



HOUSING & REDEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

MONDAY, FEBRUARY 14, 2022

6:00 PM

1. Call to Order
2. Approval of the Minutes
 - A. Approve Minutes of January 10, 2022 Meeting.
3. Program Reports
 - A. Mobile Home Buyout Program
 - B. Mobile Home Heat Tape Program
 - C. Monthly Loan Status
 - D. RAD/Repositioning Process
 - E. Sale of 1116 2nd Street, NW
 - F. 230 Central Avenue Apartments
4. Property Reports
 - A. Robinwood Manor
 - B. Public Housing
 - C. Scattered Sites
5. Items for Discussion
 - A. Election of Officers
 - B. Approving 2021 Accounts Receivable Write Offs
 - C. Review of Loan Subordination Request - 206 Central Ave
 - D. Approve Amended Contract for Professional Services - Public Housing Asset Repositioning Analysis
6. Adjournment



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Kari Casper, Recording Secretary
MEETING DATE: February 14, 2022
SUBJECT: Approve Minutes of January 10, 2022 Meeting.

BACKGROUND:

REQUESTED ACTION:

Approve minutes from the January 10, 2021 HRA meeting.

ATTACHMENTS:

1. 2022-01-10 HRA Meeting Minutes

Faribault Housing and Redevelopment Authority
Meeting Minutes
January 10, 2022

1. Call to Order / Approval of the Agenda

Vice Chair Ahlers called the meeting to order at 6:05 p.m.

Members Present: Brenden Kennedy, Travis McColley, Matt Speckhals, /Jonathan Wood and Vice Chair Ahlers.

Members Absent: Matthew Steeves and Chair Brown

2. Minutes

A. Minutes of December 13, 2022.

A motion was made by McColley to approve the minutes of November 8, 2021 seconded by Wood as presented.

Motion carried on a 5/0 vote.

3. Program Reports

A. Mobile Home Buyout Program

No activity to report

B. Mobile Home Heat Tape Program

Kuennen stated that a number of applications for the program have been received; however, at this time Staff has been unable to find a contractor interested in doing the work on behalf of the HRA.

C. Monthly Loan Status Report

Nothing new to report.

D. RAD/Repositioning Process

The kick-off meeting took place with Braun Intertec to begin the mandatory environmental review process; however, Braun Intertec has requested that the completion date in the contract be amended to account for the delays from HUD in approving the waivers.

E. Sale of 1116 2nd St NW

US Bank finally responded and then requested additional paperwork for the Satisfaction of Mortgage which should be completed soon. The information related to the delays have been communicated to the purchaser.

F. 230 Central Avenue Apartments

Mr. Nelson submitted a monthly update as required. The information identified in the update prompted an inspection by the Building Official who report that the project seems to be moving along and is on track with the HRA's requests at this time.

A motion was made by Kennedy and seconded by McColley to receive and file the program reports as submitted.

Motion carried on a 5/0 vote.

4. Property Management Reports

A. Robinwood Manor

The financial report for the month of November was briefly discussed. Staff also noted that troubleshooting was continuing with the Fresh Air Sensors and reports.

Kuennen also mentioned that the Elderly Housing Corporation (EHC) held their annual meeting and requested that Staff look into possibly dissolving the EHC since the mortgage has been paid off. There may be other reasons that the EHC should not be dissolved, which would be discovered through the research process.

B. Public Housing

The financial report for the month of November was briefly discussed. One of the larger expenses was the replacement of doors as identified in the 2019 REACH Inspection, which required that all door repaired with a patch be replaced with a new door.

C. Scattered Sites Rental Housing

Nothing new to report.

A motion was made by Wood and seconded by Kennedy to receive and file the operating statement as submitted.

Motion carried on a 5/0 vote.

5. Public Hearings

None.

6. Action Items

A. Amend Contract with Braun Intertec – HUD Part 58 Environmental Review

As part of the RAD repositioning, a Part 58 Environmental Review is required. In October 2021 the HRA, after soliciting proposals, approved a service contract with Braun Intertec to complete the required environmental review. The kick-off of the project was then paused

until HUD officially approved the waiver that allows the HRA to proceed with the repositioning request. On December 2, 2021 HUD provided approval of the waiver. Due to this delay, Braun Intertec requested that the approved contract be amended to establish a new contract term date in Section 4.1 of the contract. Staff recommended a new term date of September 30, 2022.

A motion was made by McColley and seconded by Speckhals to approve Resolution 2022-01 amending Section 4.1 to a new expiration date of September 30, 2022.

Motion carried on a 5/0 vote.

B. Summary of Available Housing Programs

Staff provided an overview of the programs approved in the 2022 HRA budget. These include:

CONTINUATION OF EXISTING PROGRAMS

- Mobile Home Buyout: \$20,000 – reduced based on decreased program activity
- Mobile Home Heat Tape: \$10,000 – currently seeking contractor
- Rental Rehab (Fund 244): \$100,000 – program guidelines previously approved

BLIGHT/REDEVELOPMENT PROGRAMS

Specific program guidelines and criteria to be determined/developed

- Downtown/2nd Floor Apartment Renovations \$100,000
- “Fix Up” Program – for home owners/exterior improvements \$50,000

HOME OWNERSHIP PROGRAM

- Down Payment Assistance: \$100,000

Kuennen discussed the various programs and shared information on other programs offered by other agencies. Discussion ensued regarding means to advertise programs and work with area lenders to ensure awareness.

C. Overview of Current Housing Development Projects and Opportunities

Kuennen provided a summary of the recent multi-family housing developments in Faribault, for informational purposes only. The projects include:

- Hillside Apartments – 44 units market rate – opened Summer 2020
- Loft at Evergreen – 76 units affordable – opened Fall 2021
- Straight River Apartments – 111 units market rate – under construction/opening 2022
- The Lofts on 1st and 3rd – 8 units market rate – opened Summer 2020
- 230 Central/T. Nelson Apartments – 8 units (4 affordable) – opening Summer 2022
- Cardinal Ave/Cashin Apartments – two 16-unit buildings – one completed in late 2021
- 903 Spring Road/Bakken – two 4-plexes

Planned Multi-Family Housing Developments

- C-Alan Homes – 32 townhomes
- John Cameron/Faribault Place – 60-unit senior with services
- Redevelopment of Lockerby Property – no selected developer at this time

Kuennen explained the process on working with the developments and she presented a map of potential sites for development that Staff shared with interested multi-family developers.

6. Adjourn

Next meeting will include election of officers. There is one opening on the HRA with Steeves term expiring and he opted not to apply.

A motion was made by McColley and seconded by Wood to adjourn the meeting at 6:49 p.m.

Motion carried on a 5/0 vote.

Respectfully Submitted,

Kari Casper, Recording Secretary



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen
MEETING DATE: February 14, 2022
SUBJECT: Mobile Home Buyout Program

BACKGROUND:

No activity to report.

REQUESTED ACTION:

ATTACHMENTS:



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Mobile Home Heat Tape Program

BACKGROUND:

No activity to report.

Staff continues to seek a qualified contractor interested and willing to do this work. Recently, contact was made with the contractor who would have done the work in the past, and he is reconsidering. In addition, Staff continues to receive inquiries from interested manufactured home owners and park managers about the program.

REQUESTED ACTION:

No action requested.

ATTACHMENTS:



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Monthly Loan Status

BACKGROUND:
Nothing to report.

REQUESTED ACTION:
No action requested.

ATTACHMENTS:



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: RAD/Repositioning Process

BACKGROUND:

The purpose of this report is to provide ongoing updates to the HRA regarding the RAD Repositioning process.

Current Activity

- January 28th - Project Meeting with Braun regarding the environmental contract (meeting notes attached)
- February 1st - Introduction meeting with assigned RAD Launch Assistance Provider
- PIC changes/removal submitted, as required by CHAP Award Letter

REQUESTED ACTION:

None. Information only.

ATTACHMENTS:

1. Faribault HRA - HUD Part 58 EA Project Update Meeting Minutes_20220128

Date: January 28, 2022

Attendees: Kim Clausen, Faribault HRA
Marty Smith, City of Faribault
Connie Springer, City of Faribault
Travis Fristed, Braun Intertec
Ben Ruhme, Braun Intertec

Subject: Faribault HRA – HUD Part 58 EA Project Kickoff Meeting Agenda & Minutes

Project: B2111281

EA Preparation & Project Understanding

1. Project Understanding

- a. Tasks completed to date and budget update (approx. 25%)
- b. Review HUD flow chart and discuss revised process. **No need to review**
- c. Recommend scope change to complete CEST Part 58.35a forms. Complete one for each of 12 grouped sites. Most will proceed to Exempt. **Braun to proceed with this revised work process and scope.**
 - i. Noise maybe a concern (proximity to roads and railroad tracks)
 1. **Braun to use road ADT and posted speed for justification of no effect (no noise study needed)**
 - ii. 13th Street NW site is within the Cannon River Reservoir floodplain.
 1. **City to provide local data/information to show that flooding is not a concern.**
- d. Potential additional studies (noise on 5-8 groupings) – HUD consultation
 - i. **Braun to provide basis of no effect for review and consultation with HUD. If noise studies are required, a separate cost estimate will be prepared.**
- e. Amend contract and cost (send to Kim for HRA for approval)
 - i. **Wait to send until after HRA review of draft**

2. Schedule (Assumes Exempt)

- a. **Draft available to City for review: Feb. 18th**
- b. **Provide City review comments to Braun: March 1st**
- c. **3rd project meeting with HRA staff (if needed to address city review comments): March 2-7th**
- d. **Revised draft to HRA for meeting packet (March 9th deadline): March 8th**
- e. **HRA approves draft or provides review comments: March 14th meeting**
- f. **Braun response to 1st round of review comments (if needed): March 14-18th**
- g. **3rd project meeting with HRA staff (if needed): March 21-25th**
- AA/EOE h. **Finalize Form 58.35a: March 31st**



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Sale of 1116 2nd Street, NW

BACKGROUND:

The purpose of this memo is to update the HRA on the status of the sale of 1116 2nd Street to Theodore Krause.

