
Economic Development Authority - City Hall Council Chambers
Regular Meeting, Monday, May 21, 2018
Meeting Announcement and Agenda - 5:00 pm

Audience members should follow the agenda which is found on the table outside of Chambers.

1. Call to Order

2. Approval of Agenda (p. 1)

3. Consent Agenda Approvals

A. Approve April 16, 2018 EDA Meeting Minutes

B. Approve EDA Draft March 2018 Financial Statements (p. 3)

C. Housing Division Bills ACH only, Totaling \$62,504.90 (p. 31)

D. Approve EDA Administration Division Bills Checks #110080- #110358 Totaling \$79,969.71 (p. 33)

4. Work Session

5. Unfinished Business

6. New Business

A. Supervisor's Report (p.46)

B. Modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for the Establishment of Tax Increment Financing District No. 6-20 (p. 47)

1. EDA Resolution No. EDA R18-002 (p. 91)

C. Recommend to the City Council the Approval of the Contract for Private Development, Loan Agreement, Mortgage, Promissory Note and Minimum Assessment Agreement with Roosevelt Garden Estates, LLC (p. 92)

D. Approval lease for units 162 & 178 with State of Minnesota, Department of Administration for Depart of Human Services (p. 141)

E. Approve contract RAK Construction for build out in unit 162 & 178 (p. 163)

F. Approve Construction of Storage Space City Center Mall (p. 189)

7. Adjourn

Notice to the hearing impaired: Upon request to City staff, assisted hearing devices are available for public use. Accommodations for wheelchair access, Braille, large print, etc. can be made by calling City Hall at 763-689-3211 at least three days prior to the meeting.

**Cambridge Economic Development Authority (EDA)
Regular Meeting Minutes
April 16, 2018**

Pursuant to due call and notice thereof, a regular meeting of the Cambridge Economic Development Authority (EDA) was held on Monday, April 16, 2018 at Cambridge City Center, 300 3rd Ave NE, Cambridge, Minnesota, 55008.

Members Present: President Joe Morin and EDA members Lisa Iverson, Marlys Palmer, Kersten Conley, and Jim Godfrey. All present, no absences.

Staff present: Stan Gustafson, Economic Development Director, Caroline Moe, Executive Director and Deb Barrett, Housing Supervisor.

Call to Order

Morin called the meeting to order at 5:30 pm.

Approval of Agenda

Iverson moved, seconded by Godfrey, to approve the agenda. Motion carried unanimously.

Consent Agenda

Iverson moved, seconded by Godfrey, to approve the consent agenda items A - D:

- A. Approve March 19, 2018 EDA Meeting Minutes
- B. Approve EDA Draft February 2018 Financial Statements
- C. Housing Division Bills March ACH only, Totaling \$63,711.26
- D. Approve EDA Admin Division Bills Checks #109835-#110066 Totaling \$23,539.65

Upon call of the roll, Morin, Conley, Palmer, Iverson, and Godfrey voted aye, no nays. Motion carried unanimously.

Work Session & Unfinished Business

There was no items for the work session or unfinished business.

New Business

Supervisor's Report

Barrett reviewed the last month's activities. Moe updated the EDA Board on the asbestos removal project. Barrett updated the EDA Board on how maintenance is going.

Pre-emptive Roof Maintenance Proposal – City Center Mall

Gustafson explained as the roof ages staff is running into more leaks in a variety of areas and as a preemptive measure they are trying to address them by working with roofers to fix areas that can cause problems in the future. Gustafson reported staff received two bids on City Center Mall to address the roof that show areas that could be problematic and make the necessary repairs. Gustafson reported the roof will be inspected by technicians and repaired as needed.

Gustafson noted in the proposal, it identified the current situation on the roofs where repairs are needed and based on the long range plan the roof is scheduled to be replaced in 2021. Gustafson reviewed the quotes that were included in the EDA packet and identified Roof Tech as the low bidder with an amount not to exceed \$2,495.00. Gustafson noted the bid originally reported in the EDA Packet was reversed with the City Hall bid and was supposed to be \$6,800 for the mall portion.

Iverson asked if they would be better off moving up the date for roof replacement. Gustafson stated they could move it up but they would need to have specifications and a bid process. Palmer voiced concern over repairing the leaks versus replacing the entire roof. Woulfe explained the roof still has life left and these are isolated areas that need minor repair. Woulfe noted the roof is sound structurally. Woulfe added the roof top units will need to be replaced at the same time as the roof is replaced.

Godfrey moved, seconded by Conley, to approve the proposal from Roof Tech in an amount not to exceed \$2,495 and authorized the EDA President and Executive Director to sign the proposal with Roof Tech Commercial Industrial Roofing Solutions. Upon call of the roll, Morin, Conley, Palmer, Iverson, and Godfrey voted aye, no nays. Motion carried unanimously.

Adjournment

Conley moved, seconded by Godfrey, to adjourn the meeting at 6:02 p.m. Motion carried unanimously.

Joe Morin, President

ATTEST:

Caroline Moe, Executive Director

CITY OF CAMBRIDGE
BALANCE SHEET
MARCH 31, 2018

LOW RENT PROGRAM-BRIDGE PARK

ASSETS

901-10010	CASH AND INVESTMENTS	(1,742.56)	
901-10102	INVESTMENTS--PBC		322,285.90	
901-10200	EDA OPERATING ACCOUNT-LOW RENT		411,656.70	
901-16100	LAND AND LAND IMPROVEMENTS		134,042.37	
901-16200	BUILDINGS AND STRUCTURES		474,877.78	
901-16250	BUILDING IMPROVEMENTS		1,243,440.52	
901-16300	SITE IMPROVEMENTS		103,618.10	
901-16350	NON-DWELLING STRUCTURES		76,009.20	
901-16400	FURNITURE, EQUIPMENT, MACH-DWE		34,782.90	
901-16450	FURN, EQUIP, MACH-ADMIN		56,192.12	
901-16460	ACCUM DEPREC-FURN,EQUIP- ADMIN	(1,691,997.69)	
	TOTAL ASSETS			<u>1,163,165.34</u>

LIABILITIES AND EQUITY

LIABILITIES

901-20100	AP ALLOCATED TO OTHER FUNDS		1,092.61	
901-20200	ACCOUNTS PAYABLE		539.66	
901-22600	TENANT SECURITY DEPOSITS		28,528.00	
	TOTAL LIABILITIES			30,160.27

FUND EQUITY

901-27200	UNRESTRICTED NET ASSETS		817,760.01	
901-27300	INVESTED IN CAPITAL ASSETS		301,555.77	
901-27400	HUD OPERATING RESERVE MEMO		227,249.46	
901-27500	HUD OPERATING RESERVE CONTRA	(227,249.46)	
	UNAPPROPRIATED FUND BALANCE: REVENUE OVER EXPENDITURES - YTD		<u>13,689.29</u>	
	BALANCE - CURRENT DATE		<u>13,689.29</u>	
	TOTAL FUND EQUITY			<u>1,133,005.07</u>
	TOTAL LIABILITIES AND EQUITY			<u>1,163,165.34</u>

CITY OF CAMBRIDGE
 DETAIL REVENUES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 901 - LOW RENT PROGRAM-BRIDGE PARK

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>INTERGOVERNMENTAL REVENUES</u>						
901-33160 OPERATING GRANTS-HUD	80,000.00	80,000.00	17,686.00	62,314.00	22.11	75,931.00
TOTAL INTERGOVERNMENTAL REVE	80,000.00	80,000.00	17,686.00	62,314.00	22.11	75,931.00
<u>INTEREST & MISC INCOME</u>						
901-36200 MISCELLANEOUS INCOME	100.00	100.00	25.00	75.00	25.00	50.18
901-36210 INTEREST EARNINGS	1,500.00	1,500.00	619.39	880.61	41.29	2,384.65
TOTAL INTEREST & MISC INCOME	1,600.00	1,600.00	644.39	955.61	40.27	2,434.83
<u>RENTAL INCOME</u>						
901-37220 DWELLING RENTAL	144,000.00	144,000.00	42,321.55	101,678.45	29.39	167,690.62
901-37221 LAUNDRY INCOME BRIDGE PARK	2,000.00	2,000.00	1,171.83	828.17	58.59	5,991.26
TOTAL RENTAL INCOME	146,000.00	146,000.00	43,493.38	102,506.62	29.79	173,681.88
<u>OTHER FINANCING SOURCES</u>						
901-39203 TRANSFERS FROM OTHER FUNDS	48,400.00	48,400.00	.00	48,400.00	.00	21,654.69
TOTAL OTHER FINANCING SOURCES	48,400.00	48,400.00	.00	48,400.00	.00	21,654.69
TOTAL FUND REVENUE	276,000.00	276,000.00	61,823.77			273,702.40

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 901 - LOW RENT PROGRAM-BRIDGE PARK

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
LOW RENT ADMINISTRATION						
<i>PERSONAL SERVICES</i>						
901-49500-103 ADMIN PART-TIME - REGULAR	31,478.00	31,478.00	8,818.48	(22,659.52)	28.01	27,697.84
901-49500-121 PERA (EMPLOYER)	2,360.00	2,360.00	661.40	(1,698.60)	28.03	2,077.34
901-49500-122 FICA/MEDICARE (EMPLOYER)	2,408.00	2,408.00	674.62	(1,733.38)	28.02	2,118.89
901-49500-151 WORKERS' COMPENSATION PREMIU	500.00	500.00	.00	(500.00)	.00	197.65
TOTAL PERSONAL SERVICES	36,746.00	36,746.00	10,154.50	(26,591.50)	27.63	32,091.72
<i>SUPPLIES</i>						
901-49500-201 OFFICE SUPPLY	1,500.00	1,500.00	154.50	(1,345.50)	10.30	1,346.80
TOTAL SUPPLIES	1,500.00	1,500.00	154.50	(1,345.50)	10.30	1,346.80
<i>OTHER SERVICES AND CHARGES</i>						
901-49500-304 LEGAL FEES	1,000.00	1,000.00	.00	(1,000.00)	.00	1,418.60
901-49500-306 AUDITING	3,000.00	3,000.00	.00	(3,000.00)	.00	3,600.00
901-49500-313 IT MGMT & BACKUP	3,000.00	3,000.00	677.43	(2,322.57)	22.58	2,483.91
901-49500-321 TELEPHONE EXPENSE	6,600.00	6,600.00	1,302.58	(5,297.42)	19.74	7,486.97
901-49500-322 POSTAGE	250.00	250.00	.00	(250.00)	.00	.00
901-49500-331 TRAVEL/MEALS/LODGING	100.00	100.00	.00	(100.00)	.00	281.13
901-49500-340 ADVERTISING	100.00	100.00	.00	(100.00)	.00	3.92
TOTAL OTHER SERVICES AND CHA	14,050.00	14,050.00	1,980.01	(12,069.99)	14.09	15,274.53
<i>MISCELLANEOUS</i>						
901-49500-409 LICENSE & SUPPORT CONTRACT	2,000.00	2,000.00	.00	(2,000.00)	.00	.00
901-49500-413 RENTALS - OFFICE EQUIPMENT	400.00	400.00	38.70	(361.30)	9.68	165.44
901-49500-433 DUES AND SUBSCRIPTIONS	1,000.00	1,000.00	4,005.00	3,005.00	400.50	580.00
901-49500-440 STAFF TRAINING	1,000.00	1,000.00	499.00	(501.00)	49.90	455.00
TOTAL MISCELLANEOUS	4,400.00	4,400.00	4,542.70	142.70	103.24	1,200.44
TOTAL LOW RENT ADMINISTRATION	56,696.00	56,696.00	16,831.71	(39,864.29)	29.69	49,913.49

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 901 - LOW RENT PROGRAM-BRIDGE PARK

		ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>LOW RENT TENANT SERVICES</u>							
<i>SUPPLIES</i>							
901-49600-210	REC, PUB & OTHER SERVICES	200.00	200.00	(1,156.15)	(1,356.15)	(578.08)	1,511.08
	<i>TOTAL SUPPLIES</i>	<u>200.00</u>	<u>200.00</u>	<u>(1,156.15)</u>	<u>(1,356.15)</u>	<u>(578.08)</u>	<u>1,511.08</u>
	TOTAL LOW RENT TENANT SERVICE	<u>200.00</u>	<u>200.00</u>	<u>(1,156.15)</u>	<u>(1,356.15)</u>	<u>(578.08)</u>	<u>1,511.08</u>

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 901 - LOW RENT PROGRAM-BRIDGE PARK

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
LOW RENT MAINTENANCE						
<i>PERSONAL SERVICES</i>						
901-49700-103 MAINT PT EMPLOYEES - REGULAR	24,165.00	24,165.00	3,487.40	(20,677.60)	14.43	20,925.52
901-49700-121 PERA (EMPLOYER)	1,849.00	1,849.00	261.56	(1,587.44)	14.15	1,569.43
901-49700-122 FICA/MEDICARE (EMPLOYER)	1,812.00	1,812.00	266.79	(1,545.21)	14.72	1,600.76
901-49700-151 WORKERS' COMPENSATION PREMIU	1,595.00	1,595.00	.00	(1,595.00)	.00	1,077.80
TOTAL PERSONAL SERVICES	29,421.00	29,421.00	4,015.75	(25,405.25)	13.65	25,173.51
<i>SUPPLIES</i>						
901-49700-210 MATERIALS-OPER SUPPLIES	6,883.00	6,883.00	2,577.08	(4,305.92)	37.44	10,140.30
901-49700-212 FUEL PURCHASE	200.00	200.00	.00	(200.00)	.00	61.88
TOTAL SUPPLIES	7,083.00	7,083.00	2,577.08	(4,505.92)	36.38	10,202.18
<i>OTHER SERVICES AND CHARGES</i>						
901-49700-304 CONTRACT COSTS	25,000.00	25,000.00	7,164.32	(17,835.68)	28.66	22,251.11
901-49700-360 INSURANCE AND BONDS	12,500.00	12,500.00	.00	(12,500.00)	.00	9,555.00
901-49700-370 PAYMENT IN LIEU OF TAXES	13,000.00	13,000.00	.00	(13,000.00)	.00	13,776.00
901-49700-381 ELECTRIC UTILITIES	36,000.00	36,000.00	10,667.17	(25,332.83)	29.63	27,420.98
901-49700-382 WATER/WASTEWATER UTILITIES	10,500.00	10,500.00	2,212.77	(8,287.23)	21.07	8,025.79
901-49700-383 GAS UTILITIES	6,500.00	6,500.00	1,058.48	(5,441.52)	16.28	4,135.88
901-49700-384 REFUSE HAULING	2,500.00	2,500.00	778.35	(1,721.65)	31.13	2,867.19
TOTAL OTHER SERVICES AND CHA	106,000.00	106,000.00	21,881.09	(84,118.91)	20.64	88,031.95
<i>MISCELLANEOUS</i>						
901-49700-420 DEPRECIATION EXPENSE	65,000.00	65,000.00	.00	(65,000.00)	.00	45,487.02
901-49700-489 OTHER CONTRACTED SERVICES	9,600.00	9,600.00	.00	(9,600.00)	.00	.00
TOTAL MISCELLANEOUS	74,600.00	74,600.00	.00	(74,600.00)	.00	45,487.02
<i>IMPROVEMENTS/BETTERMENTS</i>						
901-49700-501 REPLACEMENT OF EQUIPMENT	.00	.00	3,985.00	3,985.00	.00	.00
901-49700-502 BETTERMENTS AND ADDITIONS	2,000.00	2,000.00	.00	(2,000.00)	.00	7,919.96
TOTAL IMPROVEMENTS/BETTERM	2,000.00	2,000.00	3,985.00	1,985.00	199.25	7,919.96
TOTAL LOW RENT MAINTENANCE	219,104.00	219,104.00	32,458.92	(186,645.08)	14.81	176,814.62

