present: John Stark, Community Development Director, Melissa Poehlman, Assistant Community Development Director, Julie Urban, Housing Manager and Kate Aitchison, Housing Specialist.

APPROVAL OF THE MINUTES OF THE REGULAR HRA MEETING OF JANUARY 16, 2018

M/Sandahl, S/Elliott to approve the minutes of the January 16, 2018 Housing and Redevelopment Authority regular meeting.

Motion carried 5-0.

Item #1

2017 HRA/EDA YEAR IN REVIEW PRESENTATION

Community Development Director John Stark welcomed Melissa Poehlman, Julie Urban and Kate Aitchison to present the 2017 HRA/EDA Year in Review.

Item #2

APPROVAL OF THE AGENDA

M/Sandahl, S/Howard to approve the agenda with the change to the consent calendar.

Commissioner Vrieze Daniels requested that the item on the consent agenda be removed for discussion.

Commissioner Sandahl accepted that request as a friendly amendment

Motion carried 5-0.

Item #3

CONSIDERATION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

Community Development Director Stark read Staff Report no. 5 to cover the consideration of the approval of a resolution authorizing the purchase of 7300 Portland Avenue.

Commissioner Vrieze Daniels discussed her concerns of the amount of money spent on the property, as well as the loss of a unit of affordable housing in our community.

Community Development Director Stark clarified that the home would likely be developed under the New Home Program, which would replace the current unit with another affordable home.

Commissioner Vrieze Daniels asked about plans to acquire the neighboring home.

Housing Manager Urban responded that staff will monitor the home next door.

Commissioner Sandahl commented that previous purchases under these housing programs have inspired neighboring properties to improve their own homes.

Commissioner Howard stated that it is important to keep the discussion of affordability as the HRA considers these acquisitions.

M/Sandahl, S/Howard to approve a resolution authorizing the purchase of 7300 Portland Avenue.

Motion carried 5-0.

Item #5	PUBLIC HEARING AND CONSIDERATION OF THE APPROVAL OF A RESOLUTION AUTHORIZING THE SALE OF 6345 BLOOMINGTON AVENUE TO ENDRES CUSTOM HOMES AND THE APPROVAL OF A CONTRACT FOR PRIVATE DEVELOPMENT WITH ENDRES CUSTOM HOMES FOR THE CONSTRUCTION OF A SINGLE FAMILY HOMES THROUGH THE RICHFIELD REDISCOVERED PROGRAM
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Housing Manager Julie Urban presented Staff Report 6.

Chair Supple opened the public hearing.

M/Howard, S/Vrieze Daniels to close the public hearing.

Motion carried 5-0.

Commissioner Vrieze Daniels asked about the future of the retaining wall on Bloomington Avenue. Housing Manager Urban stated that the Engineering department would approve the final plan for the retaining wall.

M/Vrieze Daniels, S/Elliott approve of a resolution authorizing the sale 6345 Bloomington Avenue to Endres Custom Homes.

Motion carried 5-0.

Item #6	CONSIDERATION 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 7.

M/Supple, S/Vrieze Daniels to approve the proposed settlement of a Housing and Redevelopment Authority Deferred loan at 6500 Woodlake Drive, Unit 415 for a settlement of \$1,800

Commissioner Vrieze Daniels stated that these loans come with risk, and that she is happy that the HRA can help the homeowner move on with her life.

Motion carried 5-0.

Item #4	HRA DISCUSSION ITEMS
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Commissioner Elliott asked about the potential development with Therapy of Champions on East 66th Street and if the city has a role in negotiations.

Community Development Director Stark stated that the city has not been asked to be involved. He stated that the property owned by the HRA was quoted at \$250,000 to the Therapy of Champions representatives.

Commissioner Sandahl stated that her understanding was that the development wouldn't need to acquire the neighboring property in order to move forward. Community Development Director Stark confirmed.

Chair Supple asked about the sizeable expenditures for the Lyndale Gardens site.

Community Development Director Stark stated that the city will pay the contractor to do site work, but that expense will be reimbursed by a Department of Employment and Economic Development grant.

Item #5	EXECUTIVE DIRECTOR REPORT
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Community Development Director Stark gave an update on upcoming items that will be heard by the City Councils.

Item #6	CLAIMS AND PAYROLL
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M/Elliott, S/Sandahl that the following claims and payroll be approved:

U.S. BANK	2/20/18
Section 8 Checks: 129465-129544	\$153,763.84
HRA Checks: 33395-33412	\$561,517.59
TOTAL	\$715,281.43

Motion carried 5-0.

ADJOURNMENT

The meeting was adjourned by unanimous consent at 7:53 p.m.

Date Approved: March 19, 2018

Mary B. Supple
HRA Chair

Kate Aitchison
Housing Specialist

Steven L. Devich
Executive Director



STAFF REPORT NO. 8
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/19/2018

REPORT PREPARED BY: Myrt Link, Community Development Accountant

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
3/13/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager
3/14/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution approving Assignment and Second Amendment to Amended and Restated Contract for Private Development in the Urban Village Tax Increment Financing District.

EXECUTIVE SUMMARY:

On May 21, 2001, the Housing and Redevelopment Authority (HRA) and Richfield State Agency, Inc. entered into an Amended and Restated Contract for Private Development (the "Contract") related to the Urban Village development (aka Woodlake Centre). The Contract was amended in 2005 when M&I Bank became the successor to Richfield State Agency, Inc. BMO Harris Bank N.A. (successor by merger to M&I) has proposed to sell the portion of the Urban Village property that is currently leased by McDonald's to McDonald's USA, LLC ("McDonald's"). In order for the property to be sold to McDonald's, McDonald's must assume all existing responsibilities under the Contract related to the McDonald's property and meet certain requirements of a "Qualified Transferee." The amendment changes the insurance requirements for McDonald's and deletes certain provisions of the Contract that are no longer applicable. The Tax Increment Financing (TIF) Note holder (BMO Harris Bank N.A.) must approve of these changes.