The closing is scheduled to take place on (or before) February 28, 2022. A Purchase Agreement has been drafted by the attorney and reviewed by the buyer - and the HRA will be requested to approve the agreement (Item 5E. on the HRA Agenda). As a reminder, the delay in the closing was related to obtaining a clean title prior to the sale of the property.

REQUESTED ACTION:

See Item 5E - Approve Purchase Agreement for 1116 2nd Street NW.

ATTACHMENTS:



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: 230 Central Avenue Apartments

BACKGROUND:

As required by the HRA, Todd Nelson must submit a monthly construction status report/update for the work at 230 Central Avenue. Per emails received on February 1, 2022 - the following work was completed in January 2022:

- All the windows are sheet rocked, returns and insulation completed
- Soffits are frames and drywall is being completed
- Sprinkler riser and stand pipe installed
- Sprinkler lines in the Pawn and Coffee Shop installed
- Doors have been ordered
- Cabinets and appliances ordered
- Flooring is at warehouse

Work planned for February/March includes:

- Painting in some areas will begin February 15th
- Gypcrete on floors to be installed in March (weather and temp permitting).

The attached photos were also submitted.

All of the submitted photos and the summary of work performed were forwarded to John Rued, Building Official, to verify and validate that inspections have occurred as required. Per Mr. Rued's review - *the work submitted has been inspected and found compliant. At the time of the inspection, the soffit draft stopping had not been installed, so it is expected that there will be some follow-up associated with that.*

REQUESTED ACTION:

No action required. Informational purposes only.

ATTACHMENTS:

1. Soffit
2. storage lockers
3. third floor windows



Unit 2

2-Bedroom

1-Bath







Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Robinwood Manor

BACKGROUND:

The purpose of this memo is to provide the HRA with an update on activities at Robinwood Manor for the month of December 2021.

- **Occupancy:** 98-percent
 - **Turnover:** 0
 - **Vacant Unit:** The market-rate, 2 bedroom unit is vacant. One of the applicants has withdrawn her application due to the rent. The other applicant will be contacted to schedule a move-in.
-
- **Operating Statement - Summary of expenses:** Expenses include RAW Construction Snow Removal (\$1,800), Faribault Interiors for carpet replacement and bathroom vanity (\$5,250 Apt #118 2 bedroom market rate unit), Arrow Electric to locate wires and repair lights to garage and garage opener (\$1,581.84), Lamperts for garage door (\$678.68), Minncor Industries for community room furniture to include four chairs and two end tables (\$4,610.68).

REQUESTED ACTION:

Receive and File.

ATTACHMENTS:

1. 4A - Attachment DEC Robinwood Budget

**ROBINWOOD MANOR
FOR THE DEC 2021**

	<u>2021 Budget</u>	<u>% of Revenue</u>	<u>December Actual</u>	<u>Monthly Budget</u>	<u>Variance of Monthly Budget</u>	<u>Favorable/ Unfavorable</u>	<u>2021 Year-To-Date</u>	<u>Remaining Balance</u>
REVENUES								
33160 FEDERAL GRANTS	240,191.00	50.37%	26,110.00	20,015.92	30.45%	F	297,583.00	(57,392.00)
36200 OTHER MISCELLANEOUS	5,000.00	1.05%	590.50	411.00	43.67%	F	6,218.08	(1,218.08)
36210 INTEREST ON INVESTMEI	2,200.00	0.46%	-111.24	183.33	NA	NA	4,938.46	(2,738.46)
36211 INTEREST MARKET VALUE	0.00	0.00%	-1,270.35	0.00	NA	NA	(10,142.53)	10,142.53
36220 RENTS	228,435.00	47.91%	16,355.00	19,036.25	-14.08%	U	179,978.87	48,456.13
36221 VACANCIES	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36227 EXCESS UTILITIES	1,000.00	0.21%	79.00	83.33	-5.20%	U	1,972.13	(972.13)
36280 PROJECT REIMBURSEME	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS (G	<u>\$476,826.00</u>	<u>49.63%</u>	<u>\$41,752.91</u>	<u>\$39,729.83</u>	<u>5.09%</u>	<u>F</u>	<u>\$480,548.01</u>	<u>(\$3,722.01)</u>
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	21,500.00	5.16%	2,949.09	1,791.67	64.60%	U	12,550.92	8,949.08
42410 MINOR EQUIPMENT/TOOL	0.00	0.00%	0.00	0.00	NA	U	1,204.07	(1,204.07)
TOTAL: SUPPLIES	<u>\$21,500.00</u>	<u>5.16%</u>	<u>\$2,949.09</u>	<u>1,791.67</u>	<u>64.60%</u>	<u>U</u>	<u>13,754.99</u>	<u>\$8,949.08</u>
OTHER SERVICES & CHARGES								
43010 AUDITING & ACCOUNTING	10,000.00	2.40%	0.00	833.33	-100.00%	F	9,501.50	498.50
43040 ATTORNEY FEES-CIVIL P	1,000.00	0.24%	184.50	83.33	121.40%	U	738.00	262.00
43070 MANAGEMENT SERVICE	45,250.00	10.87%	4,169.65	3,770.83	10.58%	U	43,150.38	2,099.62
43090 EXPERT & PROF SERVICE	7,500.00	1.80%	368.87	625.00	-40.98%	F	34,953.28	(27,453.28)
43095 SOFTWARE MAINT & SUP	0.00	0.00%	(413.20)	0.00	NA	NA	287.26	(287.26)
43130 TENANT SERVICES	3,000.00	0.72%	0.00	250.00	-100.00%	F	0.00	3,000.00
43210 TELEPHONE & TELEGRA	2,900.00	0.70%	0.00	241.67	-100.00%	F	349.35	2,550.65
43250 OTHER COMMUNICATION	900.00	0.22%	1,087.87	75.00	1350.49%	U	2,408.87	(1,508.87)
43430 ADVERTISING - OTHER	500.00	0.12%	218.50	41.67	424.40%	U	762.00	(262.00)
43610 INSURANCE & BONDS	9,902.00	2.38%	0.00	825.17	-100.00%	F	9,730.00	172.00
43810 ELECTRIC UTILITIES	30,000.00	7.20%	4,241.64	2,500.00	69.67%	U	31,316.61	(1,316.61)
43820 WATER UTILITIES	2,200.00	0.53%	362.98	183.33	97.99%	U	2,079.67	120.33
43830 GAS UTILITIES	11,500.00	2.76%	1,221.19	958.33	27.43%	U	6,861.18	4,638.82
43840 REFUSE DISPOSAL	3,100.00	0.74%	316.23	184.70	71.21%	U	3,027.33	72.67
43850 SEWER UTILITIES	5,000.00	1.20%	629.33	416.67	51.04%	U	3,605.09	1,394.91
43860 STORM WATER UTILITY	750.00	0.18%	139.13	62.50	122.61%	U	826.73	(76.73)
44010 BUILDING MAINTENANCE	90,000.00	21.61%	7,400.02	7,500.00	-1.33%	F	94,325.09	(4,325.09)
44040 VEHICLE/EQUIPMENT RE	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44050 EXTRAORDINARY MAINT	152,000.00	36.50%	185,896.15	12,666.67	1367.60%	U	193,359.65	(41,359.65)
44060 LAUNDRY SERVICES	900.00	0.22%	107.92	75.00	43.89%	U	711.82	188.18
44160 RENTS AND LEASES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44200 DEPRECIATION	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44320 BAD DEBT EXPENSE	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44325 BANK FEES & CHARGES	300.00	0.07%	11.49	25.00	-54.04%	F	66.42	233.58
44370 MISC CHARGES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44390 TAXES & LICENSES	18,000.00	4.32%	0.00	1,500.00	-100.00%	F	125.00	17,875.00
44700 INTEREST	200.00	0.05%	0.00	16.67	NA	U	90.26	109.74
TOTAL: OTHER SERVICES & CH	<u>\$94,902.00</u>	<u>94.84%</u>	<u>\$205,942.27</u>	<u>\$32,001.53</u>	<u>543.54%</u>	<u>U</u>	<u>\$438,275.49</u>	<u>(\$43,373.49)</u>
45200 BUILDING & IMPROVEMEN	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>NA</u>	<u>U</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL EXPENSES	<u>\$416,402.00</u>	<u>100.00%</u>	<u>\$208,891.36</u>	<u>33,793.20</u>	<u>518.15%</u>	<u>U</u>	<u>\$452,030.48</u>	<u>(\$34,424.41)</u>



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Public Housing

BACKGROUND:

The purpose of this report is to provide the HRA with an update on activities associated with the Public Housing program for the month of December 2021.

- **Occupancy:** 100-percent leased
 - **Turnover:** NA
 - **Vacant Units.** NA
-
- **Operating Statement/ Financial Report:** Expenses for the month of December include replacing a water heater at 1522 Western Avenue (\$882.50), snow removal (43,695), and Routine Maintenance (\$3,488).

REQUESTED ACTION:

Receive and File.