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 901 - LOW RENT PROGRAM-BRIDGE PARK

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
TOTAL FUND EXPENDITURES	276,000.00	276,000.00	48,134.48			228,239.19
NET REVENUES OVER EXPENDITURE	.00	.00	13,689.29			45,463.21

CITY OF CAMBRIDGE
 BALANCE SHEET
 MARCH 31, 2018

SECTION 8 VOUCHERS PROGRAM

ASSETS

902-10200	EDA OPERATING ACCT-SECTION 8	104,955.94	
902-16450	FURN, EQUIP, MACH-ADMIN	4,475.39	
902-16460	ACCUM DEPREC-FURN,EQUIP- ADMIN	(4,475.39)	
	TOTAL ASSETS		<u>104,955.94</u>

LIABILITIES AND EQUITY

LIABILITIES

902-20200	ACCOUNTS PAYABLE	2,789.01	
	TOTAL LIABILITIES		2,789.01

FUND EQUITY

902-27200	UNRESTRICTED NET ASSETS	95,259.73	
	UNAPPROPRIATED FUND BALANCE: REVENUE OVER EXPENDITURES - YTD	6,907.20	
	BALANCE - CURRENT DATE	6,907.20	
	TOTAL FUND EQUITY		<u>102,166.93</u>
	TOTAL LIABILITIES AND EQUITY		<u>104,955.94</u>

CITY OF CAMBRIDGE
 DETAIL REVENUES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 902 - SECTION 8 VOUCHERS PROGRAM

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>INTERGOVERNMENTAL REVENUES</u>						
902-33160 A.C. EARNED SECTION 8	50,000.00	50,000.00	13,734.00	36,266.00	27.47	61,158.00
TOTAL INTERGOVERNMENTAL REVE	50,000.00	50,000.00	13,734.00	36,266.00	27.47	61,158.00
<u>RENTAL INCOME</u>						
902-35000 PORTABLE ADMIN FEE	216.00	216.00	.00	216.00	.00	3,166.90
TOTAL RENTAL INCOME	216.00	216.00	.00	216.00	.00	3,166.90
<u>INTEREST</u>						
902-36210 INTEREST EARNINGS-ADMIN FUNDS	.00	.00	27.98	(27.98)	.00	79.89
TOTAL INTEREST	.00	.00	27.98	(27.98)	.00	79.89
TOTAL FUND REVENUE	50,216.00	50,216.00	13,761.98			64,404.79

CITY OF CAMBRIDGE
DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 902 - SECTION 8 VOUCHERS PROGRAM

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>SECT 8 ADMINISTRATIVE</u>						
<i>OTHER SERVICES AND CHARGES</i>						
902-49500-306	AUDIT FEES	3,000.00	3,000.00	.00 (3,000.00)	.00	3,600.00
902-49500-307	CONTRACTED SECT 8 ADMIN	50,000.00	50,000.00	9,999.78 (40,000.22)	20.00	42,544.42
	<i>TOTAL OTHER SERVICES AND CHA</i>	53,000.00	53,000.00	9,999.78 (43,000.22)	18.87	46,144.42
<i>MISCELLANEOUS</i>						
902-49500-409	LICENSE & SUPPORT CONTRACT	1,000.00	1,000.00	.00 (1,000.00)	.00	.00
	<i>TOTAL MISCELLANEOUS</i>	1,000.00	1,000.00	.00 (1,000.00)	.00	.00
	TOTAL SECT 8 ADMINISTRATIVE	54,000.00	54,000.00	9,999.78 (44,000.22)	18.52	46,144.42

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 902 - SECTION 8 VOUCHERS PROGRAM

		ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>HAP OCCUPIED UNITS</u>							
<i>HAP EXPENDITURES</i>							
902-49775-373	HAP-PORTABLE RECEIVING	.00	.00	92,159.00	92,159.00	.00	339,005.00
902-49775-374	HAP-PORTABLE RECEIV REIMB	.00	.00	(95,591.00)	(95,591.00)	.00	(339,005.00)
902-49775-376	URP PORT REC	.00	.00	287.00	287.00	.00	739.00
902-49775-378	PORT REC URP REIMB	.00	.00	.00	.00	.00	(739.00)
<i>TOTAL HAP EXPENDITURES</i>		.00	.00	(3,145.00)	(3,145.00)	.00	.00
TOTAL HAP OCCUPIED UNITS		.00	.00	(3,145.00)	(3,145.00)	.00	.00

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 902 - SECTION 8 VOUCHERS PROGRAM

	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>YTD ACTUAL</u>	<u>UNUSED/ UNEARNED</u>	<u>% OF BUDGET</u>	<u>PRIOR YR YTD ACTUAL</u>
TOTAL FUND EXPENDITURES	<u>54,000.00</u>	<u>54,000.00</u>	<u>6,854.78</u>			<u>46,144.42</u>
NET REVENUES OVER EXPENDITURE	<u>(3,784.00)</u>	<u>(3,784.00)</u>	<u>6,907.20</u>			<u>18,260.37</u>

CITY OF CAMBRIDGE
BALANCE SHEET
MARCH 31, 2018

HOUSING-OTHER BUS ACTIVITIES

<u>ASSETS</u>			
903-10102	INVESTMENTS--PBC	264,837.14	
903-10200	EDA HOUSING DIV OPERATING CASH	111,938.06	
	TOTAL ASSETS		<u>376,775.20</u>
<u>LIABILITIES AND EQUITY</u>			
<u>FUND EQUITY</u>			
903-27200	UNRESTRICTED NET ASSETS	359,762.48	
	UNAPPROPRIATED FUND BALANCE: REVENUE OVER EXPENDITURES - YTD	17,012.72	
	BALANCE - CURRENT DATE	17,012.72	
	TOTAL FUND EQUITY		<u>376,775.20</u>
	TOTAL LIABILITIES AND EQUITY		<u>376,775.20</u>

CITY OF CAMBRIDGE
 DETAIL REVENUES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 903 - HOUSING-OTHER BUS ACTIVITIES

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>INTEREST & MISC INCOME</u>						
903-36210 INTEREST EARNINGS	.00	.00	426.85	(426.85)	.00	1,749.34
TOTAL INTEREST & MISC INCOME	.00	.00	426.85	(426.85)	.00	1,749.34
<u>OTHER REVENUES</u>						
903-37220 TOWER TERRACE DISTRIBUTION	15,000.00	15,000.00	16,774.25	(1,774.25)	111.83	17,083.00
TOTAL OTHER REVENUES	15,000.00	15,000.00	16,774.25	(1,774.25)	111.83	17,083.00
 TOTAL FUND REVENUE	 15,000.00	 15,000.00	 17,201.10			 18,832.34

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 903 - HOUSING-OTHER BUS ACTIVITIES

		ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>OTHER HOUSING BUS ACTIV-ADMIN</u>							
903-49500-112	BOARD PAY	2,100.00	2,100.00	175.00	(1,925.00)	8.33	1,750.00
903-49500-122	FICA/MEDICARE (EMPLOYER)	.00	.00	13.38	13.38	.00	133.81
<i>TOTAL FUNCTION 1</i>		<u>2,100.00</u>	<u>2,100.00</u>	<u>188.38</u>	<u>(1,911.62)</u>	<u>8.97</u>	<u>1,883.81</u>
<i>OTHER SERVICES AND CHARGES</i>							
903-49500-304	LEGAL FEES	.00	.00	.00	.00	.00	1,000.00
903-49500-305	ACCOUNTING FEES	.00	.00	.00	.00	.00	520.00
903-49500-331	TRAVEL/MEALS/LODGING	500.00	500.00	.00	(500.00)	.00	.00
<i>TOTAL OTHER SERVICES AND CHA</i>		<u>500.00</u>	<u>500.00</u>	<u>.00</u>	<u>(500.00)</u>	<u>.00</u>	<u>1,520.00</u>
<i>TRANSFERS</i>							
903-49500-720	TRANSFERSOUT	12,400.00	12,400.00	.00	(12,400.00)	.00	.00
<i>TOTAL TRANSFERS</i>		<u>12,400.00</u>	<u>12,400.00</u>	<u>.00</u>	<u>(12,400.00)</u>	<u>.00</u>	<u>.00</u>
TOTAL OTHER HOUSING BUS ACTIV		<u><u>15,000.00</u></u>	<u><u>15,000.00</u></u>	<u><u>188.38</u></u>	<u><u>(14,811.62)</u></u>	<u><u>1.26</u></u>	<u><u>3,403.81</u></u>

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 903 - HOUSING-OTHER BUS ACTIVITIES

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
TOTAL FUND EXPENDITURES	15,000.00	15,000.00	188.38			3,403.81
NET REVENUES OVER EXPENDITURE	.00	.00	17,012.72			15,428.53

CITY OF CAMBRIDGE
 BALANCE SHEET
 MARCH 31, 2018

CAPITAL FUND PROGRAM-HUD

ASSETS

904-10200 EDA OPERATING ACCOUNT-CAPITAL

19,182.42

TOTAL ASSETS

19,182.42

LIABILITIES AND EQUITY

FUND EQUITY

UNAPPROPRIATED FUND BALANCE:
 REVENUE OVER EXPENDITURES - YTD

19,182.42

BALANCE - CURRENT DATE

19,182.42

TOTAL FUND EQUITY

19,182.42

TOTAL LIABILITIES AND EQUITY

19,182.42

CITY OF CAMBRIDGE
 DETAIL REVENUES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 904 - CAPITAL FUND PROGRAM-HUD

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>INTERGOVERNMENTAL REVENUES</u>						
904-33160 HUD CAPITAL GRANTS	36,000.00	36,000.00	19,182.42	16,817.58	53.28	21,654.69
TOTAL INTERGOVERNMENTAL REVE	36,000.00	36,000.00	19,182.42	16,817.58	53.28	21,654.69
TOTAL FUND REVENUE	36,000.00	36,000.00	19,182.42			21,654.69

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 904 - CAPITAL FUND PROGRAM-HUD

		ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>OTHER FINANCING USES</u>							
904-49300-720	TRANSFERS OUT	36,000.00	36,000.00	.00	(36,000.00)	.00	21,654.69
	<i>TOTAL FUNCTION 7</i>	36,000.00	36,000.00	.00	(36,000.00)	.00	21,654.69
	TOTAL OTHER FINANCING USES	36,000.00	36,000.00	.00	(36,000.00)	.00	21,654.69

CITY OF CAMBRIDGE
DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 904 - CAPITAL FUND PROGRAM-HUD

	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>YTD ACTUAL</u>	<u>UNUSED/ UNEARNED</u>	<u>% OF BUDGET</u>	<u>PRIOR YR YTD ACTUAL</u>
TOTAL FUND EXPENDITURES	<u>36,000.00</u>	<u>36,000.00</u>	<u>.00</u>			<u>21,654.69</u>
NET REVENUES OVER EXPENDITURE	<u>.00</u>	<u>.00</u>	<u>19,182.42</u>			<u>.00</u>

CITY OF CAMBRIDGE
BALANCE SHEET
MARCH 31, 2018

HAP SECTION 8 VOUCHERS PROGRAM

<u>ASSETS</u>			
905-10130	FSS-CASH WITH ESCROW AGENT	11,406.08	
905-10200	EDA OPERATING ACCT-SECTION 8	(2,583.17)	
	TOTAL ASSETS		<u>8,822.91</u>
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
905-22000	FSS ESCROW	11,406.08	
	TOTAL LIABILITIES		11,406.08
<u>FUND EQUITY</u>			
905-27200	RESTRICTED NET ASSETS-HAP	(15,204.47)	
	UNAPPROPRIATED FUND BALANCE: REVENUE OVER EXPENDITURES - YTD	12,621.30	
	BALANCE - CURRENT DATE	12,621.30	
	TOTAL FUND EQUITY		(2,583.17)
	TOTAL LIABILITIES AND EQUITY		<u>8,822.91</u>

CITY OF CAMBRIDGE
 DETAIL REVENUES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 905 - HAP SECTION 8 VOUCHERS PROGRAM

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>INTERGOVERNMENTAL REVENUES</u>						
905-33160 A.C. EARNED SECTION 8	350,000.00	350,000.00	111,633.00	238,367.00	31.90	396,525.00
TOTAL INTERGOVERNMENTAL REVE	350,000.00	350,000.00	111,633.00	238,367.00	31.90	396,525.00
<u>INTEREST</u>						
905-36211 HAP INTEREST INCOME	.00	.00	.00	.00	.00	31.27
TOTAL INTEREST	.00	.00	.00	.00	.00	31.27
 TOTAL FUND REVENUE	 350,000.00	 350,000.00	 111,633.00			 396,556.27

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 905 - HAP SECTION 8 VOUCHERS PROGRAM

