# COUNCIL CONFERENCE MEETING

**December 12, 2022**

**5:30 PM**

**Fridley Civic Center - 7071 University Avenue N.E.**

**AGENDA**

1. Update from Employee Resources Department
2. Issuance of Multifamily Housing Facility Revenue Bonds to Finance a Multifamily Housing Project
3. Moore Lake Park Site and Community Building Update
4. 2023 Capital Investment Plan Projects

# AGENDA REPORT

**Meeting Date**: December 12, 2022 **Meeting Type:** City Council Conference Meeting

**Submitted By**: Becca Hellegers, Director of Employee Resources

## Title

Update from Employee Resources Department

## Background

Staff will provide Council with an update on new City employees hired in 2022.

## Financial Impact

None

## Focus on Fridley Strategic Alignment

____ Vibrant Neighborhoods & Places
____ Financial Stability & Commercial Prosperity
X Organizational Excellence
____ Community Identity & Relationship Building
____ Public Safety & Environmental Stewardship

**Vision Statement**
We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

# AGENDA REPORT

**Meeting Date**: December 12, 2022 **Meeting Type:** City Council Conference Meeting

**Submitted By**: Joe Starks, Director of Finance/City Treasurer
Scott Hickok, Community Development Director

## Title

Resolution No. 2022-143, Giving Preliminary Approval to the Issuance of Multifamily Housing Facility Revenue Bonds to Finance a Multifamily Housing Project, and Authorizing the Publication of a Notice of Public Hearing to Consider the Proposal

## Background

The City of Fridley (City) previously received a request from Roers Companies to assist them in financing the potential acquisition and rehabilitation of Moon Plaza. This was brought to Council at both the Conference Meeting and Regular Council Meeting on June 13, 2022. Due to the passage of time and changes Roers Companies and the City's bond counsel have requested, the item is being brought back to City Council for consideration and reaffirmation. Specifically, they have requested the issuance up to, and not exceeding, $27 million Multifamily Housing Facility Revenue Bonds, as authorized by Minnesota Statute Chapter 462C, for the acquisition and construction of 168 units of rental housing. They have requested a resolution from the City expressing support as they apply for bonding.

Like past projects, the debt would be issued as a private activity or conduit bond. As the same suggests, this type of debt obligation benefits the activities of a private entity. In exchange for the favorable tax treatment typical to municipal bonds, the private entity agrees to: 1) construct a project of appropriate public benefit, and 2) service the debt through revenues generated by the project. Based on this arrangement, private activity bonds do not constitute a debt of the City, which has no financial obligation of any kind with respect to the bonds.

## Financial Impact

As mentioned above, the bonds do not constitute a debt of the City and tax-exempt conduit issuance for a qualified housing program by a for profit entity would not count against the City's bank-qualified limit. Therefore, the recommended action does not create any immediate or long-term financial obligations for the organization. Additionally, Roers Companies is responsible for any costs associated with the issuance process. Finally, according to the City's Conduit Debt Policy, the City may charge an administrative fee of up to 1% of the amount of the bond, or in this case up to $270,000, however, the City Council may waive the administrative fee if the City Council determines such a waiver is in the best interests of the City.

## Discussion

The attached resolution, as prepared by the bond counsel, provides for the preliminary approval of the bond's issuance, includes a draft housing finance program, and calls for a public hearing, as required by State statute. The preliminary approval does not obligate the City to issue the bonds; rather it allows Roers and their partners to begin the application process with the State of Minnesota and other agencies, as necessary.

This item has been placed on the agenda for the City Council meeting of December 12, 2022.