ATTACHMENTS:

1. 4B. Attachment DEC Public Housing Budget

**PUBLIC HOUSING
FOR DECEMBER 2021**

	<u>2021 Budget</u>	<u>% of Revenue</u>	<u>Dec Actual</u>	<u>Monthly Budget</u>	<u>Variance of Monthly Budget</u>	<u>Favorable/ Unfavorable</u>	<u>2021 Year-To-Date</u>	<u>Remaining Balance</u>
REVENUES								
33160 FEDERAL GRANTS	286,000.00	54.85%	97,476.00	23,833.33	308.99%	F	400,172.00	(114,172.00)
36200 OTHER MISC REVENUE	6,000.00	1.15%	585.61	500.00	17.12%	F	6,227.85	(227.85)
36210 INTEREST ON INVESTMENTS	4,400.00	0.84%	(24.77)	366.67	-106.76%	U	737.83	3,662.17
36211 INTEREST MARKET VALUE	0.00	0.00%	(319.59)	0.00	NA	F	(1,735.44)	1,735.44
36220 RENTS	225,000.00	43.15%	18,988.77	18,750.00	1.27%	F	269,585.94	(44,585.94)
36240 REFUNDS & REIMBURSEMENTS	0.00	NA	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS	<u>\$521,400.00</u>	<u>100.00%</u>	<u>\$116,706.02</u>	<u>\$43,450.00</u>	<u>168.60%</u>	<u>F</u>	<u>\$674,988.18</u>	<u>(\$153,588.18)</u>
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	23,000.00	4.11%	4,224.24	1,916.67	120.40%	U	40,019.29	(17,019.29)
42115 TENANT SERVICES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
TOTAL: SUPPLIES	<u>\$23,000.00</u>	<u>4.11%</u>	<u>\$4,224.24</u>	<u>1,916.67</u>	<u>120.40%</u>	<u>U</u>	<u>\$40,019.29</u>	<u>(\$17,019.29)</u>
OTHER SERVICES & CHARGES								
43010 AUDITING & ACCT SERVICES	1,500.00	0.27%	0.00	125.00	-100.00%	F	1,475.00	25.00
43040 ATTORNEY FEES-CIVIL PROCESS	1,500.00	0.27%	139.80	125.00	11.84%	U	139.80	1,360.20
43070 MANAGEMENT SERVICES	80,484.00	14.39%	0.00	6,707.00	-100.00%	F	73,777.00	6,707.00
43090 EXPERT & PROF SERVICES	27,500.00	4.92%	250.00	33.75	640.74%	U	11,762.39	15,737.61
43430 ADVERTISING - OTHER	500.00	0.09%	0.00	41.67	-100.00%	F	0.00	500.00
43610 INSURANCE & BONDS	34,748.00	6.21%	0.00	2,895.67	-100.00%	F	34,522.00	226.00
43810 ELECTRIC UTILITIES	1,100.00	0.20%	83.71	91.67	-8.68%	F	1,215.73	(115.73)
43820 WATER UTILITIES	800.00	0.14%	278.12	66.67	317.18%	U	1,493.37	(693.37)
43830 GAS UTILITIES	500.00	0.09%	41.48	41.67	-0.45%	F	346.98	153.02
43840 REFUSE DISPOSAL	3,000.00	0.54%	175.28	250.00	-29.89%	F	3,100.92	(100.92)
43850 SEWER UTILITIES	500.00	0.09%	128.74	41.67	208.98%	U	394.36	105.64
43860 STORM WATER UTILITY	700.00	0.13%	180.81	58.33	209.96%	U	1,033.37	(333.37)
44010 BUILDING MAINTENANCE	89,500.00	16.01%	12,561.25	7,458.33	68.42%	U	128,707.59	(39,207.59)
44050 EXTRAORDINARY MAINTENANCE	276,000.00	0.00%	1,624.73	23,000.00	NA	U	89,286.42	186,713.58
44325 BANK FEES & CHARGES	0.00	0.00%	121.56	0.00	NA	U	741.27	(741.27)
44370 MISC CHARGES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44375 UTILITY REIMBURSEMENT	7,500.00	1.34%	1,491.00	625.00	138.56%	U	10,958.00	(3,458.00)
44390 TAXES & LICENSES	10,000.00	1.79%	0.00	833.33	-100.00%	F	1,584.25	8,415.75
44700 INTEREST	300.00	0.05%	26.03	25.00	4.12%	U	189.51	110.49
TOTAL: OTHER SERVICES & CHARGES	<u>\$536,132.00</u>	<u>95.89%</u>	<u>\$17,102.51</u>	<u>\$42,419.75</u>	<u>-59.68%</u>	<u>F</u>	<u>\$360,727.96</u>	<u>\$175,404.04</u>
TOTAL EXPENSES	<u>\$559,132.00</u>	<u>100.00%</u>	<u>\$21,326.75</u>	<u>44,336.42</u>	<u>-51.90%</u>	<u>F</u>	<u>\$400,747.25</u>	<u>\$158,384.75</u>



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development
MEETING DATE: February 14, 2022
SUBJECT: Scattered Sites

BACKGROUND:

The purpose of this report is to provide the HRA with an update on activities associated with the scattered site rental unit(s).

- **Occupancy:** 100-percent
- **Unit Turnovers:** NA
- **Vacant Units:** NA

- **Operating Statement/ Financial Report:** Expenses include RAW Construction Snow Removal (\$115).

REQUESTED ACTION:

Receive and File.

ATTACHMENTS:

1. 4C - Attachment - DEC Scattered Sites Budget

**CITY SCATTERED SITES
FOR DECEMBER 2021**

	<u>2021 Budget</u>	<u>% of Revenue</u>	<u>Dec Actual</u>	<u>Monthly Budget</u>	<u>Variance of Monthly Budget</u>	<u>Favorable/ Unfavorable</u>	<u>2021 Year-To-Date</u>	<u>Remaining Balance</u>
REVENUES								
36211 MARKET VALUE ADJUSTMENT	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36200 OTHER MISC REVENUE	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36210 INTEREST ON INVESTMENTS	1,000.00	7.19%	14.97	83.33	NA	F	657.80	342.20
36211 INTEREST MARKET VALUE	0.00	0.00%	164.90	0.00	NA	F	(1,420.81)	1,420.81
36220 RENTS	12,900.00	92.81%	1,463.00	1,075.00	36.09%	F	13,298.00	(398.00)
36240 REFUNDS & REIMBURSEMENTS	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS	<u>\$13,900.00</u>	<u>92.81%</u>	<u>\$1,642.87</u>	<u>\$1,075.00</u>	<u>52.83%</u>	<u>F</u>	<u>\$12,534.99</u>	<u>\$1,365.01</u>
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	500.00	5.70%	0.00	41.67	-100.00%	F	0.00	500.00
TOTAL: SUPPLIES	<u>\$500.00</u>	<u>5.70%</u>	<u>\$0.00</u>	<u>41.67</u>	<u>-100.00%</u>	<u>F</u>	<u>\$0.00</u>	<u>\$500.00</u>
OTHER SERVICES & CHARGES								
43040 LEGAL FEES - CIVIL PROCESS	500.00	5.70%	0.00	41.67	-100.00%	F	0.00	750.00
43070 MANAGEMENT SERVICES	1,140.00	12.99%	0.00	95.00	-100.00%	F	1,045.00	95.00
43090 EXPERT & PROFESSIONAL SVCS	0.00	0.00%	0.00	0.00	0.00%	F	0.00	0.00
43430 ADVERTISING - OTHER	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
43610 INSURANCE & BONDS	583.00	6.65%	0.00	48.58	-100.00%	F	502.00	81.00
43810 ELECTRIC UTILITIES	200.00	2.28%	0.00	16.67	-100.00%	F	0.00	200.00
43820 WATER UTILITIES	300.00	3.42%	46.61	25.00	86.44%	U	273.31	26.69
43830 GAS UTILITIES	100.00	1.14%	0.00	8.33	-100.00%	F	0.00	100.00
43840 REFUSE DISPOSAL	200.00	2.28%	0.00	16.67	-100.00%	F	0.00	200.00
43850 SEWER UTILITIES	400.00	4.56%	63.16	33.33	89.48%	U	366.60	33.40
43860 STORM WATER UTILITY	100.00	1.14%	11.40	8.33	36.80%	U	68.40	31.60
44010 BUILDING MAINTENANCE	3,000.00	34.20%	211.00	250.00	-15.60%	F	1,473.00	1,527.00
44160 RENTS & LEASES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44320 BAD DEBT	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44390 TAXES & LICENSES	1,700.00	19.38%	0.00	0.00	NA	U	3,650.00	(1,950.00)
44700 INTEREST	50.00	0.57%	0.00	4.17	-100.00%	F	5.80	44.20
TOTAL: OTHER SERVICES & CHARGES	<u>\$8,273.00</u>	<u>94.30%</u>	<u>\$332.17</u>	<u>\$506.08</u>	<u>-34.36%</u>	<u>F</u>	<u>\$7,384.11</u>	<u>\$888.89</u>
45200 BUILDING & IMPROVEMENTS	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>NA</u>	<u>U</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL EXPENSES	<u>\$8,773.00</u>	<u>100.00%</u>	<u>\$332.17</u>	<u>\$547.75</u>	<u>-39.36%</u>	<u>F</u>	<u>\$7,384.11</u>	<u>\$1,388.89</u>



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Election of Officers

BACKGROUND:

Per the HRA's bylaws:

ARTICLE IV OFFICERS

Section 1. Election of Officers

The HRA Board, at its regularly scheduled monthly meeting in February of each fiscal year, shall elect to office from its membership, a Chairperson and a Vice-Chairperson / Secretary. Each officer shall hold office for one (1) year.

Board members may serve a maximum of three (3) consecutive one-year terms in any office. After completing three (3) terms in any office, the Board member must wait one (1) year before serving in that role again. All board members are eligible for the office of Chairperson and Vice-Chairperson/Secretary.