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>HAP EXPENDITURES</u>						
<i>HAP EXPENDITURES</i>						
905-49775-370 HAP OCCUPIED UNITS	346,216.00	346,216.00	94,802.00	(251,414.00)	27.38	402,657.00
905-49775-371 HAP-UTILITY ALLOWANCES	.00	.00	.00	.00	.00	145.00
905-49775-372 HAP-PORTABLE PAYING OUT	.00	.00	2,892.00	2,892.00	.00	13,347.00
905-49775-375 FSS	.00	.00	1,071.00	1,071.00	.00	4,332.00
905-49775-377 PORT PAY OUT ADMIN FEE	.00	.00	246.70	246.70	.00	1,186.84
<i>TOTAL HAP EXPENDITURES</i>	<u>346,216.00</u>	<u>346,216.00</u>	<u>99,011.70</u>	<u>(247,204.30)</u>	<u>28.60</u>	<u>421,667.84</u>
TOTAL HAP EXPENDITURES	<u><u>346,216.00</u></u>	<u><u>346,216.00</u></u>	<u><u>99,011.70</u></u>	<u><u>(247,204.30)</u></u>	<u><u>28.60</u></u>	<u><u>421,667.84</u></u>

CITY OF CAMBRIDGE
DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 905 - HAP SECTION 8 VOUCHERS PROGRAM

	<u>ADOPTED BUDGET</u>	<u>AMENDED BUDGET</u>	<u>YTD ACTUAL</u>	<u>UNUSED/ UNEARNED</u>	<u>% OF BUDGET</u>	<u>PRIOR YR YTD ACTUAL</u>
TOTAL FUND EXPENDITURES	<u>346,216.00</u>	<u>346,216.00</u>	<u>99,011.70</u>			<u>421,667.84</u>
NET REVENUES OVER EXPENDITURE	<u>3,784.00</u>	<u>3,784.00</u>	<u>12,621.30</u>			<u>(25,111.57)</u>

CITY OF CAMBRIDGE
 DETAIL REVENUES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 205 - EDA ADMIN FUND

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<u>INTEREST</u>						
205-36210 INTEREST EARNINGS	200.00	200.00	.00	200.00	.00	2,954.05
TOTAL INTEREST	200.00	200.00	.00	200.00	.00	2,954.05
<u>MALL OPERATING REVENUES</u>						
205-37220 RENTAL FEES	207,000.00	207,000.00	59,289.73	147,710.27	28.64	223,283.28
TOTAL MALL OPERATING REVENUES	207,000.00	207,000.00	59,289.73	147,710.27	28.64	223,283.28
<u>TRANSFERS FROM OTHER FUNDS</u>						
205-39203 TRANSFERS FROM OTHER FUNDS	90,000.00	90,000.00	.00	90,000.00	.00	275,000.00
TOTAL TRANSFERS FROM OTHER FU	90,000.00	90,000.00	.00	90,000.00	.00	275,000.00
TOTAL FUND REVENUE	<u>297,200.00</u>	<u>297,200.00</u>	<u>59,289.73</u>			<u>501,237.33</u>

CITY OF CAMBRIDGE
DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 205 - EDA ADMIN FUND

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
EDA ADMINISTRATION						
<i>PERSONAL SERVICES</i>						
205-41930-101 FULL-TIME EMPLOYEES - REGULAR	87,796.00	87,796.00	24,178.41	(63,617.59)	27.54	92,201.51
205-41930-112 EDA MEETING PAYMENTS	2,500.00	2,500.00	350.00	(2,150.00)	14.00	490.00
205-41930-121 PERA (EMPLOYER)	6,746.00	6,746.00	1,813.38	(4,932.62)	26.88	6,729.66
205-41930-122 FICA/MEDICARE (EMPLOYER)	6,088.00	6,088.00	1,808.34	(4,279.66)	29.70	6,695.96
205-41930-131 MEDICAL/DENTAL/LIFE	16,649.00	16,649.00	5,346.95	(11,302.05)	32.12	15,303.60
205-41930-132 LONGEVITY PAY	2,150.00	2,150.00	.00	(2,150.00)	.00	.00
205-41930-133 DEDUCTIBLE CONTRIBUTION	1,200.00	1,200.00	377.61	(822.39)	31.47	1,434.32
205-41930-151 WORKERS' COMPENSATION PREMIU	685.00	685.00	.00	(685.00)	.00	447.71
205-41930-154 HRA/FLEX FEES	.00	.00	31.05	31.05	.00	73.35
TOTAL PERSONAL SERVICES	123,814.00	123,814.00	33,905.74	(89,908.26)	27.38	123,376.11
<i>SUPPLIES</i>						
205-41930-201 OFFICE SUPPLIES	250.00	250.00	34.97	(215.03)	13.99	136.72
205-41930-210 MISCELLANEOUS OPER SUPPLIES	.00	.00	.00	.00	.00	215.30
205-41930-221 REPAIR & MAINT VEH/EQUIPMENT	.00	.00	.00	.00	.00	196.25
205-41930-240 SMALL TOOLS & MINOR EQUIPMENT	3,300.00	3,300.00	.00	(3,300.00)	.00	2,503.60
TOTAL SUPPLIES	3,550.00	3,550.00	34.97	(3,515.03)	.99	3,051.87
<i>OTHER SERVICES & CHARGES</i>						
205-41930-304 MISC PROFESSIONAL SERVICES	3,600.00	3,600.00	718.30	(2,881.70)	19.95	3,497.55
205-41930-313 IT MGMT & BACKUP	.00	.00	677.43	677.43	.00	2,523.91
205-41930-321 TELEPHONE/CELLULAR	500.00	500.00	220.75	(279.25)	44.15	743.68
205-41930-331 TRAVEL/MEALS/LODGING	750.00	750.00	195.19	(554.81)	26.03	1,314.59
205-41930-334 MILEAGE REIMBURSEMENT	1,100.00	1,100.00	384.23	(715.77)	34.93	625.15
205-41930-351 LEGAL NOTICES/ORD PUB	200.00	200.00	.00	(200.00)	.00	138.00
205-41930-360 INSURANCE AND BONDS	1,500.00	1,500.00	.00	(1,500.00)	.00	1,086.87
205-41930-381 ELECTRIC UTILITIES	400.00	400.00	170.78	(229.22)	42.70	836.99
205-41930-382 WATER/SEWER/STORM PROPERTY A	60.00	60.00	1,157.90	1,097.90	1,929.83	731.32
205-41930-383 GAS UTILITIES	100.00	100.00	21.50	(78.50)	21.50	118.44
TOTAL OTHER SERVICES & CHARG	8,210.00	8,210.00	3,546.08	(4,663.92)	43.19	11,616.50

CITY OF CAMBRIDGE
DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 205 - EDA ADMIN FUND

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
<i>MISCELLANEOUS</i>						
205-41930-407 HWY 95 PROPERTY ACQ MAINT EXP	.00	.00	461.44	461.44	.00	10,061.85
205-41930-433 DUES AND SUBSCRIPTIONS	1,500.00	1,500.00	474.40	(1,025.60)	31.63	840.66
205-41930-440 SCHOOLS & MEETINGS	1,500.00	1,500.00	440.00	(1,060.00)	29.33	305.00
205-41930-450 TAX ABATEMENT-MAIN & 65 LLC	.00	.00	.00	.00	.00	6,403.00
205-41930-451 TAX ABATEMENT-MOTEK/TEAM IND	.00	.00	.00	.00	.00	32,875.84
205-41930-484 NLX ACTIVITIES	6,650.00	6,650.00	6,650.00	.00	100.00	4,830.00
205-41930-485 PROPERTY TAXES	3,000.00	3,000.00	.00	(3,000.00)	.00	1,172.00
205-41930-486 COMMUNITY COLLABORATIONS PRO	.00	.00	.00	.00	.00	5,475.88
205-41930-489 IND PARK MARKETING	8,500.00	8,500.00	3,992.00	(4,508.00)	46.96	9,457.11
205-41930-497 EDA ADM-WEB SITE MAINT	3,000.00	3,000.00	.00	(3,000.00)	.00	3,000.00
<i>TOTAL MISCELLANEOUS</i>	<u>24,150.00</u>	<u>24,150.00</u>	<u>12,017.84</u>	<u>(12,132.16)</u>	<u>49.76</u>	<u>74,421.34</u>
TOTAL EDA ADMINISTRATION	<u><u>159,724.00</u></u>	<u><u>159,724.00</u></u>	<u><u>49,504.63</u></u>	<u><u>(110,219.37)</u></u>	<u><u>30.99</u></u>	<u><u>212,465.82</u></u>

CITY OF CAMBRIDGE
DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 205 - EDA ADMIN FUND

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
MALL OPERATING EXPENSES						
<i>PERSONAL SERVICES</i>						
205-47000-101 FULL-TIME EMPLOYEES - REGULAR	26,063.00	26,063.00	7,086.79	(18,976.21)	27.19	25,250.24
205-47000-102 FULL-TIME EMPLOYEES - OVERTIME	1,000.00	1,000.00	.00	(1,000.00)	.00	46.05
205-47000-103 TEMPORARY EMPLOYEE	3,000.00	3,000.00	1,927.96	(1,072.04)	64.27	6,121.58
205-47000-121 PERA (EMPLOYER)	2,053.00	2,053.00	531.51	(1,521.49)	25.89	1,886.34
205-47000-122 FICA/MEDICARE (EMPLOYER)	2,324.00	2,324.00	670.05	(1,653.95)	28.83	2,331.03
205-47000-131 MEDICAL/DENTAL/LIFE	8,324.00	8,324.00	2,671.47	(5,652.53)	32.09	7,643.76
205-47000-133 DEDUCTIBLE CONTRIBUTION	600.00	600.00	.00	(600.00)	.00	.00
205-47000-151 WORKERS' COMPENSATION PREMIU	1,503.00	1,503.00	.00	(1,503.00)	.00	1,346.03
205-47000-154 HRA/FLEX FEES	75.00	75.00	15.60	(59.40)	20.80	36.75
TOTAL PERSONAL SERVICES	44,942.00	44,942.00	12,903.38	(32,038.62)	28.71	44,661.78
<i>SUPPLIES</i>						
205-47000-211 MISC OPERATING SERVICES	.00	.00	30.00	30.00	.00	129.99
205-47000-212 GASOLINE/FUEL	250.00	250.00	.00	(250.00)	.00	67.75
205-47000-221 REPAIRS & MAINTENANCE SUPPLIES	10,000.00	10,000.00	5,164.80	(4,835.20)	51.65	10,305.61
TOTAL SUPPLIES	10,250.00	10,250.00	5,194.80	(5,055.20)	50.68	10,503.35
<i>OTHER SERVICES & CHARGES</i>						
205-47000-321 TELEPHONE/CELLULAR PHONES	850.00	850.00	77.37	(772.63)	9.10	289.54
205-47000-360 INSURANCE AND BONDS	7,000.00	7,000.00	.00	(7,000.00)	.00	4,388.00
205-47000-381 ELECTRIC UTILITIES	21,000.00	21,000.00	3,408.62	(17,591.38)	16.23	20,859.83
205-47000-382 WATER/WASTEWATER UTILITIES	5,700.00	5,700.00	1,107.42	(4,592.58)	19.43	4,733.14
205-47000-383 GAS UTILITIES	6,000.00	6,000.00	1,295.02	(4,704.98)	21.58	3,651.30
205-47000-384 REFUSE HAULING	4,500.00	4,500.00	894.33	(3,605.67)	19.87	3,727.53
TOTAL OTHER SERVICES & CHARG	45,050.00	45,050.00	6,782.76	(38,267.24)	15.06	37,649.34
<i>MISCELLANEOUS</i>						
205-47000-401 REP & MAINT-BLDG/STRUCTURES	13,000.00	13,000.00	.00	(13,000.00)	.00	16,419.16
205-47000-413 BNSF PARKING LOT LEASE	2,300.00	2,300.00	.00	(2,300.00)	.00	1,036.80
205-47000-489 OTHER CONTRACTED SERVICES	12,000.00	12,000.00	.00	(12,000.00)	.00	(133.20)
205-47000-490 MALL CAP FUND CONTRIBUTION	.00	.00	.00	.00	.00	2,350.00
205-47000-496 MALL CAPITAL EQUIPMENT	.00	.00	9,994.99	9,994.99	.00	11,290.00
TOTAL MISCELLANEOUS	27,300.00	27,300.00	9,994.99	(17,305.01)	36.61	30,962.76
TOTAL MALL OPERATING EXPENSE	127,542.00	127,542.00	34,875.93	(92,666.07)	27.34	123,777.23

CITY OF CAMBRIDGE
 DETAIL EXPENDITURES WITH COMPARISON TO BUDGET
 FOR THE 3 MONTHS ENDING MARCH 31, 2018

FUND 205 - EDA ADMIN FUND

	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	UNUSED/ UNEARNED	% OF BUDGET	PRIOR YR YTD ACTUAL
TOTAL FUND EXPENDITURES	287,266.00	287,266.00	84,380.56			336,243.05
NET REVENUES OVER EXPENDITURE	9,934.00	9,934.00	(25,090.83)			164,994.28

ACH Transaction Report

Batch #: 000160
Created On: 03/29/2018

<u>Name</u>	<u>Amount</u>
Bungalows of Chisago L	\$1,363.00
Calhoun Apartments	\$1,110.00
Cambridge Square Assoc	\$1,293.00
Cambridge Town Square	\$990.00
PG Companies Redwing A	\$738.00
DJ Properties of Stanc	\$510.00
Erlandson - Nelson Con	\$555.00
Hanson Properties	\$269.00
Haven Properties	\$353.00
New Challenges, Inc.	\$6,133.00
Isanti Village Apartme	\$909.00
Kaizen Property Soluti	\$1,196.00
Kestrel Meadows Townho	\$4,231.00
Legacy Townhomes	\$5,213.00
Minneapolis Public Hou	\$663.90
Allen Moulton	\$531.00
Normandy Townhomes	\$4,816.00
North Branch Senior Ho	\$873.00
Oakhurst Apartments	\$363.00
Oakview Terrace Townho	\$1,503.00
Northern Management	\$452.00
Rush Oaks Apartments	\$402.00
Sunrise Court Apartmen	\$1,116.00
Sunset Assets LLC	\$739.00
Taylors Falls Villas	\$573.00
Tower Terrace Limited	\$4,244.00
Wyoming Limited Partne	\$1,262.00
Wyoming Limited Partne	\$1,115.00
Cambridge EDA	\$-43,515.90
Pleasant Knoll Apartme	\$585.00
Cambridge EDA	\$-585.00
Batch Total:	\$0.00