## Focus on Fridley Strategic Alignment

**X** Vibrant Neighborhoods & Places
**X** Community Identity & Relationship Building
___ Financial Stability & Commercial Prosperity
___ Public Safety & Environmental Stewardship
___ Organizational Excellence

## Attachments and Other Resources

- Resolution No. 2022-143

**Resolution No. 2022-143**

**Giving Preliminary Approval to the Issuance of Multifamily Housing Facility Revenue Bonds to Finance a Multifamily Housing Project and Authorizing the Publication of a Notice of Public Hearing to Consider the Proposal**

**Whereas,** Minnesota Statutes (M.S.) Chapter 462C (Act), confers upon a city the power to issue revenue obligations to finance multifamily housing developments within the boundaries of the city; and

**Whereas,** the City of Fridley (City) has received a proposal from a Delaware limited liability company known as Roers Fridley Apartments Owner II LLC (Borrower) that the City assist in financing a Project hereinafter described, through the issuance of revenue bonds or obligations (in one or more series) (Bonds) to be issued in 2023 pursuant to the Act; and

**Whereas,** the City desires to facilitate the maintenance and development of multifamily rental housing within the community; encourage the development of affordable housing opportunities for residents of the City; encourage the development and maintenance of housing facilities designed for occupancy by low- and moderate-income households; and encourage the development of blighted or underutilized land and structures within the boundaries of the City; and the Project will assist the City in achieving these objectives; and

**Whereas,** the Project to be financed by the Bonds consists of the acquisition and construction of an approximately 250,000-square-foot rentable apartment community that will consist of an approximately 168-unit multifamily housing development for households of low and moderate income, and functionally related facilities, to be located at approximately 6237 University Avenue N.E. in the City (Project). The Borrower or a related entity will be the owner and operator of the Project; and

**Whereas,** no public official of the City has either a direct or indirect financial interest in the Project nor will any public official either directly or indirectly benefit financially from the Project; and

**Whereas,** the City previously adopted Resolution 2022-61 on June 13, 2022, which gave preliminary approval to the proposal of the Borrower that the Borrower undertake the Project and that the City undertake the program of financing therefor pursuant to the Act through the issuance of the Bonds; and

**Whereas,** before proceeding with final consideration of the request of the Borrower it is necessary for the City to hold a public hearing on the housing finance program and proposal pursuant to the Act.

**Now therefore, be it resolved,** that the City Council of the City of Fridley as follows:

1. Resolution 2022-61 is hereby affirmed and updated as provided in this Resolution.

2. A public hearing on the housing finance program and proposal of the Borrower will be held at the time and place as determined by the City Manager and as set forth in a Notice of Public Hearing substantially in the form attached hereto as Exhibit A.

3. The general nature of the proposal and an estimate of the principal amount of Bonds to be issued to finance the proposal are described in the attached form of Notice of Public Hearing.

4. A draft copy of the housing finance program with proposed forms of all attachments and exhibits shall be on file in the office of the City Manager on the date the Notice of Public Hearing is published.

5. The City Manager is hereby authorized and directed to cause notice of the hearing to be given one publication in the official newspaper of the City and a newspaper of general circulation available in the City, not less than 15 days nor more than 30 days prior to the date fixed for the hearing, substantially in the form of the attached Notice of Public Hearing with such changes as required or approved by Taft Stettinius & Hollister LLP, acting as bond counsel.

6. The City hereby gives preliminary approval to the proposal of the Borrower that the Borrower undertake the Project, and the City undertake the program of financing therefor, pursuant to the Act, consisting of financing the Project pursuant to the Borrower's specifications and to a loan agreement between the City and the Borrower on such terms and conditions with provisions for revision from time to time as necessary, so as to produce income and revenues sufficient to pay, when due, the principal and interest on the Bonds in a total principal amount not to exceed $27 million pursuant to the Act to finance the Project; and said agreement may also provide for the entire interest of the Borrower therein to be mortgaged to the purchasers of the Bonds, or a trustee for the purchasers and subsequent holder(s) of the Bonds; and the City, acting by and through the City, hereby undertakes preliminarily to issue the Bonds in accordance with such terms and conditions.

7. At the option of the City, the financing may be structured so as to take advantage of whatever means are available and are permitted by law to enhance the security for, or marketability of, the Bonds; provided that any such financing structure must be consented to by the Borrower.