The current HRA Board includes:

- Loni Ahlers - *term expires 1/31/2026*
- Narren Brown - *term expires 1/31/2026*
- Brendan Kennedy - *term expires 1/31/2025*
- Travis McColley - *term expires 1/31/2027*
- Matt Speckhals - *term expires 1/31/2024*
- OPEN SEAT
- Jonathan Wood - City Council Representative

Current officers include:

- Chairperson - Narren Brown (served 2 consecutive terms)
- Vice Chairperson/Secretary - Loni Ahlers (served 2 consecutive terms)

The HRA is asked to elect the 2022 officer slate - for one (1) year terms.

REQUESTED ACTION:

Elect 2022 Officers

ATTACHMENTS:



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Approving 2021 Accounts Receivable Write Offs

BACKGROUND:

Annually, the HRA must review delinquent rents and charges per the Charges Process Policy adopted in 2006. Staff worked with the Finance Department to review the uncollected accounts receivables for 2021. The attached resolution identifies uncollected account receivables that, per policy, are recommended to be written-off and retained, and written-off and closed out.

REQUESTED ACTION:

Approve Resolution 2022-02 Approving Accounts Receivable Write-Offs

ATTACHMENTS:

1. 2022-02 Approving Accounts Receivable Write Offs no names

FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY

RESOLUTION 2022-02

APPROVING ACCOUNTS RECEIVABLE WRITE-OFFS

WHEREAS, the HRA adopted the Faribault Housing and Redevelopment Authority Delinquent Rents and Charges Process Policy (“the Policy”) on June 12, 2006; and

WHEREAS, according to the Policy, the HRA will, on an annual basis, review all recommended write-offs for consistency with the Policy; and

WHEREAS, the HRA has reviewed the uncollectible accounts receivables and determined which debts to write-off and retain and which debts to write-off and closeout as of 12/31/2021.

NOW, THEREFORE, BE IT RESOLVED, that the Faribault Housing and Redevelopment Authority’s governing board authorizes the write-off of the attached debts and authorizes staff to make the corresponding adjustments to the General Ledger.

ADOPTED: February 14, 2022

Chairperson

ATTEST:

Secretary

Write-Off and Retain

<u>Debtor</u>	<u>Amount Owed</u>	<u>Program</u>	<u>Date Vacated</u>	<u>Reason</u>
1.	\$ 578.13	RM	12/31/2020	Less than 5 years
2.	\$ 994.88	RM	7/1/2020	Less than 5 years
3.	\$1,978.31	RM	7/1/2020	Less than 5 years
4.	\$ 615.86	RM	3/29/2019	Less than 5 years
5.	\$7,266.58	PH	8/03/2020	Less than 5 years
6.	\$1,477.25	PH	5/26/2021	Less than 5 years
7.	\$ 712.35	PH	7/15/2020	Less than 5 years
8.	\$ 552.67	PH	9/16/2021	Less than 5 years
9.	\$ 708.31	PH	9/30/2021	Less than 5 years
10.	\$ 941.88	PH	8/31/2021	Less than 5 years

Write-Off and Closeout

<u>Debtor</u>	<u>Amount Owed</u>	<u>Program</u>	<u>Date Vacated</u>	<u>Reason</u>
11.	\$3,379.72	PH	06/10/2016	Over 5 years
12.	300.08	PH	03/23/2016	Over 5 years
13.	1,386.70	PH	05/08/2015	Over 5 years
14.	2,524.29	PH	02/29/2016	Over 5 years
15.	854.09	RM	11/13/2003	Over 5 years
16.	11.87	RM	02/01/2018	Deceased
17.	1,526.02	RM	05/31/2018	Deceased

PH = Public Housing

RM = Robinwood Manor

SS = Scattered Sites



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Review of Loan Subordination Request - 206 Central Ave

BACKGROUND:

A loan subordination request has been received for the HRA loan held on the property located at 206 Central. The owners seek to refinance in order to pull out equity and reinvest in an adjacent building. The HRA loan subordination guidelines state that no "cash out" is allowed and the combined loan to value ratio may not exceed 95-percent using the average of the appraisal and County's assessed value. The HRA loan subordination does not differentiate payable and forgivable loans as part of the guidelines and review process.

- The applicant will pull out equity to reinvest in another building downtown.

If the subordination guidelines are not met - the request is forwarded to the HRA for consideration.

REQUESTED ACTION:

Staff recommends that the HRA approve the Subordination request.

ATTACHMENTS:

1. Administrative Review Form - HRA 206 Central
2. Subordination - 206 Central - HRA Loan 40000 - 2022

**Subordination Request – Administrative Review
February 11, 2022**

Participant Name: Ellison Investment Group

Building Address: 206 Central Ave, Faribault, Minnesota

Project Description: Refinance to pull out equity and reinvest in adjacent building. Requires subordination of HRA forgivable loan. No change of ownership.

Proposed New First Mortgage:	\$363,200.00
HRA Forgivable Loan:	\$40,000.00
HRA Payable Loan:	\$0
Total Liens:	\$225,000.00
Assessed/Market Value:	\$259,100.00
Appraised Value:	\$454,000.00*
Average Value:	\$356,550.00
LTV Ratio:	140%/80%/101%
Max LTV Ratio:	95%

Date Approved: _____ Date Denied: _____

*The last appraisal was done on December 17, 2021.
Additional information: The forgiveness date for this loan is November, 2027.

Attended by:

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this “Agreement”) is made and entered into as of this 14th day of February, 2022, by and between the Housing and Redevelopment Authority of Faribault, a public body corporate and politic under the laws of Minnesota (the “HRA”), and The State Bank of Faribault, a Minnesota banking/insurance corporation (“SBF”).

RECITALS

WHEREAS, the HRA is a lienholder on a mortgage agreement dated November 30, 2017, between Ellison Investment Group, LLC (the “Debtors”), and the HRA upon real estate located at 206 Central Ave in the city of Faribault, Minnesota and legally described as follows:

The East 100 feet of the North 1/3 of Lot 1, Block 57, in the original Town, now City, of Faribault, Rice County, Minnesota.

(the “Property”), and filed of record on January 19, 2018 as Document No. A704453 in the Office of the Recorder of Rice County, Minnesota (the “HRA Mortgage”). The HRA Repayment was issued as security for one Forty Thousand Dollars (\$40,000.00) loan the HRA made to the Debtors on for the Property through the HRA’s Downtown Housing Improvement Program (the “Loan”); and

WHEREAS, the Debtors wish to refinance an existing mortgage on the Property in favor of SBF in the amount of Three Hundred Sixty Three Thousand and Two Hundred Dollars (\$363,200.00) (the “SBF Mortgage”); and

WHEREAS, SBF has requested that the State Bank of Faribault have priority over the EDA Mortgage; and

WHEREAS, accordingly, the parties hereto have agreed to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the above premises and the mutual covenants and agreements set forth herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Recitals hereto are true and correct, and are incorporated herein by reference.
2. For so long as the Loan remains outstanding, the HRA hereby subordinates its interest to the State Bank of Faribault, and any amendments, extensions, or renewals thereof. The

subordination of the interests of the HRA pursuant to this Agreement applies only to the HRA's interests in the Property.

3. All of the terms, provisions and conditions of this Agreement shall be binding upon, enforceable by and inure to the benefit of the parties hereto, their respective successors and assigns.

4. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

5. Any notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified or registered mail, postage prepaid, to the proper addresses indicated below. Unless otherwise designated by the respective parties, all notices, certificates and communications to each of them shall be sent to the addresses designated below:

To the EDA:	Housing and Redevelopment Authority of Faribault 208 1 st Avenue Northwest Faribault, MN 55021 Attn: HRA Secretary
-------------	--

To SBF:	The State Bank of Faribault 428 Central Avenue Faribault, MN 55021 Attn: Julie Finnesgard
---------	--

6. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and when taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this Subordination Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first written above.

**HOUSING AND REDEVELOPMENT
AUTHORITY OF FARIBAULT**

By: _____

Its: Community and Economic Development
Director

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

Personally came before me, this _____ day of _____, _____, _____
and _____, the Director for the HRA, to me known to be such person and officer
who executed the foregoing instrument and acknowledged that she executed the same as such
officer on behalf of said public body corporate and politic, by its authority.

Notary Public

Signature page of the State Bank of Faribault with respect to the Subordination Agreement, dated as of the date and year first written above.

THE STATE BANK OF FARIBAULT

By: _____

Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

Personally came before me, this _____ day of _____, _____, _____, the _____ of the State Bank of Faribault, a Minnesota banking/insurance corporation, to me known to be such person and officer who executed the foregoing instrument and acknowledged that he executed the same as such officer on behalf of said corporation, by its authority.

Notary Public

This instrument was drafted by:
City of Faribault
Community and Economic Development
208 NW 1st Avenue
Faribault, MN 55021
507.333.0100



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Approve Amended Contract for Professional Services - Public Housing Asset Repositioning Analysis

BACKGROUND:

The Asset Reposition process is continuing to progress as planned. The HRA is asked to approve an Amended Contract for Professional Services with RECAP Real Estate Advisors. The amended contract specifically involves assisting the HRA with the Phase 2 - Financing Plan Preparation and Phase 3 - RCC through Closing, as described in the RFP that was issued by the HRA in 2021.

Kim Clausen, who is assisting the HRA with the RAD Repositioning project, has reviewed the amended contract in relation to the RFP and has confirmed that it is consistent.

REQUESTED ACTION:

Approve the Amended Contract for Professional Services - Public Housing Asset Repositioning Analysis, and authorize the Chairperson and Executive Director to execute the contract.