*April 2018
ACH Activity*

Σ 62,504.90

ACH Transaction Report

Batch #: 000162
Created On: 03/29/2018

<u>Name</u>	<u>Amount</u>
Aaron Jordan	\$489.00
Bohmer, John	\$1,004.00
Dean & Jennifer Bondes	\$995.00
Elizabeth C. Brueske	\$88.00
Charles Satak	\$585.00
Chen Liu	\$5,918.00
Christine LeCuyer	\$391.00
David Findell	\$555.00
Elmer D. Harp	\$572.00
Jenell King	\$554.00
John Maher	\$370.00
Kathryn Dahlberg	\$498.00
Kristine Yerigan	\$250.00
Brian Leet	\$365.00
Michael Doran	\$558.00
Loral Myers	\$242.00
Ordeen Splittstoser	\$799.00
Randall Propp	\$424.00
Richard Berget	\$265.00
Robert Blaisdell-Blais	\$405.00
Robert Mattson	\$538.00
Sharon Johnson	\$322.00
Steve Baker	\$798.00
Paul & Bethany Stiles	\$668.00
Thomas Moody	\$447.00
Thomas Olin	\$304.00
Cambridge EDA	\$-18,404.00

Batch Total: \$0.00



Agenda Item 3D

<p>CAMBRIDGE EDA MEETING</p> <p>May 21, 2018</p> <p>BILLS LIST</p>
--

Disbursement Type:	Date:	Check Numbers:	Submitted For Approval
Prepaid Checks	4/11/2018	110080 - 110127	8,354.93
Prepaid Checks	4/18/2018	110142 - 110167	1,184.63
Prepaid Checks	4/25/2018	110194 - 110233	3,424.09
Prepaid Checks	5/2/2018	110252 - 110286	46,849.15
Prepaid Checks	5/9/2018	110294 - 110358	20,156.91
		Prepaid Totals	79,969.71

TOTAL SUBMITTED FOR APPROVAL

\$79,969.71

Vendor	Vendor Name	Description	Net Invoice Amount
2046	G & K Services, Inc.	Uniform Rental - Maintenance	2.50
	Total 2046:		2.50
3006	Kramer Mechanical Plumbing & H	Repairs - Bridge Park Apt	700.00
	Total 3006:		700.00
4661	Quill Corporation	Office Supplies - Bridge Park	50.05
	Total 4661:		50.05
5058	SAC's Enrichment Center	Lunches - Economic Development	166.75
	Total 5058:		166.75
5261	Star Quality Glass	Repair & Maint - Mall	527.60
	Total 5261:		527.60
5567	Todd Lind Construction	Rum River Build Out	6,625.90
	Total 5567:		6,625.90
5861	Walmart Community Card	Tenant Services - Bridge Park	193.58
	Total 5861:		193.58
5886	Watson Co., Inc.	Misc Operating Supplies - Bridge Park Apts	88.55
	Total 5886:		88.55
	Grand Totals:		8,354.93

Dated: _____

4/12/18

Caroline Moe

City Treasurer: _____

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
04/18	04/11/2018	110080	2046	G & K Services, Inc.	205-20100	2.50
04/18	04/11/2018	110089	3006	Kramer Mechanical Plumbing & Heating Inc	901-20100	700.00
04/18	04/11/2018	110109	4661	Quill Corporation	901-20100	50.05
04/18	04/11/2018	110114	5058	SAC's Enrichment Center	205-20100	166.75
04/18	04/11/2018	110117	5261	Star Quality Glass	205-20100	527.60
04/18	04/11/2018	110122	5567	Todd Lind Construction	205-20100	6,625.90
04/18	04/11/2018	110126	5861	Walmart Community/SYNCB	901-20100	193.58
04/18	04/11/2018	110127	5886	Watson Co., Inc.	901-20100	88.55
Grand Totals:						8,354.93

Vendor	Vendor Name	Description	Net Invoice Amount
1681	ECM Publishers, Inc.	Legal Notice - Bids for Office Build-Out City Cen	18.00
Total 1681:			18.00
2046	G & K Services, Inc.	Uniform Rental - Maintenance	2.50
Total 2046:			2.50
3056	Lake Superior Laundry Inc.	Mall Rugs	120.50
Total 3056:			120.50
3086	Landworks Construction, Inc.	Snow Removal - Bridge Park	292.50
Total 3086:			292.50
3755	Minuteman Press	DHS Project - Minuteman Press	64.13
Total 3755:			64.13
3776	Minnesota Unemployment Insuran	Unemployment Benefits - Quarter 1 2018	687.00
Total 3776:			687.00
Grand Totals:			1,184.63

Dated: 4/18/18

City Treasurer: Caroline Moe

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
04/18	04/18/2018	110142	1681	ECM Publishers, Inc.	205-20100	18.00
04/18	04/18/2018	110147	2046	G & K Services, Inc.	205-20100	2.50
04/18	04/18/2018	110155	3056	Lake Superior Laundry Inc.	205-20100	120.50
04/18	04/18/2018	110156	3086	Landworks Construction, Inc.	901-20100	292.50
04/18	04/18/2018	110166	3776	Minnesota Unemployment Insurance	901-20100	687.00
04/18	04/18/2018	110167	3755	Minuteman Press	205-20100	64.13
Grand Totals:						<u>1,184.63</u>

Vendor	Vendor Name	Description	Net Invoice Amount
969	Cardmember Service	SurveyMonkey Annual Plan	252.00
	Total 969:		252.00
1686	Ecolab Pest Elimination Div.	Pest Control - Bridge Park	150.00
	Total 1686:		150.00
2046	G & K Services, Inc.	Uniform Rental - Maintenance	2.50
	Total 2046:		2.50
3209	LHB, Inc.	Opp. Industrial Park - Project 170657.00	2,842.46
	Total 3209:		2,842.46
3521	Menards	Materials - Bridge Park	30.20
	Total 3521:		30.20
5801	Verizon Wireless	wireless phone service - Economic Developmen	69.68
5801	Verizon Wireless	wireless phone service - Maintenance Dept	25.75
5801	Verizon Wireless	wireless phone service - Bridge Park	51.50
	Total 5801:		146.93
	Grand Totals:		3,424.09

Dated: 4/25/18

City Treasurer: Caroline [Signature]

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
04/18	04/25/2018	110194	969	Cardmember Service	205-20100	252.00
04/18	04/25/2018	110202	1686	Ecolab Pest Elimination Div.	901-20100	150.00
04/18	04/25/2018	110206	2046	G & K Services, Inc.	205-20100	2.50
04/18	04/25/2018	110211	3209	LHB, Inc.	205-20100	2,842.46
04/18	04/25/2018	110215	3521	Menards	901-20100	30.20
04/18	04/25/2018	110233	5801	Verizon Wireless	901-20100	146.93
Grand Totals:						<u>3,424.09</u>

Vendor	Vendor Name	Description	Net Invoice Amount
2046	G & K Services, Inc.	Uniform Rental - Maintenance	2.50
	Total 2046:		2.50
2631	Isanti County Auditor-Treasurer	Property Taxes ID 15.041.0660	1,186.00
2631	Isanti County Auditor-Treasurer	Property Taxes ID 15.066.0060	2,762.00
2631	Isanti County Auditor-Treasurer	Property Taxes ID 15.072.0280	1,554.00
	Total 2631:		5,502.00
3006	Kramer Mechanical Plumbing & H	Repairs - Bridge Park Apt	598.02
	Total 3006:		598.02
3056	Lake Superior Laundry Inc.	Mall Rugs	120.50
	Total 3056:		120.50
3086	Landworks Construction, Inc.	Snow Removal - Bridge Park	187.50
	Total 3086:		187.50
3501	MEI Total Elevator Solutions	May Service Billing	243.21
	Total 3501:		243.21
3521	Menards	Materials - Bridge Park	53.97
3521	Menards	Materials - Bridge Park	28.67
	Total 3521:		82.64
3543	Metro Sales, Inc.	Ricoh MP C2004 Color Copier Contract Base R	9.85
	Total 3543:		9.85
3933	Mora HRA	April Contracted Section 8 Administration	3,343.30
	Total 3933:		3,343.30
4987	Scott Olson Construction	Repairs Unit 105 - Bridge Park	427.00
	Total 4987:		427.00
5567	Todd Lind Construction	Rum River Build Out	35,182.79
	Total 5567:		35,182.79
5786	Vander Vegt Electric, Inc.	Repairs - Bridge Park	161.00
	Total 5786:		161.00

Vendor	Vendor Name	Description	Net Invoice Amount
5878	Waste Management	Dumpster Service & Recycle - Bridge Park Apts	232.56
5878	Waste Management	Dumpster Service & Recycle - 180 Buchanan St	304.66
Total 5878:			537.22
5965	White Bear IT Solutions LLC	Monthly Service Agreement	225.81
5965	White Bear IT Solutions LLC	Monthly Service Agreement	225.81
Total 5965:			451.62
Grand Totals:			46,849.15

Dated: 5/2/18

City Treasurer: Caroline Mose

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
05/18	05/02/2018	110252	2046	G & K Services, Inc.	205-20100	2.50
05/18	05/02/2018	110255	2631	Isanti County Auditor-Treasurer	205-20100	1,186.00
05/18	05/02/2018	110256	2631	Isanti County Auditor-Treasurer	205-20100	1,554.00
05/18	05/02/2018	110257	2631	Isanti County Auditor-Treasurer	205-20100	2,762.00
05/18	05/02/2018	110262	3006	Kramer Mechanical Plumbing & Heating Inc	901-20100	598.02
05/18	05/02/2018	110263	3056	Lake Superior Laundry Inc.	205-20100	120.50
05/18	05/02/2018	110264	3086	Landworks Construction, Inc.	901-20100	187.50
05/18	05/02/2018	110266	3501	Minnesota Elevator, Inc	901-20100	243.21
05/18	05/02/2018	110267	3521	Menards	901-20100	82.64
05/18	05/02/2018	110268	3543	Metro Sales, Inc.	901-20100	9.85
05/18	05/02/2018	110271	3933	Mora HRA	902-20100	3,343.30
05/18	05/02/2018	110276	4987	Scott Olson Construction	901-20100	427.00
05/18	05/02/2018	110280	5567	Todd Lind Construction	205-20100	35,182.79
05/18	05/02/2018	110282	5786	Vander Vegt Electric, Inc.	901-20100	161.00
05/18	05/02/2018	110284	5878	Waste Management of WI-MN	205-20100	537.22
05/18	05/02/2018	110286	5965	White Bear IT Solutions LLC	901-20100	451.62
Grand Totals:						46,849.15

City of Cambridge

Payment Approval Report - EDA Bills List
Report dates: 5/9/2018-5/9/2018Page: 1
May 09, 2018 02:51PM

Vendor	Vendor Name	Description	Net Invoice Amount
555	Business Essentials	Maintenance Supplies - Mall	79.15
	Total 555:		79.15
718	Brothers Fire & Security	Annual Monitoring Fire Alarm Account - Mall	180.00
	Total 718:		180.00
1140	Cintas Corporation	Uniform Rental - Maintenance	3.02
	Total 1140:		3.02
1562	Doherty, Patrick	Security Deposit Refund Unit 203 Bridge Park	370.60
	Total 1562:		370.60
2121	Golden Shovel Agency, LLC	Economic Gateway	3,000.00
	Total 2121:		3,000.00
2233	Grimebusters Deep Surface Clea	Burnishing Floors - Mall	295.00
	Total 2233:		295.00
2350	HD Supply Facilities Maintenance	Materials - Operating Supplies - Bridge Park	127.92
	Total 2350:		127.92
2411	Hillyard Inc.	Maintenance Supplies - Mall	157.24
	Total 2411:		157.24
2421	Redpath and Company	Completion of Financial Statement Audit & SF-S	1,100.00
2421	Redpath and Company	Completion of Financial Statement Audit & SF-S	1,100.00
	Total 2421:		2,200.00
2456	Housing Data Systems	MTCS Transmittal Service 04/01/18-06/30/18	120.00
	Total 2456:		120.00
3006	Kramer Mechanical Plumbing & H	Repairs - Bridge Park Apt	1,082.05
	Total 3006:		1,082.05
4011	NAC Mechanical & Electrical Serv	Repairs & Maint Bldgs/Structures - Work Id 232	349.00
4011	NAC Mechanical & Electrical Serv	Rooftop Unit Replacement Mall - Work Id 23212	8,650.00
	Total 4011:		8,999.00
4020	Nan McKay & Associates Store	Model Admissions and Continued Occupancy P	1,115.22

Vendor	Vendor Name	Description	Net Invoice Amount
Total 4020:			1,115.22
5191	St. Paul Electrical Workers Health	Health Insurance Premium - June	1,459.00
5191	St. Paul Electrical Workers Health	Health Insurance Premium - June	729.50
Total 5191:			2,188.50
5861	Walmart Community Card	Tenant Services - Bridge Park	224.39
5861	Walmart Community Card	Materials - Bridge Park	14.82
Total 5861:			239.21
Grand Totals:			20,156.91

Dated: 5/9/18

City Treasurer: Caroline Moe

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Check GL Account	Amount
05/18	05/09/2018	110294	718	Brothers Fire & Security	205-20100	180.00
05/18	05/09/2018	110295	555	Business Essentials	205-20100	79.15
05/18	05/09/2018	110300	1140	Cintas Corporation	205-20100	3.02
05/18	05/09/2018	110306	1562	Patrick Doherty	901-20100	370.60
05/18	05/09/2018	110310	2121	Golden Shovel Agency, LLC	205-20100	3,000.00
05/18	05/09/2018	110313	2233	Grimebusters Deep Surface Cleaning LLC	205-20100	295.00
05/18	05/09/2018	110314	2350	HD Supply Facilities Maintenance Ltd	901-20100	127.92
05/18	05/09/2018	110315	2411	Hillyard / Minneapolis	205-20100	157.24
05/18	05/09/2018	110316	2456	Housing Data Systems	901-20100	120.00
05/18	05/09/2018	110320	3006	Kramer Mechanical Plumbing & Heating Inc	901-20100	1,082.05
05/18	05/09/2018	110329	4011	NAC Mechanical & Electrical Services	205-20100	8,999.00
05/18	05/09/2018	110330	4020	Nan McKay & Associates Store	901-20100	1,115.22
05/18	05/09/2018	110343	2421	Redpath and Company	902-20100	2,200.00
05/18	05/09/2018	110346	5191	SPEW Health Plan	205-20100	2,188.50
05/18	05/09/2018	110358	5861	Walmart Community/SYNCB	901-20100	239.21

Grand Totals:

20,156.91

Date: May 21, 2018
To: EDA Board of Commissioners
From: Deb Barrett, Housing Supervisor
Re: Report on EDA Housing Operations

Public Housing:

- New resident moved in on May 10th , unit #203
- Resident meeting is scheduled for May 24, 2018 at 11:00 a.m.
- Ordered a new Admissions & Continued Occupancy Policy – current one has not been updated since 2012
- Submitted MTCS report to HDS
- Update on asbestos abatement project will be given by Caroline Moe

Capital Projects

- Request EDA Board to approve and authorize staff to solicit bids for the mill/overlay and restriping of the parking lot

6 B & C Resolution No. R18-002 Recommending the City Council Adopt a Modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for the Establishment of Tax Increment Financing District No. 6-20 and approve Contract for Private Development with Roosevelt Gardens Estates, LLC.