8. On the basis of information available to the City it appears, and the City hereby finds, that the Project constitutes a multifamily housing development within the meaning of Section 462C.02, subdivision 5, of the Act; that the availability of the financing under the

Act and the willingness of the City to furnish such financing will be a substantial inducement to the Borrower to undertake the Project, and that the effect of the Project, if undertaken, will be to encourage the construction and maintenance of new and existing multifamily rental housing opportunities for residents of the City, and to promote more intensive development and use of land within the City.

9. The Project and the program to finance the Project by the issuance of revenue obligations, are hereby given preliminary approval by the City subject to holding a public hearing thereon and final approval by the City, the Borrower, and the purchasers of the Bonds as to ultimate details of the financing of the Project.

10. Taft Stettinius & Hollister LLP, acting as bond counsel, is hereby directed to prepare a housing program for financing the Project in accordance with the provisions of M.S. § 462C.03.

11. The Borrower has agreed and it is hereby determined that any and all costs incurred by the City in connection with the financing of the Project whether or not the Project is carried to completion will be paid by the Borrower.

12. Taft Stettinius & Hollister LLP, acting as bond counsel, is authorized to assist in the preparation and review of necessary documents relating to the Project, to consult with Borrower and the purchasers of the Bonds as to the maturities, interest rates and other terms and provisions of the Bonds and as to the covenants and other provisions of the necessary documents and submit such documents to the City for final approval.

13. Nothing in this Resolution or the documents prepared pursuant hereto shall authorize the expenditure of any municipal funds on the Project other than the revenues derived from the Project or otherwise granted to the City for this purpose. The Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property or funds of the City except the revenue and proceeds pledged to the payment thereof, nor shall the City be subject to any liability thereon. The holders of the Bonds shall never have the right to compel any exercise of the taxing power of the City to pay the outstanding principal on the Bonds or the interest thereon, or to enforce payment thereon against any property of the City, except such property as may be expressly pledged for the security of the Bonds. The Bonds shall recite in substance that the Bonds, including the interest thereon, are payable solely from the revenue and proceeds pledged to the payment thereof. The Bonds shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation.

14. Subject to final approval of the Project by the City and in anticipation of the approval by all necessary entities of the housing program and the issuance of the Bonds to finance all or a portion of the Project, and in order that completion of the Project will not be unduly

delayed when approved, the Borrower is hereby authorized to make such expenditures and advances toward payment of that portion of the costs of the Project to be financed from the proceeds of the Bonds, as the Borrower considers necessary, including the use of interim, short term financing, subject to reimbursement from the proceeds of the Bonds, if any, when delivered but otherwise without liability on the part of the City.

**Passed and adopted by the City Council of the City of Fridley this 12th day of December, 2022.**

Scott J. Lund – Mayor

Attest:

Melissa Moore – City Clerk

Exhibit A

Notice of Public Hearing on a Proposal for a Housing Finance Program and the Issuance of Multifamily Housing Revenue Bonds to Finance a Multifamily Housing Development

Notice is hereby given that the City Council of the City of Fridley, Minnesota (City), will hold a public hearing in the City Council Chambers of City Hall, 7071 University Avenue N.E. at 7:00 p.m. on Monday, __________ ___, 2022, to consider a housing finance program of the City and the proposal of a Delaware limited liability company known as Roers Fridley Apartments Owner II LLC (Borrower) that the project described below be assisted by the issuance of multifamily housing revenue bonds under Minnesota Statutes, Chapter 462C (Bonds).

The Project consists of the acquisition and construction of an approximately 250,000-square-foot rentable apartment community that will consist of an approximately 168-unit multifamily housing development for households of low and moderate income, and functionally related facilities, to be located at approximately 6237 University Avenue N.E. The Project will be owned and operated by the Borrower or a related entity. The Project is currently anticipated to consist of approximately the following units:

| Units | Square Footage | Estimated Initial Rents |
|---|---|---|
| 50 – 1–bedroom/1 bath | 752 | $1,242 |
| 67 – 2-bedroom/2 bath | 999 | $1,489 |
| 51 – 3-bedroom/2 bath | 1,250 | $1,717 |

The maximum aggregate estimated principal amount of the Bonds or other obligations to be issued in one or more series to finance the Project pursuant to the housing finance program will not exceed $27 million.