ATTACHMENTS:

1. Amended Contract Faribault-Recap - 02-2022
2. Repositioning-RFP

CONTRACT FOR PROFESSIONAL SERVICES – PUBLIC HOUSING ASSET REPOSITIONING ANALYSIS

This **AMENDED** Agreement is entered into this **14th** day of **February** 2022 between the Faribault Housing and Redevelopment Authority (“HRA”), and, RECAP Real Estate Advisors for the RAD and Section 18 Small PHA Blend, specifically assisting the HRA the Phase 1 RAD/Section 18 Blend Application; Phase 2 Financing Plan Preparation; and Phase 3 RCC through Closing with, and more thoroughly described in the attached Request for Proposal (RFP) response issued by the HRA and RECAP Real Estate Advisors’s Proposal dated February 26, 2021.

1. Recitals.

1.1 The HRA is entering into this contract as the agent or owner of the properties listed and the respective property owners and managers.

The properties are:	<u>Property Address</u>	<u>Property Owner</u>
	1518 Western Ave	1520 Western Ave
	1522 Western Ave	1524 Western Ave
	1526 Western Ave	1528 Western Ave
	1530 Western Ave	1532 Western Ave
	1534 Western Ave	1536 Western Ave
	1806 Shumway Ave	1808 Shumway Ave
	1810 Shumway Ave	1812 Shumway Ave
	1814 Shumway Ave	1816 Shumway Ave
	1818 Shumway Ave	1820 Shumway Ave
	910 SW 1 st St	912 SW 1 st St
	914 SW 1 st St	916 SW 1 st St
	918 SW 1 st St	920 SW 1 st St
	20 NE 14 th St	1225 NW 2 nd St
	830 SW 9 th Ave	621 Hulet Ave
	725 Willow St	404 NW 13 th Street
	408 NW 13 th St	412 NW 13 th St
	1319 NW 7 th St	1323 NW 7 th St
	519 Lincoln Ave	521 Lincoln Ave
	523 Lincoln Ave	527 Lincoln Ave
	900 A Spring Rd	900 B Spring Rd
	900 C Spring Rd	900 D Spring Rd
	902 A Spring Rd	902 B Spring Rd
	904 A Spring Rd	904 B Spring Rd
	904 C Spring Rd	904 D Spring Rd
	523 W Division St	

2. Contract Documents.

2.1 The Contract between the parties consists of this document, the Request for Proposal (RFP) issued by the Faribault HRA and RECAP Real Estate Advisors's Proposal (hereinafter referred to as "the Proposal") dated February 26, 2021. In the event of an inconsistency between this document and the Proposal, this document shall control.

3. Compensation.

3.1 HRA shall pay RECAP Real Estate Advisors per the Straight No-Debt RAD Conversion Phases 1, 2 and 3 for a total sum of \$32,500, for services identified in the Phases 1 -3 of the Straight No-Debt RAD Conversion of the Proposal.

Phase 1	RAD Application Process	\$2,500
Phase 2	Financing Plan Preparation	\$10,000 per transaction
Phase 3	RCC through Closing	\$20,000 per transaction

HRA shall pay RECAP Real Estate Advisors within thirty (30) days of receipt of billings by RECAP Real Estate Advisors. Billing shall constitute certification by RECAP Real Estate Advisors that the work described has been completed in accordance with the contract and in a professional manner.

4. Term.

4.1 This Agreement shall expire on December 31, 2022.

4.2 The HRA may terminate this Agreement without cause upon 14 days written notice.

5. Insurance.

5.1 RECAP Real Estate Advisors agrees to keep in force statutory workers' compensation insurance. If the contractor is self-insured and exempt from workers' compensation insurance requirements, RECAP Real Estate Advisors must provide the HRA with a copy of the certificate from the State of Minnesota indicating that the company is self-insured and exempt from such requirements. Additionally, RECAP Real Estate Advisors shall maintain liability coverage for all work covered under the Agreement naming the HRA as an additional insured in at least the amount of \$500,000 per claimant and \$2,000,000 for each incident.

6. Contacts.

6.1 HRA: Deanna Kuennen, Com & Economic Development Director
Community Development Department
208 NW First Avenue
Faribault, MN 55021
Phone: 507.333.0376 Fax: 507.384.0507

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City of Faribault
208 NW 1st Avenue
Faribault, MN 55021

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E-mail: dkuennen@ci.faribault.mn.us

6.2 RECAP Real Estate Advisors: Shannon L. Lestan, Managing Director
RECAP Real Estate Advisors
83 Morse Street
Building 6
Norwood, MA 02062
Phone: 617.502.5950
E-mail: sleston@recapadvisors.com

7. Consideration.

7.1 RECAP Real Estate Advisors, for and in consideration of the payment or payments herein specified and by the HRA to be made, hereby covenants and agrees to provide the services, products, all materials, all necessary tools and equipment, and to do and perform all the work and labor necessary to complete and fulfill the requirements as described in the Proposal submitted by RECAP Real Estate Advisors, which is hereby referred to and attached and made a part of this Agreement as fully and to the same extent as if set forth herein in detail.

8. Performance of Work.

8.1 RECAP Real Estate Advisors also agrees that all the work and labor shall be done in the best and most diligent manner and that all materials and labor shall be in entire and strict conformity in every respect with the Proposal, and the requirements of federal, state and local laws, ordinances, regulations, standards, and specifications of the HRA and shall be subject to the inspection and approval of the proper authorities of the HRA for the supervision of the work.

9. Non-Discrimination Clause.

9.1 RECAP Real Estate Advisors agrees that in the hiring of labor for the performance of any work under this Agreement, no contractor, material supplier, or vendor, shall, by reason of race, creed, color, sex or national origin, discriminate against any person or persons who are citizens of the United States and who are qualified and available to perform the work to which such employment relates; that neither he nor any subcontractor, material supplier, or vendor, shall in any manner discriminate against, or intimidate, or prevent the employment of any such person or persons from the performance of work under this Agreement on account of race, creed, color, sex or national origin; that any violation of this paragraph shall be a misdemeanor; and that this Agreement may be canceled or terminated by the HRA and all money due, or to become due hereunder, may be forfeited, for a second or any subsequent violation of the terms or conditions of this Agreement.

10. Indemnification.

10.1 RECAP Real Estate Advisors hereby agrees to protect, defend and hold the HRA and its officers, elected and appointed officials, employees, administrators, commissioners, agents,

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208 NW 1st Avenue
Faribault, MN 55021

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and representatives harmless from and indemnified against any and all loss, costs, fines, charges, damage and expenses, including, without limitation, reasonable attorneys' fees, consultants' and expert witness fees, and travel associated therewith, due to claims or demands of any kind whatsoever (including those based on strict liability) arising out of (i) the activities contemplated by this Agreement, (ii) including, without limitation, any claims for any lien imposed by law for services, labor or materials, or (iii) by reason of the execution of this Agreement or the performance of this Agreement. RECAP Real Estate Advisors, and RECAP Real Estate Advisors's successors or assigns, agree to protect, defend and save the HRA, and its officers, agents, and employees, harmless from all such claims, demands, damages, and causes of action and the costs, disbursements, and expenses of defending the same, including but not limited to, attorneys fees, consulting engineering services, and other technical, administrative or professional assistance. This indemnity shall be continuing and shall survive the performance or cancellation of this Agreement. Nothing in this Agreement shall be construed as a limitation of or waiver by the HRA of any immunities, defenses, or other limitations on liability to which the HRA is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466, or otherwise.

11. Waiver of Claims.

11.1 In consideration for this Agreement, RECAP Real Estate Advisors, for RECAP Real Estate Advisors, RECAP Real Estate Advisors's attorneys, agents, employees, former employees, insurers, heirs, administrators, representatives, successors, and assigns, hereby releases and forever discharges the HRA, and its attorneys, agents, representatives, employees, former employees, insurers, heirs, executors and assigns of and from any and all past, present or future claims, demands, obligations, actions or causes of action, at law or in equity, whether arising by statute, common law or otherwise, and for all claims for damages, of whatever kind or nature, and for all claims for attorneys' fees, and costs and expenses, including but not limited to all claims of any kind arising out of the negotiation, HRA consideration, execution and performance of this Agreement between the parties.

12. Amendments.

12.1 Any amendment to this Agreement must be in writing and signed by both parties.

13. Agreement Binding; Assignment of Agreement.

13.1 This Agreement shall be binding upon and inure to the benefit of the parties. No assignment or attempted assignment of this Agreement or of any rights hereunder shall be effective without the prior written consent of the HRA.

14. Execution Authority.

14.1 Each of the undersigned parties warrants it has the full authority to execute this Agreement.

15. HRA Members Not Personally Liable.

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208 NW 1st Avenue
Faribault, MN 55021

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15.1 No officer, agent or employee of the HRA shall be personally liable to RECAP Real Estate Advisors, or any successor in interest, in the event of any default or breach by the HRA on any obligation or term of this Agreement.

16. Relationship of Parties.

16.1 RECAP Real Estate Advisors acknowledges that nothing contained in this Agreement nor any act by the HRA or RECAP Real Estate Advisors shall be deemed or construed by RECAP Real Estate Advisors or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the HRA and RECAP Real Estate Advisors.

17. Execution in Counterparts.

17.1 This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

18. Governing Law and Venue.

18.1 This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

19. Compliance With Laws.

19.1 RECAP Real Estate Advisors warrants that all work performed pursuant to this Agreement shall be in compliance with all federal, state and local laws, ordinances, regulations, rules, and standards, as well as all specifications of the HRA.

20. Entire Agreement.

20.1 This Agreement, any attached exhibits and any addenda or amendments signed by the parties shall constitute the entire Agreement between the HRA and RECAP Real Estate Advisors, and supersedes any other written or oral agreements between and HRA and RECAP Real Estate Advisors.