An Assignment and Second Amendment to Amended and Restated Contract for Private Development has been drafted to provide for McDonald's to certify that it is a "Qualified Transferee" and that it will assume certain covenants under the Contract. All interested parties, including the TIF Note holder, are required to sign the amendment.

RECOMMENDED ACTION:

By motion: Approve a resolution approving Assignment and Second Amendment to Amended and Restated Contract for Private Development in the Urban Village Tax Increment Financing District.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- On May 21, 2001 the HRA entered into an Amended and Restated Contract for Private Development with Richfield State Agency, Inc. related to the Urban Village redevelopment project.
- The Contract was amended in 2005 by the First Amendment to Amended and Restated Contract for Private Development, dated January 25, 2005, between the HRA and M&I, as successor by

merger to Richfield Agency, Inc.

- In 2005 a portion of the redevelopment property subject to the contract (the Woodlake Centre located at 6601-6625 Lyndale Avenue) was purchased by Woodlake-VEF IV, LLC and it assumed certain responsibilities under the contract, including obligations to maintain and repair the property and insure the property.
- On January 31, 2014 Woodlake – VEF IV, LLC sold the Woodlake Centre to Woodlake Partners, LLC. Woodlake Partners, LLC is owned by Laurus Corporation located in Los Angeles.
- Prior to the sale, the new owner of Woodlake Center executed an Assignment and Assumption of Amended and Restated Contract under which the new owner assumed all of the previous owner's obligations under the contract and provided the representations necessary under the contract to establish the new owner as a qualified transferee of the project.
- If the HRA and other interested parties approve the Assignment and Second Amendment to Amended and Restated Contract for Private Development, McDonald's will buy the property it currently leases from BMO Harris Bank N.A. and no more property in the Urban Village development will be owned by the bank.
- The Assignment and Second Amendment to Amended and Restated Contract for Private Development includes an estoppel certificate signed by all parties.

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

- 2008 Comprehensive Plan Goal:
 - *Develop the Lakes at Lyndale area as a City Center*
 - *Provide an economic climate within Richfield that will encourage the availability of quality goods, services and employment opportunities for residents:*
 - *Encourage and support the development of strong commercial districts that respect the values and standards of the citizens of Richfield.*

C. CRITICAL TIMING ISSUES:

- McDonald's and BMO Harris Bank N.A. have requested that the HRA consider this matter at the March 19 meeting.

D. FINANCIAL IMPACT:

- The Housing and Redevelopment Authority will continue to receive a portion of the tax increment to pay administrative costs associated with the district.

E. LEGAL CONSIDERATION:

- The HRA Attorney has drafted the resolution and reviewed the Assignment and Second Amendment to Amended and Restated Contract for Private Development.

ALTERNATIVE RECOMMENDATION(S):

- Do not approve the resolution and the Assignment and Second Amendment to Amended and Restated Contract for Private Development.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter
□ Amended & Restated Contract for Private Development	Contract/Agreement

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

RESOLUTION NO. _____

**RESOLUTION APPROVING ASSIGNMENT AND SECOND AMENDMENT TO AMENDED
AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT**

BE IT RESOLVED By the Board of Commissioners (the "Board") of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota (the "Authority") as follows:

WHEREAS, the Authority and the City of Richfield, Minnesota (the "City") have heretofore approved the establishment of the Urban Village Tax Increment Financing District within the Richfield Redevelopment Project (the "Project") and have adopted a tax increment financing plan for the purpose of financing certain improvements within the Project in an effort to encourage the development of certain designated areas within the City; and

WHEREAS, the Authority and the Richfield State Agency, Inc., a Minnesota corporation (the "RSA"), entered into the Amended and Restated Contract for Private Development, dated May 21, 2001 (the "Original Contract"), which affects certain property referred to in the Original Contract as the "Redevelopment Property"; and

WHEREAS, the Contract was amended by the First Amendment to Amended and Restated Contract for Private Redevelopment, dated January 25, 2005 (the "First Amendment to Contract," and together with the Original Contract, the "Contract"), between the Authority and Marshall & Ilsley Corporation, formerly a Wisconsin corporation and the successor in interest to the RSA ("M&I"); and

WHEREAS, there has been presented before this Board an Assignment and Second Amendment to Amended and Restated Contract for Private Development (the "Assignment and Second Amendment to Contract") proposed to be entered into between BMO Harris Bank N.A., a national banking association and successor by merger to M&I ("BMO"), McDonald's USA, LLC, a Delaware limited liability company ("McDonald's"), RSA, Woodlake-VEF IV, LLC, a Delaware limited liability company, and the Authority, pursuant to which BMO will assign its interest under the Contract to a portion of the Redevelopment Property (the "McDonald's Property") to McDonald's as well as the minimum improvements constructed thereon (the "McDonald's Minimum Improvements"), McDonald's will assume the rights, benefits, and certain obligations of liabilities of BMO under the Contract, and BMO will be released from the Contract; and

WHEREAS, the Assignment and Second Amendment to Contract also contains amendments to provisions of the Contract with respect to the McDonald's Property and the McDonald's Minimum Improvements; and

WHEREAS, the Board is satisfied that the terms of the Assignment and Second Amendment to Contract carry out the intentions of the parties and are necessary and appropriate and are in the best interests of the City.