May 21, 2018

Author: Stan Gustafson

REQUEST

The EDA is requested to adopt Resolution No. R18-002 recommending to the City Council To hold a public hearing and adopt a Modification to the Development Program For Development District No. 6, Establish Tax Increment Financing District No. 6-20, And adopt the Tax Increment Financing Plan and approve the Contract for Private Development with Roosevelt Garden Estates, LLC.

BACKGROUND

Staff have been working with INH Property Management Jim Illies Jr. and Mike Stoebe, the development company name is Roosevelt Garden Estates, LLC, and would be constructing two apartment complexes.

The development area is in Parkwood Development a Planned Unit Development (PUD) that consists of single family, detached townhomes, attached townhomes, twin homes, senior and multi-family housing units. The property is zoned appropriately and has been recently platted.

The Developer is proposing to build in phase 1-50 unit (55+ age) independent living upscale apartment community to start construction summer of 2018 with completion is fall of 2019. Phase 2 would be an additional 36-unit of like type or complementary apartment unit that would be planned for construction in 2020 with similar amenities.

The 50 unit apartment will feature an elevator, tuck under and detached garages, drive under canopy sheltering the main entrance. On site amenities including office, community room, craft room, community garden, lounge, fitness room, security system, appliances and keyless entry.

The building would be sprinkled and parking would meet the city's requirements. This apartment building would include 8-one bedroom units and 42- two- bedroom units These units are primarily market rate apartments with 20% income qualified to meet Tax Increment Financing guidelines.

Housing Qualifications for the District

INCOME RESTRICTIONS - ADJUSTED FOR FAMILY SIZE (HOUSING DISTRICT) - ISANTI COUNTY ISANTI COUNTY MEDIAN INCOME: \$94,300		
No. of Persons	50% of Median Income	60% of Median Income
1-person	\$33,050	\$39,660
2-person	\$37,750	\$45,300
3-person	\$42,450	\$50,940
4-person	\$47,150	\$56,580

Source: Department of Housing and Urban Development and Minnesota Housing Finance Agency

The two options for income limits on a standard housing district are 20% of the units at 50% of median income or 40% of the units at 60% of median income. There are no rent restrictions for a housing district.

***PLEASE NOTE: THESE NUMBERS ARE ADJUSTED ANNUALLY. ALL INCOME FIGURES REPORTED ON THIS PAGE ARE FOR 2018.

The Developer is requesting Tax Increment Financing to help finance this project with the added cost of the upscale apartment building. TIF will assist the developer to build in added value to this project by increasing future property tax that would not normally be done without the use of TIF. The developer will build ½ of the street on 9th Avenue SE from Reagan St S to Roosevelt St S and will be designated as one way as part of this project and marked for emergency vehicle use only.

The Tax Increment requested is up to \$1,188,000 or up to 26 years, Developer will retain 95% of the TIF and the City will retain 5% for Administration cost and this is a pay as you go TIF obligation. Phase 1 would receive up to a maximum of \$746,000 and Phase up to a maximum of \$422,000.

The Phase 1 projected building cost is \$6,691,814, or \$133,820 per developed unit. Phase 2 projected building cost is 4,546,017, or \$126,278 per developer unit. The development would be located off of Reagan St S and 10th Ave SE.

The Planning Commission at the meeting May 1, 2018 found that the TIF District is in conformance with the City's general plans for development and redevelopment of the City and is in conformance with the City's Comprehensive Plan.

TIF District 6-20 will be established as depicted on the attached map. The proposed use includes the construction of two-three-story apartment complex with tuck under,

detached garages and adequate surface parking. The proposed use of TIF is used for land cost, infrastructure including road, sidewalks, street lighting, curb and all other qualified improvements.

PROPOSED ACTION

A motion from the EDA approving Resolution No R18-002 Recommending the City Council hold a public hearing and Adopt a Modification to the Development Program for Development District No.6 and the Tax Increment Financing Plan for the Establishment of Tax Increment Financing District No. 6-20 as presented and approve Contract for Private Development as presented.

ATTACHMENTS:

- Contract for Private Development
- Tax Increment Financing Plan prepared by Ehlers
- Tax Increment Financing District Overview
- EDA Resolution R18-002
- Preliminary building site plan
- Public hearing notice
- Planning Commission Resolution R18-01
- Draft Planning Commission Minutes

Draft

CONTRACT FOR PRIVATE DEVELOPMENT

By and Between

CITY OF CAMBRIDGE, MINNESOTA

and

ROOSEVELT GARDEN ESTATES, LLC

Dated: _____, 2018

This document was drafted by:
Rupp, Anderson, Squires &
WalDSPURGER, P.A.
527 Marquette Ave. S. #1200
Minneapolis, MN 55402
(612) 436-4300

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EXHIBIT C	Certificate of Completion	C-1
EXHIBIT D	Phase 1 TIF Note	D-1
EXHIBIT E	Phase 2 TIF Note	E-1

THIS AGREEMENT made and entered into as of this ____ day of _____, 2018, by and between the CITY OF CAMBRIDGE, MINNESOTA, a public body corporate and politic under the laws of Minnesota (“City”) and ROOSEVELT GARDEN ESTATES, LLC, a Minnesota limited liability company (“Developer”).

RECITALS

WHEREAS, the City has undertaken a program to promote the development and redevelopment of land which is underutilized within the City, and in this connection created Municipal Development District No. 6 (hereinafter referred to as the “Development District”) and Tax Increment District No. 6-20 (the “TIF District”) in the Development District located in the City pursuant to Minnesota Statutes, Sections 469.124 to 469.134, as amended (the “Act”) and Sections 469.174 to 469.1794, as amended (the “Tax Increment Act”); and

WHEREAS, pursuant to the Act, the City is authorized to undertake certain activities to provide an impetus for development by private enterprise, to promote increased employment, and to encourage the development of blighted or underutilized areas; and

WHEREAS, the Developer owns certain land in the City (the “Development Property”) and desires to construct improvements to the Development Property consisting of one new 50unit 55+ independent living apartment community, three story apartment building and one 36 unit like style apartment unit, in conjunction with the project, intends to construct parking areas, sidewalks, street lighting, utility infrastructure, landscaping and ½ segment of City road as identified in Exhibit B (the “Minimum Improvements”) as provided in this Agreement; and

WHEREAS, a gap exists between the cost of Developer acquiring the Development Property and constructing the apartment units and related improvements and the funds available to Developer to undertake the project and, based on best estimates, that gap equals \$1,222,000.

WHEREAS, the City is providing financial assistance to the Developer in the form of tax increment financing funds to assist with the establishment of the Minimum Improvements on the Development Property, which assistance is a “business subsidy” to the Developer pursuant to Minnesota Statutes, sections 116J.993 to 116J.995, as amended (the “Business Subsidy Act”); and

WHEREAS, the City as a “grantor” under the Business Subsidy Act is required to enter into this subsidy agreement (the “Subsidy Agreement”) to set forth the terms and conditions of the subsidy, which includes the provision of tax increment financing assistance to the Developer (the “Subsidy”); and

WHEREAS the City has caused to be prepared this Contract for Private Development, including the business subsidy agreement required by the Business Subsidy Act (the “Agreement”); and

WHEREAS, the City believes that the development of the Development Property pursuant to and in general fulfillment of this Agreement, is in the vital and best interests of the

City, will promote the health, safety, morals, and welfare of its residents, and will be in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Development District has been undertaken and is being assisted.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Act” means Minnesota Statutes Sections 469.124 to 469.134, as amended.

“Affiliate” means with respect to the Developer: (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the Developer, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words “controlling”, “controlled by” and “under common control with” shall mean, with respect to any corporation, partnership, limited liability company or other business entity, the ownership of fifty percent or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

“Agreement” means this Agreement, as the same may be from time to time modified, amended, or supplemented.

“Available Tax Increment” means, on each Payment Date, 95% of the Tax Increment derived from the Development Property, and received by the City in the six months preceding the Payment Date.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 through 116J.995, as amended.

“Certificate of Completion” means the certification provided to the Developer, or the purchaser of any part, parcel or unit of the Development Property, pursuant to Section 4.4 of this Agreement.

“City” means the City of Cambridge, Minnesota.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed on the Development Property which (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following: (1) site plan; (2) landscape plan; and (3) such other plans or supplements to the foregoing plans as the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work. The Construction Plans for any building to be constructed on the Development Property shall additionally include the following: (1) foundation plan;

(2) basement plans; (3) floor plan for each floor; (4) cross sections of each (length and width); and (5) elevations (all sides).

“County” means the County of Isanti, Minnesota.

“Developer” means Roosevelt Garden Estates, LLC, or its permitted successors and assigns.

“Development Property” means the real property described as such in Exhibit A of this Agreement. After construction of the Minimum Improvements, the term means the Development Property as improved.

“Eligible Costs” means those costs permitted to be reimbursed under Minn. Stat. §469.174 and the Tax Increment Financing Plan for the TIF District.

“Event of Default” means an action by the Developer listed in Article IX of this Agreement.

“Holder” means the owner of a Mortgage.

“Maturity Date” means the date referenced in Section 7.3 (c).

“Minimum Improvements” means the Phase 1 Minimum Improvements and Phase 2 Minimum Improvements as described in Exhibit B.

“Mortgage” means any mortgage made by the Developer which is secured, in whole or in part, with the Development Property and which is a permitted encumbrance pursuant to the provisions of Article VIII of this Agreement.

“Phase 1 Minimum Improvements” means the construction of one 50 unit 55+ independent living apartment community to be known as Roosevelt Garden Estates, LLC, the construction of parking areas and utility infrastructure for Phase 1 apartment complex shall be completed prior to issuance of a Certificate of Occupancy. The construction of the ½ or full road section as described in Exhibit B shall be completed at the City’s direction by November 1, 2019 for Phase 1.

“Phase 2 Minimum Improvements” means the construction of the second 36 unit like style apartment complex to be known as Roosevelt Garden Estates, LLC as described in Exhibit B.

“Project” means the City’s Municipal Development District No. 6.

“Public Development Costs” means land acquisition costs, costs to construct parking areas, sidewalks, street lighting, utility infrastructure, landscaping and 1/2 road section of City road as identified in Exhibit B (the “Minimum Improvements”) as provided in this Agreement

“State” means the State of Minnesota.

“Tax Increment” means that portion of the real property taxes that is paid with respect to the Development Property and that is remitted to the City as tax increment pursuant to the Tax Increment Act.

“Tax Increment Act” or “TIF Act” means the Tax Increment Financing Act, Minnesota Statutes Sections 469.174 to 469.1794, as amended.

“Tax Increment District” or “TIF District” means Tax Increment Financing District No. 6-20 created by the City.

“Tax Official” means any County assessor, County auditor, County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“TIF Note ” means one or more Tax Increment Revenue Notes to be executed by the City pursuant to Article III hereof in the principal amount not to exceed \$746,000.00 upon completion of the Phase 1 Minimum Improvements and payable from Available Tax Increment derived from the Phase I Minimum Improvements (the Phase 1 Note”) and \$442,000.00 upon completion of the Phase 2 Minimum Improvements and payable from Available Tax Increment derived from the Phase 2 Minimum Improvements (the “Phase 2 Note”). The Phase 2 Note shall reflect that TIF payments for Phase 2 Minimum Improvements will be reduced as provided by Section 3.4 hereof. The form of Phase 1 Note and Phase 2 Note are attached hereto as Exhibit D and Exhibit E.

“Transfer” has the meaning set forth in Section 8.2(a) hereof.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, 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 City in exercising its rights under this Agreement) which directly result in delays. Unavoidable Delays shall include delays as a result of the City not approving the Construction Plans. The performance of any covenant work, service or other act required in this Agreement shall be excused for the period of the Unavoidable Delay, and the period for the performance of the same shall be extended by such period.

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ARTICLE II

Representations and Warranties

Section 2.1. Representations by the City. (a) The City is a statutory city duly organized and existing under the laws of the State. Under the provisions of the Act, the City has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The City will use its best efforts to facilitate development of the Minimum Improvements, including but not limited to cooperating with the Developer in obtaining necessary administrative and land use approvals.

(c) The activities of the City are undertaken for the purpose of fostering the development of certain real property which will vitalize this portion of the Development District, increase tax base, and increase employment opportunities.

(d) There are no pending or threatened legal proceedings, of which the City has notice, to restrain or enjoin the execution or delivery of this Agreement or in any way contesting the validity of this Agreement, or contesting the authority of the City to execute, deliver and perform this Agreement.

(e) The consummation of the transactions contemplated by this Agreement, and compliance by the City with the terms of this Agreement, will not result in any breach of any of the terms of, or constitute a default under, any indenture, lease, loan agreement, or other instrument to which the City is a party or by which the City is bound, or any law applicable to the City or this transaction.

Section 2.2. Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a limited liability company in good standing under the laws of Minnesota, is not in violation of any provisions of its articles or bylaws, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery, and performance of this Agreement by proper action of its officers.

(b) The Developer will construct, operate, and maintain the two apartment buildings to be known as Development Name Here and the Phase 1 and Phase 2 Minimum Improvements in accordance with the terms of this Agreement and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and

federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(d) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer or the City in the Development District may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(e) The Developer shall promptly advise the City in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental city materially affecting the Minimum Improvements or materially affecting Developer or its business which may delay or require changes in construction of the Minimum Improvements.

(f) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(g) The proposed development by the Developer hereunder would not occur but for the tax increment financing assistance being provided by the City hereunder.

(h) The Developer is not currently in default under any business subsidy agreement with any grantor, as such terms are defined in the Business Subsidy Act.

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ARTICLE III

Status of Property; Public Development Costs

Section 3.1. Status of the Development Property. As of the date of this Agreement, the Developer owns the Development Property. The City has no obligation to acquire any interest in the Development Property.

Section 3.2. Public Development Costs. The Developer shall undertake and assume all necessary Development Costs to construct the Minimum Improvements on the Development Property (such activities are collectively referred to as the "Public Development Costs").

Section 3.3. Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer for Public Development Costs through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit D, subject to the following conditions:

(1) The Phase 1 TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Phase 1 Improvements and the Project has been completed and that the Developer has incurred and paid all costs of acquisition of the Development Property and the construction of Phase 1 Improvements, as described in and limited by Section 3.1 and shall have submitted paid invoices for the costs of construction of the Phase 1 Improvements in an amount not less than the Reimbursement Amount. The same requirements shall apply to the Phase 2 TIF Note.