21. Validity of Agreement Provisions.

21.1 In the event that any one or more of the provisions of this Agreement, or any application thereof, shall be found to be invalid, illegal or otherwise unenforceable, the validity, legality, and enforceability of the remaining provisions in any application thereof shall not in any way be affected or impaired thereby.

22. Enforcement of Agreement Provisions.

22.1 No failure by any party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach of any other covenant, agreement, term, or condition, nor does it imply that such covenant, agreement, term or condition may be waived again.

23. Data Practices Compliance.

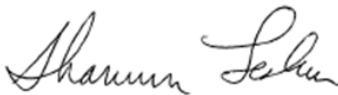
23.1 Any and all data created, collected, received, stored, used, maintained, or disseminated by RECAP Real Estate Advisors pursuant to this Agreement shall be administered in accordance with, and is subject to the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, and RECAP Real Estate Advisors must comply with these requirements as if it were a government entity. This paragraph does not create a duty on the part of RECAP Real Estate Advisors to provide access to public data to the public if the public data are available from the HRA, except as required by the terms of this Agreement.

**HOUSING AND REDEVELOPMENT
AUTHORITY**

BY: _____
Narren Brown
Chairperson

BY: _____
Deanna Kuennen
Executive Director

RECAP REAL ESTATE ADVISORS

BY: 
Shannon L. Lestan
Managing Director



REQUEST FOR PROPOSALS

Public Housing Asset Repositioning
Consultant

September 2020

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INTRODUCTION

The Faribault Housing and Redevelopment Authority (HRA) is a public entity that was formed in 1938 to provide federally subsidized housing and housing assistance to low-income families. The HRA is headed by an Executive Director, governed by a seven-person board of commissioners and is subject to the requirements of Title 24 of the Code of Federal Regulations (“CFR”) and the HRA’s procurement policy. Though brought into existence by a Resolution of the City of Faribault, it is a separate entity from the City. Currently, the HRA owns and/or manages 101 housing units in the City of Faribault, of which 49 are public housing units.

The HRA is requesting proposals from consultants to assist the Faribault Housing and Redevelopment Authority with the possible repositioning of public housing assets in two phases. The first phase will be to assist the HA in determining the feasibility of options available for repositioning of public housing assets. If repositioning is determined to be feasible, the second phase will be to assist the HA with the conversion.

All proposals submitted in response to this solicitation must conform to all of the requirements and specifications outlined within this document and all attachments in its entirety.

CONTACT AND SUBMITTAL INFORMATION

HRA CONTACT PERSON	Kim Clausen, Community Development Coordinator
HRA CONTACT INFORMATION	Kclausen@ci.faribault.mn.us 507-333-0375 208 1 st Ave NW Faribault, MN 55021
PROPOSAL SUBMITAL DEADLINE	5:00 pm on Wednesday, January 27, 2021
PROPOSAL SUBMITAL	The information submitted must be labeled <u>Faribault HRA Repositioning Proposal</u> and be submitted by email, in person or by mail at the following address: Email: kclausen@ci.faribault.mn.us Subject Line to State: Faribault HRA Repositioning Proposal Mail: Faribault HRA Faribault HRA Repositioning Proposal Kim Clausen 208 1st Ave NW Faribault, MN 55021

1.0 HRA’S RESERVATION OF RIGHTS

- a. The HRA reserves the right to reject any or all proposals, to waive any informality in the RFP process, or to terminate the RFP process at any time, if deemed by the HRA to be in its best interest.
- b. The HRA reserves the right not to award a contract pursuant to this RFP.
- c. The HRA reserves the right to terminate a contract awarded pursuant to this RFP, at any time for its convenience upon 10 days of written notice to the successful proposer(s).

- d. The HRA reserves the right to retain all proposals submitted and not permit withdrawal for a period of 60 days subsequent to the deadline for receiving proposals without the written consent of the HRA Executive Director (ED).
- e. The HRA reserves the right to negotiate the fees proposed by the proposer entity.
- f. The HRA reserves the right to reject and not consider any proposal that does not meet the requirements of this RFP, including but not necessarily limited to incomplete proposals and/or proposals offering alternate or non-requested services.
- g. The HRA shall have no obligation to compensate any proposer for any costs incurred in responding to this RFP.

2.0 SCOPE OF WORK:

The HRA is soliciting proposals from qualified individuals or firms for the following services:

Assist the HRA with determining the feasibility of public housing repositioning options for the 49 scattered site public housing units in one AMP owned by the HRA.

The HRA's goal is to hire a qualified Public Housing Asset Repositioning Consultant that will bring the knowledge and experience of their organization and consulting team to provide the following.

Phase I

- a. Offer technical expertise, evaluation and recommendations to the HRA of the feasibility and possible structures relating to all available repositioning options, including: Section 18 disposition for scattered sites, rental assistance demonstration (RAD) program, voluntary conversion and any other approved options that may become available through HUD that best meet the affordable housing needs and long-term sustainability of housing programs operated by the HAs.
- b. Facilitate the development of a budget, possible timeline and resource requirements needed to complete recommended repositioning, if any.
- c. Educate HRA Staff and Commissioners on recommendations.

Phase II

If it is determined that repositioning is a feasible option that brings benefit to the HRA and its tenants the HRA may proceed, at their discretion, with a Phase II consulting contract to provide the following:

- a. Educate the HRA staff, Board of Commissioners and Residents about repositioning, the feasible options and answer questions as the process moves forward;
- b. Monitor, oversee, and submit the required items (i.e. environmental report, proforma, HUD form documents, studies, etc.) to meet the HUD-required milestones, including any Financing Plan which will be used in the HUD conversion approval process;
- c. Participate in communications with the HRA and HUD to help the project to move through the conversion process;
- d. Facilitate the conversion closing process, serving as a liaison between HUD and the HRA. The Consultant will help to resolve any outstanding issues and guide the HRA through review and execution of conversion documents, including contracts and agreements with HUD, and other conversion-related documents required for the project.

3.0 PREFERRED QUALIFICATIONS

The HRA prefers to work with individuals and/or firms that meet the following qualifications:

- a. Previous experience working with various repositioning options (Section 18, Voluntary Conversion, RAD) with comparable sized housing authorities.
- b. Previous experience working with federal, state or other local programs that are administered by other government agencies, or non-profit organizations.
- c. Previous experience working with HUD RAD conversions to include those with limited or no rehabilitation debt.
- d. Willingness to work as a team and develop and train HRA staff as to the conversion process, areas of concern, areas of opportunity, and managing general responsibilities.

4.0 PROPOSAL

Proposal Format: The HRA intends to retain the successful proposer pursuant to a “Best Value” basis, not a “Low Bid” basis. Therefore, the HA requests that each proposer submit the following information.

Section	Description
1	Letter of Interest: A <u>brief statement</u> summarizing the experience of the Respondent. Include the contact name, title, address, email and telephone number to be contacted for clarification or additional information regarding proposals.
2	Key Team Members: List of principals or key members of the firm who will be involved in the project, their background, experience and qualifications specific to the requirements of the proposed project.
3	Previous Related Experience and Capacity: Give a brief history of the firm, including a list of similar projects completed or in progress by your firm. Include names and contact information from the companies that the services were performed for.
4	Approach, Timeline & Work Plan: Describe your philosophy, approach and preferred methods for meeting the requirements as listed in the scope of services. Describe anticipated timeline and work plan to complete the proposed project phases.
5	References: Submit a minimum of three business references with whom your firm has completed similar or like services to those being proposed. The listing shall, at a minimum, include the following: the client’s name, contact name, telephone number, e-mail address and a brief description and scope of the service(s) provided and dates the services were provided.
6	Fees: Provide one cost sheet. Each cost sheet must list a “total cost” to provide the services as outlined, itemizing the cost by activity for Phase I and Phase II separately. Identify estimated reimbursables, if applicable. Please note, the information on fees should be clear if there is a difference

	for the various types of conversion options.
7	Other Information (Optional Item): The proposer may include any other general information that the proposer believes is appropriate to assist the HRA in its evaluation.
8	Exhibits: HRA Required Forms a. Profile of Firm Form (Exhibit A) b. Section 3 Business Concern (Exhibit B) c. MN Responsible Contractor Form (Exhibit C) d. Representations, Certifications, & Other Statements of Bidders (Exhibit D) e. Instructions to Offeror Non-Construction, HUD-5369-A (Exhibit E)

5.0 REQUESTS FOR INFORMATION

It is the responsibility of the proposer to address all communication and correspondence pertaining to this RFP process to the HRA Executive Director Deanna Kuennen and or Kim Clausen, Community Development Coordinator only. Proposers must not make inquiry or communicate with any other HRA staff member or official pertaining to this RFP. Failure to abide by this requirement may be cause for the HRA to not consider a proposal submittal received from any proposer who has not abided by this directive.

6.0 PROPOSAL EVALUATION

The following factors will be utilized to evaluate each proposal submittal received; award of points for each listed factor will be based upon the documentation that the proposer submits within his/her proposal submittal.

MAX POINT VALUE	FACTOR DESCRIPTION
30 points	Evidence of the proposer's ability to perform the work as indicated by profiles of the principals' and staffs' professional and technical competence/experience.
20 points	Timeline proposed and evidence of the proposer's capability to provide professional services in a timely manner.
20 points	Evidence of the proposers past performance and demonstrated knowledge in terms of quality of work and performance timelines.
20 points	Cost to provide services.
10 points	Section 3
100 points	Total Points

Evaluation Method:

- a. **Initial Evaluation for Responsiveness:** Each proposal received will first be evaluated for responsiveness (i.e. meets the minimum of the requirements).
- b. **Evaluation:** HRA staff will evaluate the responsive proposals submitted and award points subjectively pertaining to evaluation factors. Staff will contact references of the top three scoring proposals and contact the companies for additional information.
- c. **Recommendation:** HRA staff will make a recommendation to the Commissioners about the preferred candidate. Every firm that submitted a proposal is invited to attend this meeting. The HRA will determine the contract recipient.