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

1. The Assignment and Second Amendment to Contract is hereby approved in all respects.

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

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

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 19th day of March, 2018.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

ASSIGNMENT AND SECOND AMENDMENT TO
AMENDED AND RESTATED
CONTRACT FOR PRIVATE REDEVELOPMENT

This Assignment and Second Amendment to Amended and Restated Contract for Private Development (this "Agreement") is made and entered as of March ____, 2018 by BMO HARRIS BANK N.A., a national banking association ("Assignor"), successor by merger to Marshall & Ilsley Corporation, a Wisconsin corporation ("M&I"), MCDONALD'S USA, LLC, a Delaware limited liability company ("Assignee" or "McDonald's"), THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF RICHFIELD, MINNESOTA, a Minnesota public body corporate and politic ("HRA"), RICHFIELD STATE AGENCY, INC., a Minnesota corporation ("RSA") and WOODLAKE-VEF IV, LLC, a Delaware limited liability company ("VEF").

RECITALS

A. HRA and RSA entered into that certain Amended and Restated Contract for Private Development dated May 21, 2001 (the "Amended and Restated Contract") which Amended and Restated Contract affects certain property referred to in the Amended and Restated Contract as the "Redevelopment Property" and legally described in Exhibit A attached hereto and made a part hereof. The Amended and Restated Contract was recorded on November 30, 2001 in the office of the County Recorder for Hennepin County, Minnesota, as Document No. 7593401 and was filed on January 26, 2005 in the office of the Registrar of Titles as Document No. 4070502. The Amended and Restated Contract was further amended by that certain First Amendment to Amended and Restated Contract for Private Redevelopment by and between HRA and M&I, as successor in interest to RSA, dated January 25, 2005 (the "First Amendment") and recorded May 4, 2005 in the office of the County Recorder as Document No. 8576021 and filed January 26, 2005 in the office of the Registrar of Titles as Document No. 4070504 (the Amended and Restated Contract and the First Amendment are hereinafter collectively referred to as the "Contract").

B. Capitalized terms used herein, to the extent not otherwise defined herein, shall have the meaning ascribed to such terms in the Contract.

C. Assignor desires to convey fee simple title to the portion of the Redevelopment Property legally described in Exhibit B attached hereto and made a part hereof (the "McDonald's Property") and the Minimum Improvements constructed thereon (the "McDonald's Minimum Improvements") to Assignee and Assignee desires to acquire fee simple title to the McDonald's Property.

D. Prior to the Effective Date (as defined below), Assignor conveyed the other portion of the Redevelopment Property originally owned by Assignor and legally described on Exhibit C attached hereto and made a part hereof (the "VEF Property") to VEF.

E. As of the Effective Date, Assignor will own no real property that is part of the Redevelopment Property.

F. Assignee desires to assume the rights and benefits, and certain of the obligations and liabilities, of Redeveloper under the Contract, which relate to the McDonald's Property and which arise and accrue from and after the date hereof, as set forth in this Agreement.

G. BMO Harris Bank N.A., as successor in interest to M&I is the owner and holder of the Tax exempt Note and accordingly is the Tax Exempt Note Holder under the Contract.

H. Assignee and HRA, with the consent of the Tax Exempt Note Holder and VEF wish to amend certain terms of the Contract as set forth herein.

I. Assignor, with the consent of the Tax Exempt Note Holder and HRA, wish to be released from the Contract as of the Effective Date.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties do hereby agree as follows:

1. Assignment; Effective Date. As of the Effective Date, Assignor hereby assigns and transfers unto Assignee all of Assignor's right, title and interest under the Contract only (a) as it relates to the McDonald's Property and (b) on and after the Effective Date. The "Effective Date" as used in this Agreement shall be the date of recording this Agreement with the Hennepin County, MN Recorder of Deeds. This Agreement shall also be registered with the Land Records Office of Hennepin County, however, the Effective Date shall be the date of recording.

2. Acceptance and Assumption. As of the Effective Date, Assignee hereby accepts the assignment of all of Assignor's right, title and interest arising under the Contract with respect to the McDonald's Property under the Contract. As of the Effective Date, subject to the limitations contained herein, Assignee also accepts certain of the Assignor's obligations and liabilities under the Contract, but only as such obligations and liabilities (a) relate to the McDonald's Property and the McDonald's Minimum Improvements and (b) arise or accrue on or after the Effective Date. Notwithstanding the foregoing, Assignor and Assignee agree and acknowledge that Assignee shall not be subject to, and accepts no liabilities or obligations whatsoever relating to (i) construction of the Minimum Improvements; (ii) payment or repayment for any tax increment financing bonds, notes or other obligations, other than the usual payment of real estate taxes for the McDonald's Property.

3. Qualified Transferee; Consent to Assignment; Release.

(a) Pursuant to Section 7(c) of the First Amendment, the Assignee represents that it may be deemed to meet the qualifications required by Section 9.2(b)(i) of the Amended and Restated Contract and Section 7(c) of the First Amendment to be a Qualified Transferee because:

(i) the Assignee (or a property manager with which the transferee contracts) has within the last five (5) years owned or managed property of similar size to the McDonald's Property (but not necessarily the same use) in the greater Minneapolis/St. Paul area, or in metropolitan areas similar in size;

(ii) the Assignee (or its parent or ownership constituents, in the aggregate) has a tangible net worth of at least \$5,000,000 computed in accordance with sound business accounting principles (including the transferee's equity in the McDonald's Property and goodwill as assets); and

(iii) within the last three years, the Assignee (or any owner of such transferee owning more than 30% of the voting equity securities of the Assignee) has not been subject to a lien of a judgment for an amount in excess of \$500,000 arising out of: (A) the failure to repay amounts borrowed by such entity or (B) obligations relating to the ownership or management of real property.