(2) The unpaid principal amount of the TIF Note shall bear simple, non-compounding interest from the date of issuance of the TIF Note, at 5.50 % per annum. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months. The principal amount of the TIF Note and the interest thereon shall be payable solely from the Available Tax Increments.

(3) The payment dates of the TIF Note shall be the Note Payment Dates. On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, the Available Tax Increments received by the City during the preceding six months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Available Tax Increments shall be used to pay the principal of and interest on the TIF Note. If, on any Note Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future Note Payment Date there are Available Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirement that there shall not at that time be an Event of Default that has occurred beyond applicable cure periods and is continuing under this Agreement.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit D. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4. Application for Grant for Phase 2 Improvements.

Should the Developer prepare plans for the Phase 2 minimum improvements that are eligible for the Minnesota Housing Workforce Development Program, the developer and the City shall jointly apply for a State grant for the Phase 2 minimum improvements through this program. The City shall reasonably cooperate with the Developer in the grant process. All grant funds received shall reduce the City's TIF Commitment for Phase 2 Improvements, and shall be reflected in the TIF Note, or any necessary amendment thereto.

Section 3.5. Compliance with Low and Moderate Income Requirements.

(7) The City and the Developer understand and agree that the Tax Increment District will constitute a "housing district" under Section 469.174, Subd. 11 of the Tax Increment Act. Accordingly, in compliance with Section 469.1761, Subd. 3 of the Tax Increment Act, the Developer agrees that the Project must satisfy, or be treated as satisfying, the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The parties further agree that no more than 20% of the square footage of the Project (which is the only building receiving assistance from Tax Increments) may consist of commercial, retail, or other nonresidential uses. The Developer must meet the above requirements as follows:

(A) At least 20% of the residential units in the Project must be occupied or available for occupancy by persons whose incomes do not exceed 50% of the County median income; and

(B) The limits described in clause (A) must be satisfied through the Termination Date. Income for occupants of units described in clause (A) shall be adjusted for family size in accordance with Section 142(d) of the Internal Revenue Code and related regulations.

(8) On or before each July 1, commencing on July 1, 2020, and each July 1 thereafter, the Developer or an agent of the Developer must deliver or cause to be delivered to the City a Compliance Certificate executed by the Developer covering the preceding twelve (12) months together with written evidence satisfactory to the City of compliance with the covenants in this Section. This evidence must include a statement of the household income of each of qualifying

renter, a written determination that each qualifying renter's household income falls within the qualifying limits of this Section (and Section 142(d) of the Internal Revenue Code), and certification that the income documentation is correct and accurate (and that the determination of qualification was made in compliance with Section 142(d) of the Internal Revenue Code). The City may review, upon request, all documentation supporting the Developer submissions and statements. In determining compliance with this Section, the Developer must use the County median incomes for the year in which the payment is due on the TIF Note, as promulgated by the Minnesota Housing Finance Agency based on the area median incomes established by the United States Department of Housing and Urban Development.

Section 3.6. Payment of Administrative Costs. The City acknowledges that Developer has deposited with the City \$15,000. The City will use such deposit to pay "Administrative Costs," which term means out of pocket costs incurred by the City (including without limitation attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the Development contemplated hereunder. At Developer's request, but no more often than monthly, the City will provide Developer with a written report including invoices, time sheets or other comparable evidence of expenditures for Administrative Costs and the outstanding balance of funds deposited. If at any time the City determines that the deposit is insufficient to pay Administrative Costs, the Developer is obligated to pay such shortfall within 15 days after receipt of a written notice from the City containing evidence of the unpaid costs. If any balance of funds deposited remains upon issuance of the Certificate of Completion pursuant to Section 4.4 of this Agreement, the City shall promptly return such balance to Developer; provided that Developer remains obligated to pay subsequent Administrative Costs related to any amendments to this Agreement requested by Developer.

Section 3.7. Records. The City and its representatives shall have the right at all reasonable times after reasonable notice to inspect, examine, and copy all books and records of Developer relating to the Minimum Improvements. Developer shall also use its best efforts to cause the contractor or contractors, all sub-contractors and their agents and lenders to make their books and records relating to the Project available to City, upon reasonable notice, for inspection, examination and audit. Such records shall be kept and maintained by Developer until the Maturity Date.

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ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property in accordance with the approved Construction Plans and at all times prior to the Maturity Date will operate and maintain, preserve and keep the Minimum Improvements or cause such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition. The City shall have no obligation to operate or maintain the Minimum Improvements.

Section 4.2. Construction Plans. (a) Before commencement of construction of the Minimum Improvements, the Developer shall submit to the City the Construction Plans. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with this Agreement, and all applicable State and local laws and regulations. The City will approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iii) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (iv) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer from all sources for construction of the Minimum Improvements; and (v) no Event of Default has occurred.

Approval may be based upon a review by the City's Building Official of the Construction Plans. No approval by the City shall relieve the Developer of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the City shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the City, in whole or in part. Such rejections shall set forth in detail the reasons therefore, and shall be made within twenty (20) days after the date of their receipt by the City. If the City rejects any Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within twenty (20) days after its receipt of written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City. The City's approval shall not be unreasonably withheld, conditioned or delayed. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements constructed in accordance with said plans) comply to the City's satisfaction with the provisions of this Agreement relating thereto.

(b) If the Developer desires to make any material change in the Construction Plans after their approval by the City, the Developer shall submit the proposed change to the City for its approval. For the purposes of this Section, the term "material" means any change that decreases the total size of the Minimum Improvements by 400 square feet or more. If the Construction Plans, as modified by the proposed change, conform to the requirements of this

Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the City shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the City unless rejected, in whole or in part, by written notice by the City to the Developer, setting forth in detail the reasons therefor. Such rejection shall be made within twenty (20) days after receipt of the notice of such change. The City's approval of any such change in the Construction Plans will not be unreasonably withheld.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of the Phase 1 Minimum Improvements by October 1, 2018. Subject to Unavoidable Delays, the Developer shall complete the construction of the Phase 1 Minimum Improvements by December 31, 2019. All work with respect to the Phase 1 Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in conformity with the Construction Plans as submitted by the Developer and approved by the City. Subject to Unavoidable Delays, the Developer shall commence the construction of the Phase 2 Minimum Improvements by October 1, 2020, except that the Developer shall have the right to extend the Phase 2 construction commencement based upon market conditions as determined by the Developer. Developer shall give the City written notice of its extension of the Phase 2 construction, and such extension shall continue until further notice from Developer, except that the Phase 2 construction shall be commenced and completed prior to the Maturity Date. The Phase 2 Minimum Improvements shall be completed within 1 year of the commencement of construction.

The Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the Development of the Development Property through the construction of the Phase 1 Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 4.3 of this Agreement. After the date of this Agreement and until construction of the Minimum Improvements has been completed, the Developer shall make reports, in such detail and at such times as may reasonably be requested by the City, as to the actual progress of the Developer with respect to such construction.

Section 4.4. Certificate of Completion. (a) Promptly after completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements (including the dates for beginning and completion thereof), the City will furnish the Developer with a Certificate shown as Exhibit C. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) If the City shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the City shall, within thirty (30) days after written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Minimum

Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the reasonable opinion of the City, for the Developer to take or perform in order to obtain such certification.

(c) The construction of the Minimum Improvements shall be deemed to be complete upon issuance of a certificate of occupancy by the City, and the issuance of such certificate shall not be unreasonably withheld, conditioned, or delayed.

ARTICLE V

Insurance and Subordination

Section 5.1. Insurance. (a) The Developer will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the City, furnish the City with proof of payment of premiums on policies covering the following:

(i) builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy. The interest of the City shall be protected in accordance with a clause in form and content satisfactory to the City;

(ii) commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than \$2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The City shall be listed as an additional insured on the policy; and

(iii) workers' compensation insurance, with statutory coverage, provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(b) Upon completion of construction of the Minimum Improvements and prior to the Maturity Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Commercial general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or

property, in the minimum amount for each occurrence and for each year of \$2,000,000, and shall be endorsed to show the City as additional insured.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Developer, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the City policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the City at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer will notify the City immediately in the case of damage exceeding \$10,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will promptly repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the net proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer shall complete the repair, reconstruction, and restoration of the Minimum Improvements, whether or not the net proceeds of insurance received by the Developer for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Developer.

(e) All of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

Section 5.2. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the City with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.

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ARTICLE VI

Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the Development District through the reimbursement of Public Development Costs under this Agreement. The Developer understands that the Available Tax Increment pledged to payment on the Note is derived from real estate taxes on the Development Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the City to sue the Developer to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor, provided, however, that Developer shall have the right to contest taxes in the manner provided by law. In any such suit, the City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2 Reduction of Taxes. The Developer agrees that prior to the Maturity Date: (1) it will not seek administrative review or judicial review of the applicability of any real property tax statute determined by any Tax Official to be applicable to the Minimum Improvements or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; (2) it will not seek administrative review or judicial review of the constitutionality of any real property tax statute determined by any Tax Official to be applicable to the Minimum Improvements or the Developer or raise the unconstitutionality of any such real property tax statute as a defense in any proceedings, including delinquent tax proceedings; (3) it will not (A) cause willful destruction of the Minimum Improvements or any part thereof; (B) willfully refuse to reconstruct damaged or destroyed property pursuant to Section 5.1, except as provided in Section 5.1(e) of this Agreement; (C) apply to the Commissioner of Revenue of the State requesting an abatement of real property taxes pursuant to Minnesota Statutes, Chapter 270; (D) transfer the Development Property or Minimum Improvements, or any part thereof, to an entity exempt from the payment of real property taxes under State law; (E) engage in any other proceedings, whether administrative, legal or equitable, with any administrative body within the County or the State or with any court of the State or the federal government to reduce or defer the amount of real property taxes assessed against the Development Property and the Minimum Improvements, except that nothing in this Section 6.2 shall prevent the Developer from taking any action it may choose with respect to any income tax matters.

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ARTICLE VII

Financing

Section 7.1. Developer Financing. In the event the Developer requires construction financing, Developer shall submit to the City evidence of one or more commitments for financing which, together with committed equity, is sufficient for construction of the Minimum Improvements. If the City finds that the financing is sufficiently committed and adequate in amount to provide for the undertakings described in paragraph (a), then the City shall notify the Developer in writing of its approval. Such approval shall not be unreasonably withheld and either approval or rejection shall be given within ten (10) days from the date when the City is provided the evidence of financing. A failure by the City to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the City rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event the Developer shall submit adequate evidence of financing within ten (10) days after such rejection. In the event that there occurs a default under any Mortgage, the Developer shall cause the City to receive copies of any notice of default received by the Developer from the holder of such Mortgage or the Developer shall have the right to terminate this Agreement by giving the City written notice, and the Developer shall have no further obligations hereunder.

Section 7.2. Subordination. In order to facilitate the Developer obtaining financing for the Development of the Minimum Improvements, the City shall subordinate its rights under this Agreement to the Holder of any Mortgage, provided that such subordination shall be subject to such reasonable terms and conditions as required by the Holder of a Mortgage.

Section 7.3. Land and Site Improvement Costs. The City agrees to reimburse Developer for Land and other Eligible Costs. Subject to reduction of its obligation under Section 3.4 hereof, the City will reimburse the Developer solely for eligible costs in an amount not to exceed \$746,000.00 for Phase 1 Improvements and \$442,000 for Phase 2 improvements to be secured solely by the Available Tax Increment from TIF District 6-20. Payments are not a general obligation of the City. Available Tax Increment is subject to great variation due to factors outside the City's control, including but not limited to assessor's estimated market values, tax rates, legislative changes, and payment of taxes by other parcels in TIF District 6.

(b) The obligation to make payments on the reimbursement is conditioned in addition on the following:

- (1) the Developer having submitted and the City having approved Construction Plans for the Minimum Improvements;
- (2) the Developer having executed this Agreement;
- (3) the Developer having provided evidence satisfactory to the City of documentation of the total amount of Public Development Costs;

(4) the Developer making timely payment in full of all property tax, special assessment and public utility payments;

(5) the Developer having not filed a tax petition for the Development Property

(6) there being no uncured Event of Default by Developer under this Agreement;

(c) Payments. Payments of Available Tax Increment will be paid in semi-annual installments on August 1 and February 1, commencing August 1, 2020 and concluding no later than February 1, 2046 (the "Maturity Date").

(d) Termination of Right to Reimbursement. Notwithstanding anything to the contrary in this Agreement, if the conditions in Section 7.3(b) are not met by March 31, 2019, subject to Unavoidable Delays or the extension of this date by the City, the City may terminate this Agreement by ten days written notice to the Developer. Thereafter neither party shall have any obligations or liability to the other hereunder, except that any obligations of the Developer under Sections 3.4 and 8.3 of this Agreement survive such termination.

(e) Issuance to Third Parties. (i) If the Developer chooses to assign payments of the Available Tax Increment to third parties, the Developer shall notify the City in writing at least 30 days prior to the next payment date.

(f) Qualifications. The Developer understands and acknowledges that the City makes no representations or warranties regarding the amount of Available Tax Increment. Developer expressly acknowledges that estimates of Tax Increment prepared by the City or its financial advisors in connection with the TIF District or this Agreement are for the benefit of the City, and are not intended as representations on which the Developer may rely. If the Public Redevelopment Costs exceed the net proceeds of the Note, such excess is the sole responsibility of Developer.

(g) ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. The Developer's construction of the Minimum Improvements on the Development Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of Development of the Development Property and not for speculation in land holding.

Section 8.2. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. Prior to the issuance of a Certificate of Completion for the Minimum Improvements:

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development

Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same ("Transfer"), except to an Affiliate of Developer, without the prior written approval of the City unless the Developer remains liable and bound by this Development Agreement in which event the City's approval is not required. Any such Transfer shall be subject to the provisions of this Agreement.

(b) In the event the Developer, upon Transfer of the Development Property or any portion thereof, seeks to be released from its obligations under this Development Agreement as to the portions of the Development Property that is transferred or assigned, the City shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any such release that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer as to the portion of the Development Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the City and in form recordable in the public land records of Isanti County, Minnesota, shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement as to the portion of the Development Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the City) deprive the City of any rights or remedies or controls with respect to the Development Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the City of or with respect to any rights or remedies or controls provided in or resulting from this Agreement with respect to the Minimum Improvements that the City would have had, had there been no such transfer or change. In the absence of specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the

construction of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article VIII, shall be in a form reasonably satisfactory to the City.