7.0 CONTRACT AWARD:

Contract Conditions/Form: The following provisions are considered mandatory conditions of any contract award made by the HRA pursuant to this RFP. The HRA will provide a contract to the proposer for execution (a copy is available upon request). By submitting a proposal, the successful proposer agrees that the HRA's proposed contract is acceptable. The HRA will, during the RFP competitive solicitation process, prior to the submittal deadline, consider any contract clauses that the proposer wishes to include therein, but the failure of the HRA to include such clauses does not give the successful proposer the right to refuse to execute the HRA's contract form. It is the responsibility of each prospective proposer to notify the HRA, in writing, prior to submitting a proposal, of any contract clause that he/she is not willing to include in the final executed contract and abide by. The HRA will consider and respond to such written correspondence, and if the prospective proposer is not willing to abide by the HRA's response (decision), then that prospective proposer shall be deemed ineligible to submit a proposal.

Insurance Requirements: Proposer must meet the HRA's insurance requirements upon award of contract.

- 5.1 **Insurance Requirements:** Prior to award (but not as a part of the proposal submission) the *successful proposer* will be required to provide:
- a. An original certificate evidencing the proposer's current workers compensation insurance carrier and coverage amount, in accordance with Minnesota laws;
 - b. An original certificate evidencing General Liability coverage, naming the HRA and City of Faribault as an additional insured, together with the appropriate endorsement to said policy reflecting the addition of the Faribault Housing Authority as an additional insured under said policy (minimum of \$1,000,000 each occurrence, general aggregate minimum limit of \$1,500,000, together with damage to premises and fire damage of \$50,000 and medical expenses any one person of \$5,000), with a deductible of not greater than \$1,000;
 - c. An original certificate showing the proposer's professional liability and/or "errors and omissions" coverage (minimum of \$1,500,000 each occurrence, general aggregate minimum limit of \$1,000,000), with a deductible of not greater than \$1,000;

- d. An original certificate showing the proposer's automobile insurance coverage in a combined single limit of \$1,000,000.
- e. Certification of non-debarment.

Contract Service Standards: It is the responsibility of the successful proposer to ensure that all work performed pursuant to this RFP must conform and comply with all applicable local, state and federal codes, statutes, regulations and laws.



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: February 14, 2022
SUBJECT: Approve Purchase Agreement for 1116 2nd Street NW

BACKGROUND:

In August 2021, the HRA approved the sale of 1116 2nd Street NW to Theodore Krause, for the amount of \$25,000. The condition of the sale stipulated that Mr. Krause would demolish the existing garage and build a new house for his family, and then rent his existing house at 1120 2nd Street NW to a low-income family (at or below 80-percent of the Rice County Area Median Income as determined by HUD) for no more than the Rice County Fair Market Rent for three (3) years. The attached Purchase Agreement outlines these requirements. Closing is scheduled to occur on February 28, 2022.

REQUESTED ACTION:

Approve Purchase Agreement for 1116 2nd Street NW

ATTACHMENTS:

1. Final - Purchase_Agreement_for_1116_2nd_Street_NW

PURCHASE AGREEMENT

1. **Parties.** This Purchase Agreement is made as of _____, 2022, between the Housing and Redevelopment Authority of Faribault, Minnesota, a public body corporate and politic under the laws of Minnesota, having its principal office located at 208 1st Avenue NW, Faribault, MN 55021 (“Seller”), and Theodore John Krause, 1120 2nd Street NW, Faribault, MN 55021 (“Buyer”).
2. **Offer/Acceptance.** Buyer offers to purchase and Seller agrees to sell real property located at 1116 2nd Street NW in the City of Faribault legally described as follows:

Lot 10 Block 3 Fullers Addition, City of Faribault, Minnesota

(the “Property”).

3. **Price and Terms.** The price for the Property is \$25,000.00, which Buyer shall pay by certified check or wire transfer on the Date of Closing. The “Date of Closing” shall be February 28, 2022, or such other earlier or later date as the parties mutually agree.
4. **Personal Property Included in Sale.** There are no items of personal property owned by Seller that are currently located on the Property for purposes of this sale.
5. **Deed.** Upon performance by Buyer, Seller shall deliver a quit claim deed conveying title to the Property to Buyer.
6. **Real Estate Taxes and Special Assessments.** The Property is a tax-forfeited property that has been acquired by Seller from the State. Therefore, there should not be any delinquent taxes or special assessments attributable to the Property, however, in the event that there are any delinquent taxes or special assessments, Buyer shall be responsible for payment. Buyer shall also be responsible for taxes payable in the current year. If a special assessment becomes pending after the date of this Purchase Agreement and before the Date of Closing, Buyer may, as Buyer’s option:
 - A. Assume payment of the pending special assessment without adjustment to the Purchase Agreement price of the Property; or
 - B. Require Seller to pay the pending special assessment and Buyer shall pay a commensurate increase in the purchase price of the Property, which increase shall be the same as the estimated amount of the assessment.
7. **Closing Costs, Title and Related Items.** Buyer shall be responsible for the following costs: (a) recording fees and conservation fees for all instruments required to establish marketable title in Buyer; (b) deed transfer taxes and conservation fees required to be paid in connection with the Deed to be given by Seller; (c) recording fees required to be paid in connection with the Deed to be given by Seller; (d) recording fees required to be paid in connection with the Repurchase Agreement; (e) title insurance commitment fees; (f) the cost

of the premium for an owner's policy of title insurance, if requested, and (g) title agent closing fees, if any. Buyer understands that the Property was acquired by Seller through the State who had received it through tax forfeiture. Therefore, there may be title issues that will need to be resolved. Buyer shall obtain the title evidence determined necessary or desirable by Buyer. In the event that there are any title issues, Buyer shall be responsible for resolving those issues and at its own expense. Each party shall be responsible for its own attorneys' fees and costs.

8. **Sewer and Water.** Seller warrants that the Property is connected to city sewer and water.
9. **Condition of Property.** Buyer acknowledges that it has inspected or has had the opportunity to inspect the Property and agrees to accept the Property "AS IS" with no right of set off or reduction in the Purchase Price. Such sale shall be without representation of warranties, express or implied, either oral or written, made by Seller or any official, employee or agent of Seller with respect to the physical condition of the Property, including but not limited to, the existence or absence of petroleum, hazardous substances, pollutants or contaminants in, on, or under, or affecting the Property or with respect to the compliance of the Property or its operation with any laws, ordinances, or regulations of any government or other body, except as stated above. Buyer acknowledges and agrees that Seller has not made and does not make any representations, warranties, or covenants of any kind or character whatsoever, whether expressed or implied, with respect to warranty of income potential, operating expenses, uses, habitability, tenant ability, or suitability for any purpose, merchantability, or fitness of the Property for a particular purpose, all of which warranties Seller hereby expressly disclaims, except as stated above. Buyer is relying entirely upon information and knowledge obtained from its own investigation, experience and knowledge obtained from its own investigation, experience or personal inspection of the Property. Buyer expressly assumes, at closing, all environmental and other liabilities with respect to the Property and release and indemnify Seller from same, whether such liability is imposed by statute or derived from common law including, but not limited to, liabilities arising under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Hazardous and Solid Waste Amendments Act, the Resource Conservation and Recovery Act ("RCRA"), the federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substances Act, the Superfund Amendments and Reauthorization Act, the Toxic Substances Control Act and the Hazardous Materials Transportation Act, all as amended, and all other comparable federal, state or local environmental conservation or protection laws, rules or regulations. The foregoing assumption and release shall survive Closing. All statements of fact or disclosures, if any, made in this Agreement or in connection with this Agreement, do not constitute warranties or representations of any nature. The foregoing provision shall survive Closing and shall not be deemed merged into any instrument of conveyance delivered at Closing.
10. **Well Disclosure.** Seller certifies that Seller does not know of any wells on the Property.

11. **Individual Sewage Treatment System Disclosure.** Seller certifies that there is no individual sewage treatment system on or serving the Property.
12. **Conditions to Purchase by Buyer.** The Buyer shall demolish the existing garage on the Property and build a new house with attached garage on the Property where Buyer will live. Buyer has agreed to then rent Buyer's existing house at 1120 2nd St NW to a family at or below 80% of the Rice County Area Median Income as determined by HUD, for no more than the Rice County Fair Market Rent as determined by HUD, for three years consistent with the staff report of Seller as set forth in Exhibit A. The Buyer agrees to enter into a restrictive covenant as to the rental requirements set forth herein and in Exhibit A for a period of three years from the time rentals begin at 1120 2nd St NW and file such covenant against the real estate located at 1120 2nd St NW.
13. **Time is of the essence for all provisions of this contract.**
14. **Notices.** All notices required herein shall be in writing and delivered personally or mailed to the address set forth above and, if mailed, are effective as of the date of mailing.
15. **Minnesota Law.** This contract shall be governed by the laws of the State of Minnesota.
16. **Specific Performance.** This Agreement may be specifically enforced by the parties, provided that an action is brought within one year of the date of alleged breach of this Agreement.
17. **No Remedy Exclusive.** No remedy herein conferred upon or reserved to Seller or Buyer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.
18. **No Merger of Representations, Warranties.** All representations and warranties contained in this Purchase Agreement shall not be merged into any instruments or conveyance delivered at closing, and the parties shall be bound accordingly.
19. **Repurchase by Seller.** At closing, Buyer and Seller shall execute a repurchase agreement, the form of which is attached as Exhibit B (the "Repurchase Agreement"). The Repurchase Agreement gives Seller the option to repurchase the Property if certain events set forth in the Repurchase Agreement occur.