(b) The Tax Exempt Note Holder, in reliance upon the representations of Assignee set forth in Section 3(a) above, acknowledges and agrees that Assignee is a Qualified Transferee. HRA has relied on the representations from Assignee that it is a Qualified Transferee and as made no independent investigation regarding this assertion. HRA and the Tax Exempt Note Holder do hereby consent to the conveyance of fee simple title to the McDonald's Property by Assignor to Assignee. HRA and Tax Exempt Note Holder hereby acknowledge and confirm that in accordance with Section 7(g) of the First Amendment, as of the Effective Date, Assignor is released of its obligations under the Contract first arising after the Effective Date.

4. Contract Amendments. The Parties wish to amend the Contract as stated below:

(a) With respect to the McDonald's Property and the McDonald's Minimum Improvements, Article IV of the Contract (Construction of Minimum Improvements) shall not apply. At all times prior to the Maturity Date, the Assignee shall maintain the McDonald's Minimum Improvements and the McDonald's Property in good condition. Notwithstanding the foregoing, nothing in the Contract or this Agreement requires the Assignor, its successors or assigns to: (i) operate a business on the McDonald's Property or (ii) to keep the McDonald's Minimum Improvements, or any improvements whatsoever, erected on the McDonald's Property. Furthermore, nothing herein prevents Assignor, its successors or assigns from rebuilding or reconstructing the McDonald's Minimum Improvements or any improvements on the McDonald's Property at any time.

(b) With respect to the McDonald's Property and the McDonald's Minimum Improvements, Article VI of the Contract (Insurance and Condemnation) shall not apply. At all times prior to the Maturity Date or the date in which the Tax Exempt Note is satisfied, the Assignee shall insure the building and improvements on the McDonald's Property against loss or damage by means of all-risk insurance on a replacement cost basis and shall maintain commercial general liability insurance, on an occurrence basis, insuring against claims for personal injury, death or property damage occurring in, on or about the McDonald's Property, with a single limit of \$1,000,000.00 per occurrence / \$1,000,000.00 general aggregate and shall also maintain workers' compensation insurance at sufficient amounts to cover anticipated liabilities based on industry standards. All such insurance shall be with one or more responsible insurance companies. Notwithstanding anything in the Agreement to the contrary, Assignee may self-insure for all insurance coverage required in this Agreement to the extent that Assignee is not prohibited by law from doing so.

(c) With respect to the McDonald's Property and the McDonald's Minimum Improvements, Sections 9.1, 10.5(a), 10.5(b), 11.7, 11.8 and 11.9 of the Contract shall not apply.

5. Tax Petitions. At any time Assignee determines to file a petition with Hennepin County to decrease the market value of the McDonald's Property or the McDonald's Minimum Improvements, the Assignee shall provide notice to the HRA at the following address:

Housing and Redevelopment Authority in and for the City of Richfield
6700 Portland Ave. South

Richfield, MN 55423
Attn: Community Development Director

6. Reliance of Tax Exempt Note Holder. The Tax Exempt Note Holder is a third party beneficiaries of this Agreement and has relied on the representations in this Agreement in providing its consent to the transfer of the McDonald's Minimum Improvements and the McDonald's Property to the Assignor.

7. Notice Address. For purposes of Section 11.5 of the Contract, the addresses of the Assignee and Tax Exempt Note Holder are:

McDonald's Parcel Owner:

McDonald's USA, LLC
One McDonald's Plaza
Oak Brook, IL 60523
L/C: 022-0383

With a copy to:
McDonald's USA, LLC
1650 WEST 82ND ST
SOUTHPOINT OFFICE CENTER, STE 900
BLOOMINGTON, MN 55431
Attention: Real Estate Manager 022-0383

Tax Exempt Note Holder:

BMO Harris Bank N.A.
Attention: _____
111 West Monroe Street, Floor _____
Chicago, IL 60603

8. Estoppel. Each of HRA, VEF, RSA, Assignor and Assignee (collectively, the "Parties") and each individually, a "Party") do hereby acknowledge and state for the benefit of each other Party:

(a) The Contract is unmodified and the documents described in Recital A of this Agreement are all of the documents that comprise the Contract.

(b) No notice of default under the terms of the Contract has been sent or received by any Party.

(c) To the actual knowledge of each Party, no event of default exists under the Contract.

(d) There exist no claims by any Party against the other Parties.

9. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective permitted successors and assigns.

10. Governing Law. This Agreement and all questions arising in connection herewith shall be governed by and construed in accordance with the eternal laws of the State of Minnesota.

S-1

Execution page of the Assignee to the Assignment and Second Amendment to Amended and Restated Contract for Private Development, dated as of the date and year first written above.

ASSIGNEE:

MCDONALDS USA, LLC, a Delaware limited liability company

By: _____
Its: _____

STATE OF _____)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of____, by _____, the _____ of _____, a _____, on behalf of the _____.

Notary Public

Execution page of HRA to the Assignment and Second Amendment to Amended and Restated Contract for Private Development, dated as of the date and year first written above.

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

(SEAL)

By _____
Its Chair

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2018, by Mary B. Supple, the Chair of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of March, 2017, by Steven L. Devich, the Executive Director of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, on behalf of the Authority.

Notary Public

Execution page of RSA to the Assignment and Second Amendment to Amended and Restated Contract for Private Development, dated as of the date and year first written above.