Subsequent to approval of a housing finance program, the City may issue the Bonds or other revenue obligations to finance the housing finance program. The Bonds or other obligations, as and when issued, will not constitute a charge, lien, or encumbrance upon any property of the City except the Project and the revenues to be derived from the Project. Such Bonds or obligations will not be a charge against the City's general credit or taxing powers but are payable from sums to be paid by the Borrower pursuant to a revenue agreement.

Further information concerning the housing finance program and the Project may be obtained from the City Hall during normal business hours.

At the time and place fixed for the public hearing, the City Council of the City will give all persons who appear at the hearing an opportunity to express their views with respect to the housing finance program and proposal. Written comments will be considered if submitted at the above City office on or before the date of the hearing.

# AGENDA REPORT

**Meeting Date**: December,12,2022 **Meeting Type:** City Council Conference Meeting

**Submitted By**: Mike Maher

**Title:** Director, Parks and Recreation

Moore Lake Park Site and Community Building Update

## Background

Moore Lake Park is the first of Fridley's community parks to be revitalized through the Park System Improvement Plan. A project team including Parks and Recreation and Public Works staff are collaborating with architects and consultants to finalize a site plan for the park including new landscaping, parking, athletic courts, trails, a community building and play equipment. The design set is at approximately 70% completion, and the project team will present an update to Council on the design status and receive feedback on the plans. An update will be provided on the construction progress of a sand/iron filter being installed to improve water quality in Moore Lake.

## Financial Impact

The total budget for the Moore Lake Park project is $6,405,000. Krause Anderson, Construction Managers for the project, are developing updated project estimates based on current designs. This estimate, when completed, will be used to inform staff and council on completion of the park and community building design.

## Recommendation

Staff recommends that the Council provide feedback on the Moore Lake Park site plan and park building design.

## Focus on Fridley Strategic Alignment

X Vibrant Neighborhoods & Places
___ Financial Stability & Commercial Prosperity
___ Organizational Excellence
X Community Identity & Relationship Building
X Public Safety & Environmental Stewardship

## Attachments and Other Resources

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**Vision Statement**
We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

# AGENDA REPORT

**Meeting Date**: December 12, 2022 **Meeting Type:** City Council Conference Meeting

**Submitted By**: James Kosluchar, Public Works Director/City Engineer
Brandon Brodhag, Assistant City Engineer

**Title:**

2023 Capital Investment Plan Projects

**Background**

The 2023 Capital Investment Plan has been prepared, and staff will present a summary of construction activities that are planned for 2023. We will also discuss projects contemplated by other agencies, and planning efforts for future construction projects.

**Financial Impact**

None.

**Recommendation**

We would ask the City Council to provide any input and feedback on projects, and ask any questions they may have that staff can follow up on.

**Focus on Fridley Strategic Alignment**

X Vibrant Neighborhoods & Places
__ Community Identity & Relationship Building
__ Financial Stability & Commercial Prosperity
X Public Safety & Environmental Stewardship
X Organizational Excellence

**Attachments and Other Resources**

- List of Capital Investment Plan Projects

**Vision Statement**

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## 2023 Capital Investment Plan Projects

53rd Avenue Roundabout Safety Project

53rd Avenue Trail and Walk Improvements

Street Rehabilitation Project (ST 2023-01)

University Avenue Frontage Road One-Way Conversions

Traffic Signal Installation/Replacements

Traffic Safety Upgrades (Improvements)

Trail and Sidewalk Upgrades / ADA Improvements

Moore Lake Park Improvements

Creekview Park Improvements

Ed Wilmes Park Improvements

Skyline Park Improvements

Water Treatment Plant Security

Storage Retrofits and Reconditioning

Water System Upgrades with Street Projects

Sanitary Sewer Collection System Lining

Sanitary Sewer Force Main Reconstruction

Lift Station Maintenance

Storm Sewer System Upgrades

Watershed District Water Quality Projects

Storm Sewer System Upgrades with Street Projects

Watershed BMP Implementation

TMDL Water Quality Projects

Stormwater Pond Maintenance

Sediment Removal Projects