In witness of the foregoing, the parties have executed this agreement on the year and date written above.

**SELLER
HOUSING AND REDEVELOPMENT
AUTHORITY OF FARIBAULT,
MINNESOTA**

By: _____
Nareen Brown
Its: Chair

By: _____
Deanna Kuennen
Its: Executive Director

**BUYER
THEODORE JOHN KRAUSE**

By: _____

EXHIBIT A
HRA STAFF REPORT DATED AUGUST 9, 2021

Agenda Item: 4D



Request for Action

TO: Faribault Housing and Redevelopment Authority

FROM: Kim Clausen, Community Development Coordinator

MEETING DATE: August 9, 2021

SUBJECT: 1116 2nd St NW – Public Hearing

PURPOSE: Hold a public hearing for the sale of 1116 2nd Street to Theodore Krause.

Mr. Krause lives at 1120 2nd Street NW and has offered to purchase the adjacent HRA property at 1116 2nd Street NW. Krause proposes to demolish the existing garage and build a new house for his family to live in. Mr. Krause would then rent his existing house to a low-income family for no more than the Rice County Fair Market Rent. The current limits are as follows:

HH Size	1	2	3	4	5	6	7	8
Income Limit	48,450	55,350	62,250	69,150	74,700	80,250	85,750	91,300

Bedroom Size	2	3	4
Fair Market Rent	904	1,242	1,307

Mr. Krause would be open to agreeing to these rent restrictions for 3 years.

REQUESTED ACTION: The HRA must hold a public hearing on the sale of the lot at 1116 2nd Street NW in exchange for renting his existing house to a low-income household at no more than Fair Market Rent for 3 years.

EXHIBIT B
FORM OF REPURCHASE AGREEMENT

REPURCHASE AGREEMENT

This Repurchase Agreement (this “Agreement”) is made effective as of this _____ day of _____, 2021, by and between the Housing and Redevelopment Authority of Faribault, Minnesota, a public body corporate and politic under the laws of Minnesota, having its principal office located at 208 1st Avenue NW, Faribault, MN 55021 (the “Authority”) and Theodore John Krause, 1120 2nd Street NW, Faribault, MN 55021 (“Krause”);

WITNESSETH:

WHEREAS, Krause purchased from the Authority and is the fee owner of a parcel of land legally described on Exhibit A attached hereto (the “Property”); and

WHEREAS, in connection with and in consideration of Krause’s purchase of the Property from the Authority, Krause agreed, among other things, to allow the Authority to re-purchase the Property if any of the events set forth in this Agreement occur; and

WHEREAS, the Authority and Krause now desire to memorialize the foregoing arrangement as set forth herein.

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

1. Recitals. The recitals set forth above are incorporated herein by this reference.
2. Definitions. For purposes of this Agreement, the below terms shall be defined as follows:

“Abandoned or substantially suspended” means that work has ceased on the Property for any reason for a period of thirty (30) consecutive days. Circumstances indicating that the work has ceased include, but are not limited to, failure to call for inspections, absence of workers, or removal of equipment and supplies from the Property. The fact that Krause still holds a valid building permit shall not constitute conclusive proof that work has not been abandoned or substantially suspended.

“Minimum Improvements” means constructing a single-family residence on the Property so that it is in compliance with all City Code requirements, including but not limited to, the building code, electrical code, and the plumbing code, such that a certificate of occupancy can be issued for the Property.

“Unavoidable Delays” means delays beyond the reasonable control of Krause which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or

other casualty to the Minimum Improvements being constructed by Krause on the Property, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Authority exercising its rights under this Agreement), including without limitation condemnation or threat of condemnation of any portion of the Property, which directly result in delays. Unavoidable Delays may include delays experienced by Krause in obtaining permits or governmental approvals necessary to enable completion of the Minimum Improvements but only if Krause has submitted complete applications for the permits or approvals and the delay in obtaining the permit or approval is not caused by Krause.

2. Repurchase Right. If any of the following events occur prior to the issuance of the certificate of occupancy by the City of Faribault for the Property, the Authority will have the right, but not the obligation, to purchase the Property (the “Repurchase Right”):

(a) Krause, subject to Unavoidable Delays, fails to complete construction of the Minimum Improvements by _____, 202____ and such failure to complete construction is not cured within 60 days after written notice from the Authority to Krause to do so; or

(b) Subject to Unavoidable Delays, Krause after commencement of the construction of the Minimum Improvements, abandons or substantially suspends construction work, and any such abandonment or suspension is not cured, ended or remedied within 90 days after written demand from the Authority to Krause to do so; or

(c) Krause fails to pay real estate taxes or assessments on the Property when due, or creates, suffers, assumes, or agrees to any encumbrance or lien on the Property, or suffers any levy or attachment to be made, or any material men’s or mechanics’ lien, or any other unauthorized encumbrance or lien to attach, and such taxes or assessments have not been paid, or the encumbrance or lien removed or discharged or provision satisfactory to the Authority made for such payment, removal, or discharge within 30 days after written demand by the Authority to do so, provided, that if Krause first notifies the Authority of its intention to do so, it may in good faith contest any mechanics’ or other lien filed or established and in such event the Authority shall permit such mechanic’s or other lien to remain undischarged and unsatisfied during the period of such contest and any appeal and during the course of such contest, Krause shall keep the Authority informed with respect to the status of such defense; or

(d) The holder of any mortgage secured by the Property exercises any remedy provided by the mortgage documents or exercises any remedy provided by law or equity in the event of a default in any of the terms or conditions of the mortgage.

3. Sale of the Property. Within 10 days of receiving notice from the Authority that it is exercising its Repurchase Right under this Agreement, Krause shall convey the Property to the Authority. The Authority shall, pursuant to its responsibilities under law, use its best efforts to sell the Property as soon as in such manner as the Authority shall find feasible and consistent with the objectives of such law to a qualified and responsible party or parties (as determined by

the Authority) who will assume the obligation of making or completing the Minimum Improvements or such other improvements in their stead as shall be satisfactory to the Authority. Upon resale of the Property, the proceeds thereof shall be applied:

(a) First, to reimburse the Authority for all costs and expenses incurred by it, including, but not limited to, salaries of personnel, in connection with the recapture, management, and resale of the Property; all taxes, assessments, and water and sewer charges with respect to the Property (or, in the event the Property is exempt from taxation or assessment or such charge during the period of ownership thereof by the Authority, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the Authority assessing official)) as would have been payable if the Property were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part thereof at the time of conveyance to the Authority or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Krause, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the Minimum Improvements or any part thereof on the Property; and any amounts otherwise owing the Authority by Krause and its successor or transferee; and

(b) Second, to reimburse Krause, its successor or transferee, up to the amount equal to: (1) \$25,000.00, which is the purchase price paid by Krause for the Property, the amount of any special assessments attributable to the Property that have been paid by Krause and the cash actually invested by Krause in making any of the Minimum Improvements on the Property, less (2) any gains or income withdrawn or made by Krause from the Property.

Any balance remaining after such payment to Krause shall be retained by the Authority as its property.

4. Expiration of Repurchase Right. The Authority's right to repurchase the Property pursuant to this Repurchase Agreement shall in any event expire, if not previously exercised by the Authority, on the issuance of a certificate of occupancy by the City of Faribault for the Property.

5. Attorney Fees. If the Authority shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of Krause under this Agreement, Krause agrees that it shall, within 10 days of written demand by the Authority, pay to the Authority, the reasonable fees of such attorneys and such other expenses so incurred by the Authority.

6. Notices. Any notice, demand or other communication under this Agreement by any party to another party must be in writing and will be deemed validly given upon actual delivery, or the refusal of the recipient to accept delivery, when: (i) hand delivered; (ii) sent via overnight courier; or (iii) sent via United States mail, registered or certified mail, postage prepaid, return receipt requested, in each case addressed to the parties at the addresses set forth in

this Agreement. Either party may change its address set forth in this Agreement by giving written notice of such change to the other party in the manner set forth in this paragraph.

7. Applicable Law. This Agreement must be construed and enforced in accordance with the laws and public policies of the State of Minnesota.

8. Amendment, Modification. This Agreement may only be amended or modified in writing, executed and acknowledged by the Authority and Krause (or their respective successors in interest, as the case may be). Notwithstanding the foregoing, any termination of this Agreement will be effective if executed and acknowledged by the Authority without counter-signature by Krause (or their respective successors in interest, as the case may be).

9. Obligation to Terminate. In the event the time allowed for the Authority to exercise its Repurchase Right, as set forth herein, expires without an effective exercise of such Repurchase Right by the Authority, then upon written notice by Krause, or its successor in interest, the Authority must execute a termination of this Agreement within 10 days of receipt of such notice.

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

**HOUSING AND REDEVELOPMENT
AUTHORITY OF FARIBAULT,
MINNESOTA**

By: _____
Nareen Brown
Its: Chair

By: _____
Deanna Kuennen
Its: Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

This instrument was acknowledged before me this _____ day of _____, 2021, by Nareen Brown and Deanna Kuennen, the Chair and Executive Director, respectively, on behalf of the Housing and Redevelopment Authority of Faribault, Minnesota, a public body corporate and politic under the laws of Minnesota, on behalf of the Authority.

Notary Public

THEODORE JOHN KRAUSE

By: _____

STATE OF MINNESOTA

} ss.

COUNTY OF RICE

The foregoing was acknowledged before me this _____ day of _____ 2021, by Theodore John Krause.

Notary Public

This document drafted by:

Kennedy & Graven, Chartered (SJR)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT A

Legal Description of the Property

Lot 10 Block 3 Fullers Addition, City of Faribault, Minnesota