RICHFIELD STATE AGENCY, INC., a Minnesota corporation

By _____
Name: _____
Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2018, by _____, the _____ of Richfield State Agency, Inc., on behalf of the said entity.

Notary Public

Execution page of VEF to the Assignment and Second Amendment to Amended and Restated Contract for Private Development, dated as of the date and year first written above.

WOODLAKE-VEF IV, LLC, a Delaware limited liability company

By _____
Name: _____
Its: _____

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by _____, the _____ of Woodlake-VEF IV, LLC, on behalf of the said entity.

Notary Public

CONSENT OF TAX-EXEMPT NOTE HOLDER

The Tax-Exempt Note Holder acknowledges and consents to the terms of this Assignment and Second Amendment to Amended and Restated Contract for Private Development.

TAX EXEMPT NOTE HOLDER:

BMO HARRIS BANK, N.A. a national banking association

By: _____
Its: _____

STATE OF _____)
) SS
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2018 by the _____ of BMO Harris Bank, N.A., on behalf of the bank.

Notary Public

This instrument drafted by:

Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
612-337-9300

EXHIBIT A

Lots 1, 2, 23, 24 and 25, Block 4, Lyndale Shores on Wood Lake, according to the recorded plat thereof, Hennepin County, Minnesota; and

Lots 1 and 3, Block 1, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Lot 1, Block 2, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Lot I, Block 3, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

Outlots A, B, C and D, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota

That part of Lot 2, Block I, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota, which lies westerly of a line drawn perpendicular to the north line of said Lot 2 from a point on the north line of said Lot 2, distant 126.70 feet west from the northeast corner of said Lot 2.

EXHIBIT B

Lot 1, Block 1, Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota.

Registered Property.

Part of Certificate of Title No. 1079763

EXHIBIT C

Lots 2 and 3, Block 1, and Outlots A and C all in Richfield Urban Village, according to the recorded plat thereof, Hennepin County, Minnesota.

Registered Property.

Part of Certificate of Title No. 1079763



STAFF REPORT NO. 9
HOUSING AND REDEVELOPMENT AUTHORITY
MEETING
3/19/2018

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director
 3/13/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager
 3/14/2018

ITEM FOR COUNCIL CONSIDERATION:

Consideration of the approval of a resolution approving a preliminary development agreement between the Housing and Redevelopment Authority and NHH Properties, LLC for the development of the Cedar Point Housing redevelopment area.

EXECUTIVE SUMMARY:

On November 28, 2017, the Housing and Redevelopment Authority (HRA) directed staff to prepare a Preliminary Development Agreement (the "Agreement") with NHH Properties (the "Developer") for the redevelopment of the Cedar Point Housing redevelopment area (bounded by 63rd Street to the north, 16th Avenue to the west, Richfield Parkway to the east, and 65th Street to the south). The Developer is proposing to develop approximately 218 apartment units and 64 townhomes on the property.

The Agreement provides for the support and cooperation of the HRA as the Developer works to develop a feasible project for the site. The Agreement identifies four issues to be resolved, including funding the financing gap, determining how the remaining properties will be purchased, the purchase price for the HRA-owned property, and phasing of the project. The Agreement provides several benchmarks that must be met, including submitting a financial proforma, sketch plan review, land use application plans, applications to funding agencies, and outreach to property owners, or the HRA may terminate the Agreement. The Agreement requires that a Development Agreement be negotiated by August 20, 2018. If the terms are met, the HRA agrees not to solicit other proposals or enter into any agreement with a different developer in association with this site.

RECOMMENDED ACTION:

By motion:

- 1. Approve the Preliminary Development Agreement between the Housing and Redevelopment Authority and NHH Properties, LLC for the development of the Cedar Point Housing redevelopment area; and**
- 2. Authorize execution of the Agreement by the Housing and Redevelopment Authority Chair and Executive Director.**

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- On October 19, 2015, the HRA approved a Preliminary Development Agreement with Boisclair Corporation (d/b/a Cedar Point II, LLC) for the development of the Cedar Point Housing redevelopment area. The Agreement expired in May 2017.
- On November 28, 2017, representatives from Boisclair Corporation, NHH Properties, and The Simmons Group presented revised phasing, financial, and site plans for the area. The HRA directed staff to prepare a preliminary development agreement with the new development team.

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

- The Cedar Avenue Corridor Master Plan envisions an increased diversity of housing options in the area. The proposed development area is guided in the Comprehensive Plan for high-density residential.

C. CRITICAL TIMING ISSUES:

- The following benchmarks have been established to ensure that progress is made toward land use approvals and approval of a development agreement:
 - Sketch plan review by April 20
 - Preliminary proforma with gap identified by April 20
 - Contact with affected property owners by June 1
 - Revised proforma by June 29
 - Grant applications submitted by June deadlines
 - Development agreement approved by August 20

D. FINANCIAL IMPACT:

- The Preliminary Development Agreement provides for the reimbursement of all out-of-pocket administrative costs, including legal and financial consultant fees and nominal staff time.
- Additional financial considerations, including the issuance of any Tax Increment Financing, would be considered as part of the Development Agreement.

E. LEGAL CONSIDERATION:

- The HRA Attorney drafted the Agreement.
- Eventual redevelopment of the HRA property will be in accordance with a Contract for Private Development.