In the event the foregoing conditions are satisfied then the Developer shall be released from its obligation under this Agreement, as to the portion of the Development Property that is transferred, assigned or otherwise conveyed. The restrictions under this Section terminate upon issuance of the Certificate of Completion.

Notwithstanding anything herein to the contrary, the Developer shall have the right to assign or transfer its rights hereunder (including the TIF Note) to a third party without any consent requirement of the City after the Phase 1 Minimum Improvements have been constructed, but prior to any commencement of construction of the Phase 2 Minimum Improvements, provided the third party has agreed, in writing, to assume all of the Developer's obligations hereunder.

Section 8.3. Release and Indemnification Covenants. (a) The City and its governing body members, officers, agents, servants and employees (the "Indemnified Parties") shall not be liable for and the Developer shall indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Development Property or the Minimum Improvements.

(b) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Development Property or the Minimum Improvements.

(c) The Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or Minimum Improvements.

(d) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City in the individual capacity thereof.

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

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides thirty (30) days written notice to the defaulting party of the event, but only if the event has not been cured within said 30 days or, if the event is by its nature incurable within thirty (30) days, the defaulting party does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) failure by either party to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder;

(b) commencement by the Holder of any Mortgage on the Development Property or any improvements thereon, or any portion thereof, of foreclosure proceedings as a result of default under the applicable Mortgage documents;

(c) if the Developer shall

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law; or

(ii) make an assignment for benefit of its creditors; or

(iii) admit in writing its inability to pay its debts generally as they become due;
or

(iv) be adjudicated a bankrupt or insolvent.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement by Developer occurs, the City may exercise any of the following rights under this Section 9.2 after providing thirty days written notice to the Developer of the Event of Default, but only if the Event of Default has not been cured within said thirty (30) days or, if the Event of Default is by its nature incurable within thirty (30) days, the Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Withhold payments under Section 7.3 in accordance with its terms pending cure of the Event of Default.

(b) Terminate this Agreement.

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

(d) Notwithstanding anything to the contrary herein, in the case of defaults by Developer described in Section 3.3, the City has the additional remedies specified therein, subject to the qualification described in Section 10.3.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party 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. In order to entitle the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.5. Attorneys Fees. Whenever any Event of Default occurs and if the City 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 the Developer under this Agreement, the Developer shall, within ten (10) days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Representatives Not Individually Liable. The City and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. Until the Maturity Date the Developer shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

- (a) in the case of the Developer, is addressed to or delivered personally to Roosevelt Garden Estates, LLC, 175-7th Avenue South, Waite Park, MN 56387; and
- (b) in the case of the City, is addressed to or delivered personally to the City at City Hall, 300 3rd Avenue NE, Cambridge, MN 55008.
Attn: City Administrator

Or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The City may record this Agreement and any amendments thereto with the Isanti County recorder. The Developer shall pay all costs for recording.

Section 10.9. Amendment. This Agreement may be amended only by a written agreement approved by all parties hereto.

Section 10.10. Governing Law. This Agreement is made and shall be governed in all respects by the laws 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.

Section 10.11. Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 10.12. Entire Agreement. This Agreement, together with its Schedules, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning this Agreement, provided that nothing contained herein shall impair the rights of the City or the obligations of the Developer under any other agreement between the City and the Developer. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by both parties hereto.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and its seal to be hereunto duly affixed and the Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

CITY OF CAMBRIDGE, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this __ day of _____, 2018 by Marlys A. Palmer and Lynda Woulfe, the Mayor and Administrator of the City of Cambridge Minnesota, on behalf of the City.

Notary Public

ROOSEVELT GARDEN ESTATES, LLC

By _____

Its _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2018 by _____, the _____ of Roosevelt Garden Estates, LLC, on behalf of the company.

Notary Public

EXHIBIT A
Development Property

EXHIBIT B
Minimum Improvements

“Phase 1 Minimum Improvements” means the construction of one 50 unit 55+ independent living apartment community to be known as Roosevelt Garden Estates, LLC, the construction of parking areas and utility infrastructure for Phase 1 apartment complex shall be completed prior to issuance of a Certificate of Occupancy. The construction of the ½ or full road section of 9th Avenue SE from Reagan St S to Roosevelt St S including sidewalk, street lights and signage shall be completed at the City’s direction by November 1, 2019 for Phase 1. If only the half road section on 9th Ave SE is built it will be marked (no parking emergency vehicles only).

“Phase 2 Minimum Improvements” means the construction of the second 36 unit like style apartment complex to be known as Roosevelt garden Estates, LLC.

The minimum road utility improvements are indicated in Section 5 of the Development Contact dated July 15, 2018.

EXHIBIT C
CERTIFICATE OF COMPLETION

A. Roosevelt Garden Estates. LLC (the "Developer") [THE CITY OF CAMBRIDGE, MINNESOTA (the "City")], pursuant to the Contract for Private Development by and among the City and Developer, dated effective as of _____, 2018 (the "Agreement"), has agreed to complete the Minimum Improvements, as defined in and in accordance with the Agreement, on that certain real property (the "Property") located in Isanti County, Minnesota, described on the attached Exhibit A.

B. The Developer has substantially completed construction of the Minimum Improvements as required under the Agreement.

C. The issuance of this Certificate of Completion by the City is not intended nor shall it be construed to be a warranty or representation by the City as to the structural soundness of the Minimum Improvements including, but not limited to, the quality of materials, workmanship or the fitness of the Minimum Improvements for it/their proposed use;

NOW THEREFORE, this is to certify that all construction and other physical improvements specified to be done and made by the Developer with regard to the Minimum Improvements have been substantially completed, and the provisions of the Agreement imposing obligations on the Developer to construct the Minimum Improvements on the Property, are hereby satisfied and terminated, and the County Recorder and Registrar of Titles in and for the County of Isanti and State Minnesota are hereby authorized to record this instrument, to be a conclusive determination of the satisfactory termination of said provisions of the Agreement.

CITY OF CAMBRIDGE, MINNESOTA

By _____
City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this ____ day of _____, 201__, by _____, City Administrator of the City of Cambridge, Minnesota, on behalf of the City of Cambridge.

Notary Public

Roosevelt Garden Estates, LLC
a Minnesota limited liability company

By _____
Its _____

STATE OF MINNESOTA)
) ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this ___ day of _____, 201___,
by _____, the _____ of Roosevelt Garden Estates, LLC, a Minnesota limited
liability company, on behalf of the limited liability company.

Notary Public

EXHIBIT D

FORM OF TIF NOTE
No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ISANTI
CITY OF CAMBRIDGE

TAX INCREMENT REVENUE NOTE
(THE PRESERVE AT CAMBRIDGE HOUSING PROJECT)

The City of Cambridge, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to Roosevelt Garden Estates, LLC, or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$746,000.00 as provided in that certain Development Agreement, dated as of _____, 2018, as the same may be amended from time to time (the "Development Agreement"), by and between the City and Roosevelt Garden Estates, LLC. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple, non-compounding interest at a rate of five and zero hundredths percent (5.50%) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, 2020, and on each August 1 and February 1 thereafter to and including February 1, 2046, or, if the first should not be a Business Day (as defined in the Development Agreement) the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the Available Tax Increments (hereinafter defined) received by the City during the six-month period preceding such Payment Date. All payments made by the Authority under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the Authority, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 95% of the tax increments (the "Phase 1 Available Tax Increments") attributable to the real property comprising the Phase 1 Minimum Improvements of the Development Property (as herein defined) within the City's Tax Increment Financing District Tax Increment Financing District No. 6-20 (the "Tax Increment District") within its Development District No. 6 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). The City shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Phase 1 Available Tax Increment. This Note shall

terminate and be of no further force and effect following the termination of the Tax Increment District, on any date upon which the City shall have terminated the Development Agreement under Section 9.2 thereof, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Available Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable, without interest accruing thereon in the meantime, if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.3 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City of Cambridge, Minnesota, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Available Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only under the provisions specified in Section 8.2 or with the consent of the City which consent will not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation thereon.

IN WITNESS WHEREOF, City of Cambridge, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be issued on and dated _____, 20__.

Mayor

Administrator

EXHIBIT E

FORM OF TIF NOTE
No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ISANTI
CITY OF CAMBRIDGE

TAX INCREMENT REVENUE NOTE
(THE PRESERVE AT CAMBRIDGE HOUSING PROJECT)

The City of Cambridge, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to Roosevelt Garden Estates, LLC, or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$442,000.00 as provided in that certain Development Agreement, dated as of _____, 2018, as the same may be amended from time to time (the "Development Agreement"), by and between the City and Roosevelt Garden Estates, LLC. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple, non-compounding interest at a rate of five and zero hundredths percent (5.50%) per annum. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on _____, _____, and on each August 1 and February 1 thereafter to and including February 1, 2046, or, if the first should not be a Business Day (as defined in the Development Agreement) the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the Available Tax Increments (hereinafter defined) received by the City during the six-month period preceding such Payment Date. All payments made by the Authority under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the Authority, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 95% of the tax increments (the "Phase 2 Available Tax Increments") attributable to the real property comprising the Phase 2 Minimum Improvements of the Development Property (as herein defined) within the City's Tax Increment Financing District Tax Increment Financing District No. 6-20 (the "Tax Increment District") within its Development District No. 6 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). The City shall have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Phase 2 Available Tax Increment. This Note shall

terminate and be of no further force and effect following the termination of the Tax Increment District, on any date upon which the City shall have terminated the Development Agreement under Section 9.2 thereof, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.”

The City makes no representation or covenant, expressed or implied, that the Available Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable, without interest accruing thereon in the meantime, if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.3 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City of Cambridge, Minnesota, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Available Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only under the provisions specified in Section 8.2 or with the consent of the City which consent will not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation thereon.

IN WITNESS WHEREOF, City of Cambridge, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be issued on and dated _____, 20__.

Mayor

Administrator

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on _____, 20 __, was on said date registered in the name of Roosevelt Garden Estates, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

<u>NAME AND ADDRESS OF REGISTERED OWNERS</u>	<u>DATE OF REGISTRATION</u>	<u>SIGNATURE OF CITY ADMINISTRATOR</u>
Roosevelt Garden Estates, LLC 175-7 th Avenue South Waite Park, Minnesota 56387	_____, 20__	_____
_____	_____	_____
_____	_____, 20__	_____
_____	_____	_____
_____	_____	_____
_____	_____, 20__	_____
_____	_____	_____
_____	_____	_____
_____	_____, 20__	_____
_____	_____	_____

**CAMBRIDGE ECONOMIC DEVELOPMENT AUTHORITY
CITY OF CAMBRIDGE
ISANTI COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. R18-002

RESOLUTION RECOMMENDING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 6, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 6-20 THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

WHEREAS, it has been recommended by the Board of Commissioners (the "Board") of the Cambridge Economic Development Authority (the "EDA") that the City adopt a Modification to the Development Program for Development District No. 6 (the "Development Program Modification") and establish Tax Increment Financing District No. 6-20 (the "District") and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.133, and Sections 469.174 to 469.1794, inclusive, as amended (the "Act"), all as reflected in the Program and Plan and presented for the Board's consideration; and

WHEREAS, the City has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared; and

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption of the Program and Plan. The City has also requested the City Planning Commission to provide for review of and written comment on the Program and Plan and that the Council schedule a public hearing on the Program and Plan upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The EDA hereby recommends that the District is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11, and finds that the adoption of the proposed Program and Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State of Minnesota for affordable and high-quality housing.
2. The EDA further recommends that the Program and Plan will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the project area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.
3. The Program and Plan, as presented to the EDA on this date, are hereby recommended to be established and adopted by the City Council.

Approved by the Board of Commissioners of the Cambridge Economic Development Authority this 21st day of May, 2018.

Chair

ATTEST:

Secretary

Authorized uses: The TIF Plan contains a budget that authorizes the maximum amount that may be expended over the life of the District:

Land/Building Acquisition	\$180,000
Site Improvements/Preparation	\$205,000
Utilities	\$190,017
Other Qualifying Improvements	\$909,406
<u>Administrative Costs (up to 10% allowable)</u>	<u>\$145,174</u>
PROJECT COSTS TOTAL	\$1,629,597
<u>Interest</u>	<u>\$1,419,067</u>
PROJECT COSTS TOTAL	\$3,048,664

Tax Increment expenditures will be further governed by a Contract for Private Development with the Developer. See Subsection 2-10, on page 2-6 of the TIF Plan for the full budget authorization.

Form of financing: The project is proposed to be financed by a pay-as-you-go note to the developer. The City of Cambridge will only be obligated to pay upon the Note using tax increment it receives from the proposed development, and no other source of funds.

Interfund Loan Requirement: If the City wants to pay for up front administrative expenditures from a tax increment fund with the expectation to be reimbursed from tax increment revenues, it is recommended that a resolution authorizing a loan from another fund be passed *PRIOR* to, or within 60 days of, the issuance of the check. The City does not anticipate this need at this time.