ALTERNATIVE RECOMMENDATION(S):

1. Do not approve the Agreement.
2. Approve the Agreement with modifications.

PRINCIPAL PARTIES EXPECTED AT MEETING:

Adam Seraphine, NHH Properties

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter
□ Preliminary Development Agreement	Exhibit
□ Map of development area	Backup Material
□ Preliminary Site Plan	Backup Material

RESOLUTION NO. _____

RESOLUTION APPROVING AGREEMENTS WITH THE CITY OF RICHFIELD AND NHH PROPERTIES, LLC

WHEREAS, the Richfield Housing and Redevelopment Authority (the “Authority”) is the owner of certain property located within the City of Richfield (the “Properties”); and

WHEREAS, NHH Properties, LLC, a Minnesota limited liability company (the “Developer”) has proposed purchasing the Properties from the Authority for the purpose of developing a multifamily housing development consisting of approximately 218 apartment units and 64 townhomes thereon (the “Project”); and

WHEREAS, the Board of the Authority has been presented with a Preliminary Development Agreement (the “Preliminary Development Agreement”) proposed to be entered into between the Authority and the Developer, which sets forth the Developer’s intentions and the conditions under which the Developer will undertake the Project; and

WHEREAS, the Authority has reviewed the Preliminary Development Agreement and finds that the execution thereof by the Authority and performance of the Authority’s obligations thereunder are in the best interest of the City and its residents; and

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

1. The Preliminary Development Agreement presented to the Authority and on file with the Community Development Director are hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chairperson and Executive Director; provided that execution of such document by such officials shall be conclusive evidence of approval.

2. The Chairperson and Executive Director are hereby authorized to execute the Preliminary Development Agreement on behalf of the Authority and to carry out on behalf of the Authority the Authority’s obligations thereunder.

Adopted by the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota this 19th day of March.

Mary Supple, Chair

ATTEST:

Erin Vrieze Daniels, Secretary

PRELIMINARY DEVELOPMENT AGREEMENT

THIS PRELIMINARY DEVELOPMENT AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, 2018, by and between the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota, a Minnesota public body corporate and politic (the "Authority") and NHH Companies L.L.C., a Minnesota limited liability company, or one of its wholly owned affiliates (the "Developer").

RECITALS:

First: The Developer and the Authority have been engaged in informal discussions regarding the possible development of certain land that is generally shown in the attached EXHIBIT A (the "Project Area");

Second: The Developer is proposing redevelopment within the Project Area which will consist of a multifamily housing development consisting of approximately 218 apartment units with market rate rents and 64 townhomes to be sold to owners whose income does not exceed 115% of the area median gross income to be constructed in three phases (hereinafter the "Project");

Third: The Authority owns a portion of the property within the Project Area which is legally described in EXHIBIT B (the "Authority Property") and other property legally described in EXHIBIT C (the "Additional Property") must be acquired in order to complete all three phases of the Project;

Fourth: Based on initial reviews of the proposal, it appears that the Project is potentially feasible; however, further review and detail are needed;

Fifth: The parties wish to cooperate in further analyzing the potential and feasibility of the Project and are willing to proceed with such analysis as described in this Agreement;

Sixth: The parties acknowledge that the Developer will expend substantial time and effort, and incur substantial expense in pursuing the Project;

Seventh: The Authority is willing to provide the Developer with the exclusive right to negotiate a contract to develop the parcels it owns within the Project Area;

Eighth: The Developer is willing to undertake the activities described in this Agreement only with the reasonable assurance from the Authority that it will support and cooperate with the Developer in its efforts; and

Ninth: The Authority and the Developer have executed this Agreement to document their understanding with respect to the proposed Project.

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. Statement of Intent.

It is the intention of the parties that during the term of this Agreement the following activities will take place on or before the dates set forth below:

- (a) Financial Feasibility. The Developer will provide to the Authority a financial feasibility analysis of the Project, including a preliminary detailed sources and uses of all funding and all expenditures expected for the construction of the Project and a Project pro forma by April 20, 2018. The financial feasibility analysis should specify what financing will be obtained for the Project and from what sources and the amount of equity to be contributed to the Project.
- (b) Identified Issues. The Developer and the Authority will work cooperatively to resolve the identified issues related to the development of the Project on or before August 20, 2018. The identified issues include the following:
 - (i) Funding the financing gap;
 - (ii) What entity will purchase the remaining property needed for the Project;
 - (iii) Purchase price for Authority Property;
 - (iv) Phasing of the Project;
- (c) Land Use Approvals. The Developer will submit to the City of Richfield a request for all land use approvals (including applicable watershed district approvals) necessary for the Project and obtain all necessary land use approvals within 12 weeks of resolving the identified issues set forth in Section 1(b).
- (d) Planned Unit Development Approval. The Developer will submit to the City of Richfield its request for approval of its planned unit development and obtain approval of the planned unit development within 12 weeks of resolving the identified issues set forth in Section 1(b).
- (e) Preliminary Plat. The Developer shall prepare and submit a preliminary plat to the City for approval within 12 weeks of resolving the identified issues set forth in Section 1(b).
- (f) Authority Analysis of Project. Following the receipt of the information described in Section 1(a), the Authority's fiscal consultant will conduct a financial analysis of the Developer and the Project. The purpose of the Authority's analysis is to determine the Developer's ability to finance the proposed Project. The analysis will consider such factors as the Developer's capability to arrange for financing, the anticipated level of assistance available to the Project from the Authority or other sources, and the Developer's ability to provide or arrange for equity for the Project.
- (g) Contract for Private Development. The parties will attempt in good faith to negotiate the terms of a contract for private development (the "Development Agreement"), which will provide the terms and conditions necessary for the Authority to convey the Authority Property to the Developer, the nature and timing of the private improvements to be constructed, the form, the amount and conditions of any economic assistance to be provided by the Authority in aid of the Project and such additional terms as either party

believes are necessary for the transaction. The conveyance of the Authority Property to the Developer is solely within the discretion of the Board of the Authority. The Board of the Authority must hold a duly noticed public hearing before determining whether to convey the Authority Property to the Developer. If the Authority and the Developer are unable to negotiate a Development Agreement by August 20, 2018, the Authority may terminate this Agreement.

2. Phasing of Project. The Developer and the Authority agree that the Project will occur in phases with the first phase to include an apartment building with 109 units and 24 townhomes constructed on property contiguous to the apartment building constructed.
3. Undertaking by Developer. During the term of this Agreement, the Developer will undertake all of the activities necessary, in the Developer's discretion, to accomplish the activities described in paragraph 1 required to be performed by the Developer.
4. Undertaking by Authority. The Authority agrees to cooperate with the Developer in the Developer's undertakings, agrees to utilize its best efforts, subject to the Developer's performance, to accomplish the activities described in paragraph 1 above, which includes an analysis of the financial feasibility of the Project and the nature, area, and financial implications of any tax increment district which might be established.
5. Exclusive Right to Acquire and Develop Authority Property and Payment of Administrative Costs of Authority. The Authority agrees that during the term of this Agreement the Authority will not: (i) provide or enter into an agreement for development or the provision of financial assistance to any third party in connection with any proposed development of the Authority Property, (ii) solicit proposals from any third party or respond to offers regarding any proposed sale or development of the Authority Property, or (iii) sell or encumber the Authority Property. It is the intention of this provision that, during the term of this Agreement, the Developer shall have the exclusive right to negotiate the acquisition of and to acquire the Authority Property.

In consideration of the exclusive right to develop the Authority Property set forth in this Section 5, the Developer agrees and understands that it is responsible for and will pay to the Authority all out-of-pocket costs incurred by the Authority (including without limitation reasonable attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the activities and the Project contemplated hereunder (collectively, the "Administrative Costs"). Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of the costs incurred by the Authority.

With the execution of this Agreement, the Developer will deliver a deposit to the Authority in the amount of \$15,000 (the "Deposit") to pay Administrative Costs. At any time the Deposit drops below \$5,000, the Developer shall replenish the deposit to the full \$15,000 within 30 days after receipt of written notice thereof from the Authority. The Authority shall provide invoices to the Developer for all payments deducted from the Deposit. At any time the Deposit is insufficient to pay invoices related to the Project, the Authority will ask for additional Deposits from the Developer. If the additional Deposit is not made within 30 days following the date of such request, the Authority may elect to either suspend its performance under this Agreement or terminate this Agreement. Such suspension or termination will be effective on the date it is given in writing, or on such later date specified in the notification. Any unexpended or unencumbered

portion of the Deposit shall be returned to the Developer upon the expiration or termination of this Agreement.

6. Term. This Agreement is effective from the date hereof through August 20, 2018, unless extended with approval of the Authority's Board of Commissioners, provided, in the event either party, after consultation with the other party, determines in good faith that the other party is not diligently pursuing the Project or its obligations hereunder; or the Developer determines, in good faith, that the Project is not feasible, such determining party may terminate this Agreement upon thirty days written notice to the other. [The Authority may also terminate this Agreement for failure of the Developer to provide additional funds pursuant to Section 5.] The parties each waive any claim or cause of action that they may have against the other party based upon the termination of this Agreement by such other party. The parties may, by mutual written agreement, extend this Agreement for such further periods as determined to be appropriate from time to time.
7. Termination of Agreement. This Agreement may be terminated upon five (5) days written notice by a party to the other party if:
- (a) in the respective sole discretion of any party, an impasse has been reached in the negotiation or implementation of any material term or the completion or execution of any material condition of this Agreement or the contract for private development; or
 - (b) a party fails to perform any of its obligations under this Agreement.
8. Milestone Requirements. The Authority shall have the option to terminate this Agreement if the Developer does not meet any of the following milestones:

April 20, 2018	Developer submits sketch plans to Authority for review
May 21, 2018	Developer submits land use approval plans to Authority for review
June 1, 2018	Developer completes outreach to all impacted property owners
June 29, 2018	Developer submits revised pro forma to Authority for review
June 29, 2018	Developer completes applications to Metropolitan Council and Minnesota Housing Finance Agency

9. Assignment. The Developer shall not assign or transfer its rights under this Agreement in full or in part without the prior written consent of the Authority.
10. Miscellaneous.
- (a) This Agreement constitutes the entire agreement between the parties relative to the proposed Project. Unless specifically described herein, no obligation shall be inferred or construed.
 - (b) Redevelopment of the Authority Property will be in accordance with a contract for private development or other agreements which the parties shall, in good faith, attempt to negotiate during the term of this Agreement.
 - (c) The Developer understands that further and separate action, for which no obligation is created hereunder, will be required before the Authority or the Developer is obligated to

take various actions with respect to the Project. Those actions may include, without limitation:

- 1) Public Hearing before the Board of the Authority prior to conveyance of Authority Property;
 - 2) A modification of the existing tax increment project plan and existing tax increment district, if necessary, and the creation of a new housing tax increment district by the City Council and the Board of the Authority;
 - 3) All land use approvals and planned unit development approvals to the extent required;
 - 4) Construction of public improvements to serve the Project; and
 - 5) Negotiation of and approval of a contract for private development
- (d) The Developer further understands that many of the actions which the Authority or the City may be called upon to take require the reasonable discretion and in some instances the legislative judgment of the Authority or the City, such actions may be made only following established procedures; and Authority may not, by agreement, agree in advance to any specific decision in such matters.
- (e) Information obtained from the Developer in connection with this analysis will be subject to such confidentiality provisions as are required by the Developer and permitted by law.
- (f) Notice or demand or other communication between or among the Parties shall be sufficiently given if sent by certified or registered mail, postage prepaid, return receipt requested or delivered personally:

NHH Companies L.L.C.

Attn: _____

Email: _____

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

(The remainder of this page is intentionally left blank.)

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 L.L.C.
a Minnesota limited liability company

By: _____
Mary Supple
Its: Chair

By: _____

Its: _____

By: _____
Steven Devich
Its: Executive Director

EXHIBIT A
MAP OF PROJECT AREA

Cedar Point II Housing Redevelopment



EXHIBIT B
AUTHORITY PROPERTY

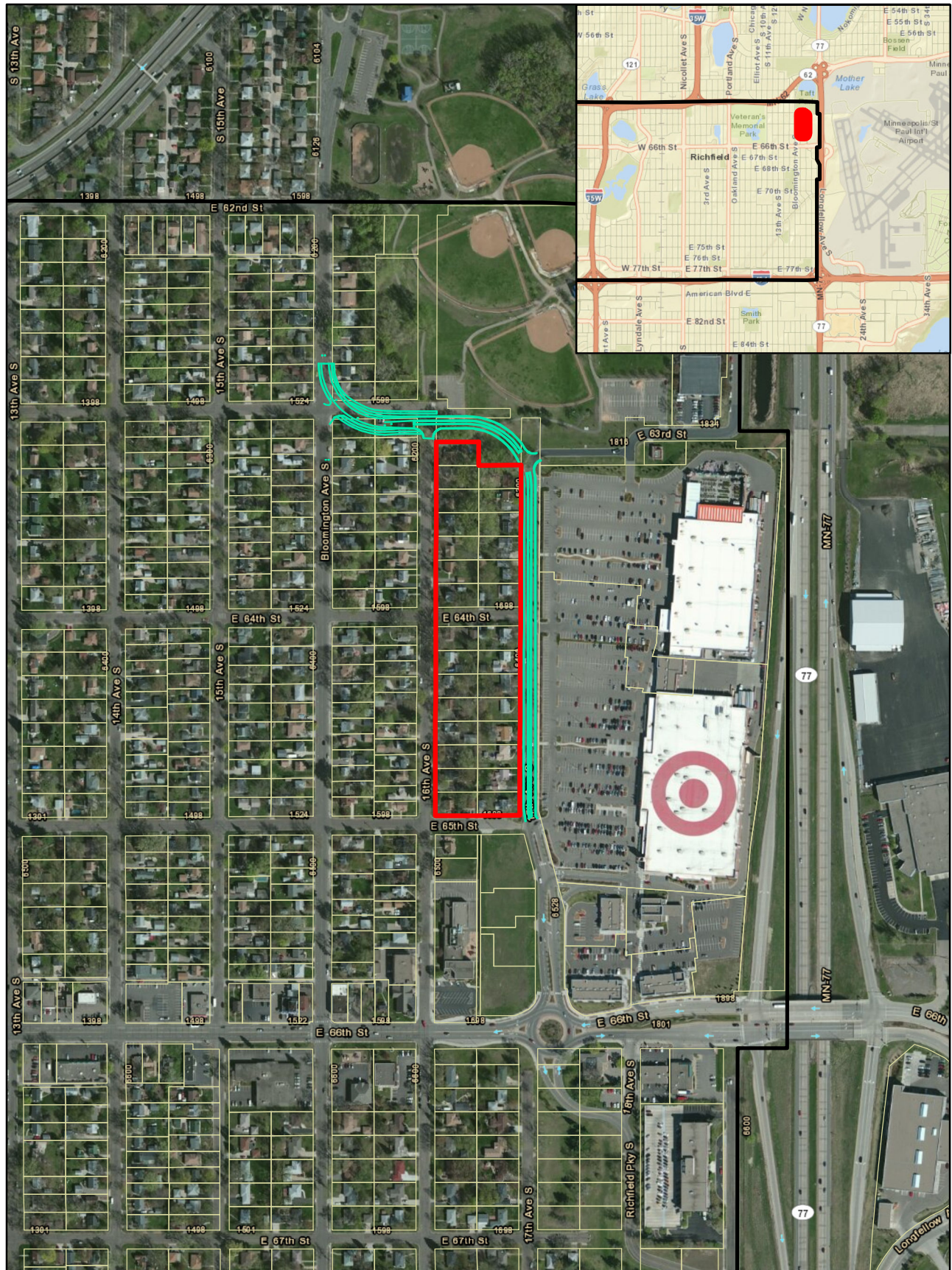
Address	PID
6315 16TH AVE S	2602824110034
6333 16TH AVE S	2602824110037
6401 16TH AVE S	2602824140004
6409 16TH AVE S	2602824140005
6314 17TH AVE S	2602824110045
6320 17TH AVE S	2602824110044
6326 17TH AVE S	2602824110043
6332 17TH AVE S	2602824110042
6338 17TH AVE S	2602824110041
6344 17TH AVE S	2602824110040
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




EXHIBIT C

ADDITIONAL PROPERTY

Address	PID
6309 16TH AVE S	2602824110033
6321 16TH AVE S	2602824110035
6327 16TH AVE S	2602824110036
6339 16TH AVE S	2602824110038
6345 16TH AVE S	2602824110039
6415 16TH AVE S	2602824140006
6421 16TH AVE S	2602824140007
6427 16TH AVE S	2602824140008
6433 16TH AVE S	2602824140009
6439 16TH AVE S	2602824140010
6445 16TH AVE S	2602824140011

Cedar Point II Housing Redevelopment



-  Cedar Point II Housing Redevelopment
-  Richfield City Limit
-  Richfield Parkway