4 Year Activity Rule (*§ 469.176 Subd. 6*) After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District:

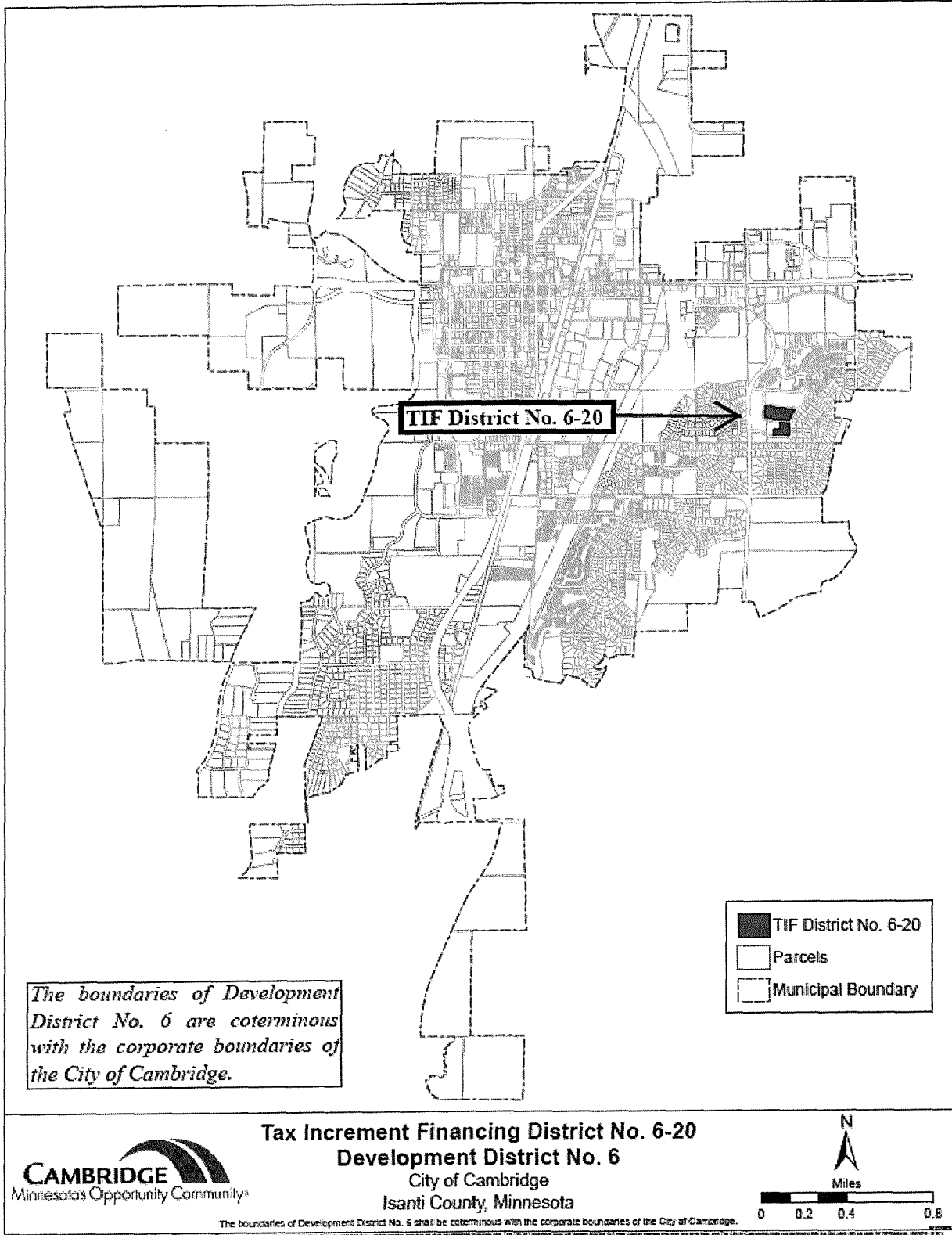
- Demolition
- Rehabilitation
- Renovation
- Other site preparation (excluding sewer and water utility services)

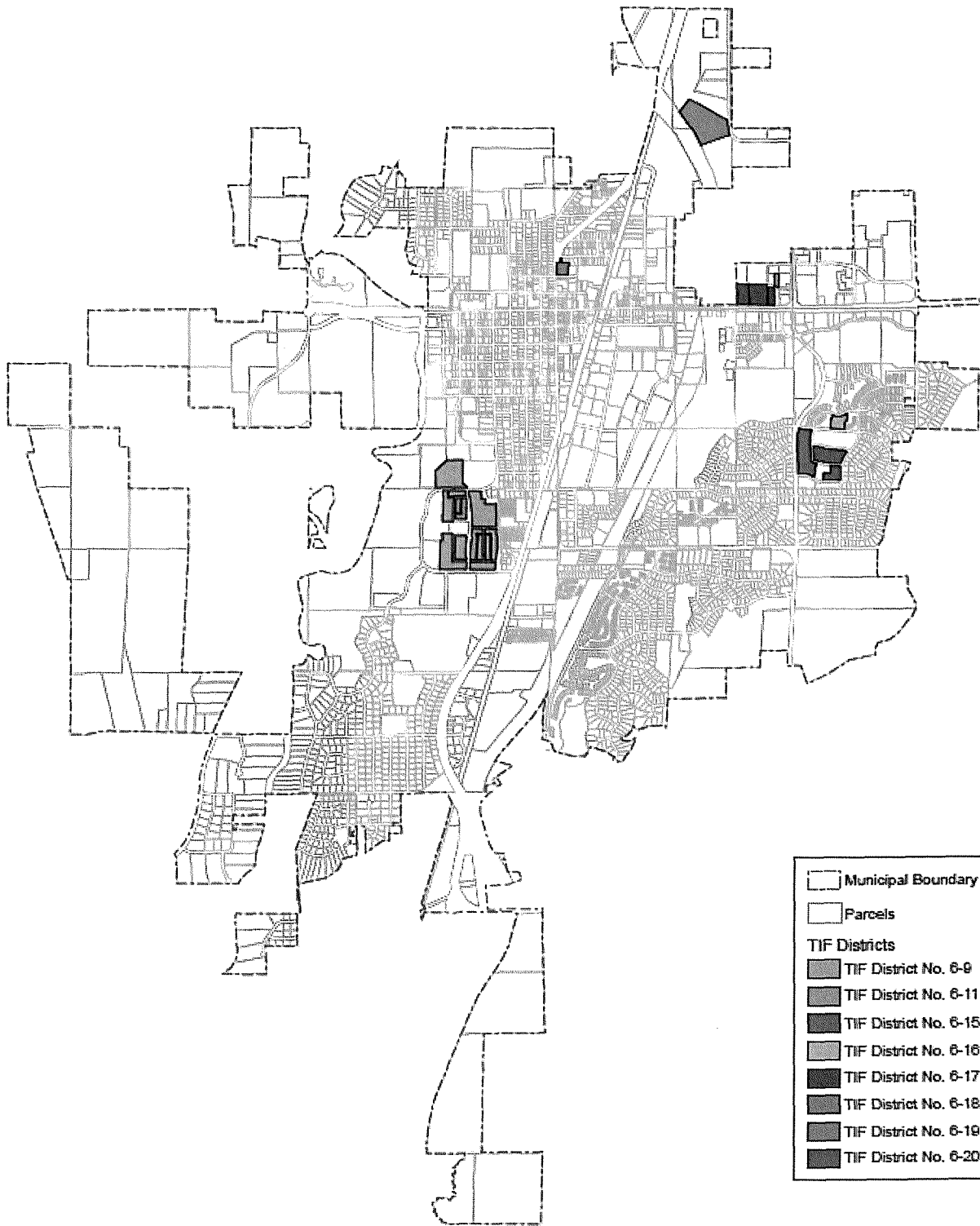
If the activity has not been started by approximately June 2022, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity. The City’s contract for private development identifies the developer is to initiate qualifying activities in 2018.

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.



MAP OF DEVELOPMENT DISTRICT NO. 6 AND
TAX INCREMENT FINANCING DISTRICT NO. 6-20

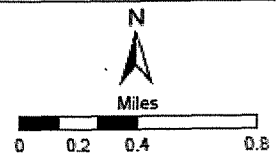




Tax Increment Financing Districts

City of Cambridge
Isanti County, Minnesota

The boundary of Development Center No. 6 shall be coextensive with the corporate boundaries of the City of Cambridge.



EHLERS
LEADERS IN PUBLIC FINANCE



*As of May 14, 2018
Draft for Public Hearing*

**Modification to the Development Program
for Development District No. 6**

and the

Tax Increment Financing Plan

for the establishment of

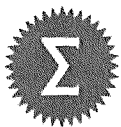
**Tax Increment Financing District No. 6-20
(a housing district)**

within

Development District No. 6

City of Cambridge
Isanti County
State of Minnesota

Public Hearing: May 21, 2018
Adopted:



EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
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(for reference purposes only)

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***Section 1 - Modification to the Development Program
for Development District No. 6***

Foreword

The following text represents a Modification to the Development Program for Development District No. 6. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 6. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 6-20.

For further information, a review of the Development Program for Development District No. 6 is recommended. It is available from the City Administrator at the City of Cambridge. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 6.

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 6-20

Subsection 2-1. Foreword

The City of Cambridge (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 6-20 (the "District"), a housing tax increment financing district, located in Development District No. 6.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.124 to 469.133, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 6.

Subsection 2-3. Statement of Objectives

The District currently consists of two parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the phased construction of 50 units of senior housing with 36 units of complementary housing, with portions designated as affordable housing. Please see Appendix A for further District information. The City is currently negotiating an agreement with INH Properties and Mick Construction as a developer partnership. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 6.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 6 and the District.

Subsection 2-4. Development Program Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S.*, Chapter 117 and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 2-6. Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1799*, as amended, inclusive, finds that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761* as defined below:

M.S., Section 469.174, Subd.11:

"Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, and that satisfies the requirements of M.S., Section 469.1761. Housing project means a project, or portion of a project, that meets all the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

M.S., Section 469.1761:

Subd. 1. Requirement imposed.

(a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located within a targeted area as defined in Section 462C.02 Subd 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:

(1) construction of the addition begins more than three years after construction of the existing structure was completed; and

(2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.

Subd. 2. Owner occupied housing.

For owner occupied residential property, 95 percent of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code.

Subd. 3. Rental property.

For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Subd. 4. Noncompliance; enforcement.

Failure to comply with the requirements of this section is subject to M.S., Section 469.1771.

In meeting the statutory criteria the City relies on the following facts and findings:

- The District consists of two parcels.
- The development will consist of approximately 50 units of senior rental housing with a second phase of an additional 36 units of complimentary rental housing.
- At least 20% of the units will be occupied by person with incomes less than 50% of median income, or
- At least 40% of the units will be occupied by person with incomes less than 60% of median income

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2020, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2045, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2017 for taxes payable 2018.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2020) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2018, assuming the request for certification is made before June 30, 2018. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 6, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2020. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$74,298	
Original Estimated Net Tax Capacity (ONTC)	\$1,479	
Estimated Captured Tax Capacity (CTC)	\$72,819	
Original Local Tax Rate	1.79869	Pay 2018
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$130,979	
Percent Retained by the City	100%	

Tax capacity includes a 1% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be \$17,500.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$2,903,490
<u>Interest</u>	<u>\$145,174</u>
TOTAL	\$3,048,664

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$1,629,597. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the phased construction of 50 units of senior housing, followed by 36 units of complementary housing. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$180,000
Site Improvements/Preparation	\$205,000
Utilities	\$190,017
Other Qualifying Improvements	\$909,406
<u>Administrative Costs (up to 10%)</u>	<u>\$145,174</u>
PROJECT COST TOTAL	\$1,629,597
<u>Interest</u>	<u>\$1,419,067</u>
PROJECT AND INTEREST COSTS TOTAL	\$3,048,664

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The City may expend funds for qualified housing activities outside of the District boundaries.

Subsection 2-11. Business Subsidies

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The City will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

Subsection 2-12. County Road Costs

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the City within forty-five days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-13. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE			
	2017/Pay 2018 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Isanti County	31,537,232	72,819	0.2309%
City of Cambridge	6,396,672	72,819	1.1384%
Cambridge Isanti ISD No. 911	22,725,956	72,819	0.3204%

IMPACT ON TAX RATES				
	Pay 2018 Extension Rates	Percent of Total	CTC	Potential Taxes
Isanti County	0.647370	35.99%	72,819	47,141
City of Cambridge	0.812520	45.17%	72,819	59,167
Cambridge Isanti ISD No. 911	0.336640	18.72%	72,819	24,514
Other	0.002160	0.12%	72,819	157
Total	1.798690	100.00%		130,979

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2018 rate. The total net capacity for the entities listed above are based

on actual Pay 2018 figures. The District will be certified under the actual Pay 2018 rates, assuming the request for certification is made before June 30, 3018.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$2,903,490;
- (2) Probable impact of the District on city provided services and ability to issue debt. A material impact of the District on police protection is not expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment for public safety services.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The project is expected to contribute an estimated \$168,750 in SAC/WAC fees for phase one and an estimated \$121,500 in SAC/WAC fees for phase two.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$543,533;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,044,966;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received to date.

Subsection 2-14. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the City's findings:

- TIF Application from the Developer

Subsection 2-15. Definition of Tax Increment Revenues

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;
3. Principal and interest received on loans or other advances made by the authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

Subsection 2-16. Modifications to the District

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a housing district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 11* must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the City agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The City must notify the County Auditor of any modification to the District. Modifications to the District

in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-17. Administrative Expenses

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District;
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently 0.36 percent) of any increment distributed to the City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

Subsection 2-18. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6:*

if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The City or a property owner must improve parcels within the District by approximately May 2022 and report such actions to the County Auditor.

Subsection 2-19. Use of Tax Increment

The City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the capital and administration costs of Development District No. 6 pursuant to *M.S., Sections 469.124 to 469.133;*
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4;*
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the City or for the benefit of Development District No. 6 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C. M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178; and*
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152*

through 469.165, and/or M.S., Sections 469.178.

Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in M.S., Sections 469.174, Subd. 11 and 469.1761. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the City may be included in the cost of a housing project.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by M.S., Section 469.176, Subd. 4.

Tax increments generated in the District will be paid by Isanti County to the City for the Tax Increment Fund of said District. The City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

Subsection 2-20. Excess Increments

Excess increments, as defined in M.S., Section 469.176, Subd. 2, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Development District No. 6 or the District.

Subsection 2-21. Requirements for Agreements with the Developer

The City will review any proposal for private development to determine its conformance with the Development Program and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the City to demonstrate the conformance of the development with City plans and ordinances. The City may also use the Agreements to address other issues related to the development.

Pursuant to M.S., Section 469.176, Subd. 5, no more than 10 percent, by acreage, of the property to be acquired in the project area as set forth in the TIF Plan shall at any time be owned by the City as a result of acquisition with the proceeds of bonds issued pursuant to M.S., Section 469.178 to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 10 percent of the acreage, the City concluded an agreement for the development of the property acquired and which provides recourse for the City should the development not be completed.

Subsection 2-22. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8*, the City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

Subsection 2-23. Administration of the District

Administration of the District will be assigned to the City Administrator.

Subsection 2-24. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the Office of the State Auditor will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 2-25. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon City staff awareness of the feasibility of developing the project site(s) within the District.

Subsection 2-26. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of Development District No. 6 pursuant to *M.S., Sections 469.124 to 469.133*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Housing District Exceptions to Restriction on Pooling; Five Year Limit. Pursuant to *M.S., Section 469.1763, (1)* At least 80% of revenues derived from tax increments paid by properties in the District must be expended on Public Costs incurred within said district, and up to 20% of said tax increments may be spent on public costs incurred outside of the District but within Development District No. 6; provided that in the case of a housing district, a housing project, as defined in *M.S., Section 469.174, Subd. 11*, is deemed to be an activity in the District, even if the expenditure occurred after five years.

Subsection 2-27. Summary

The City of Cambridge is establishing the District to provide an impetus for residential development and provide safe and decent life cycle housing in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.

Appendix A

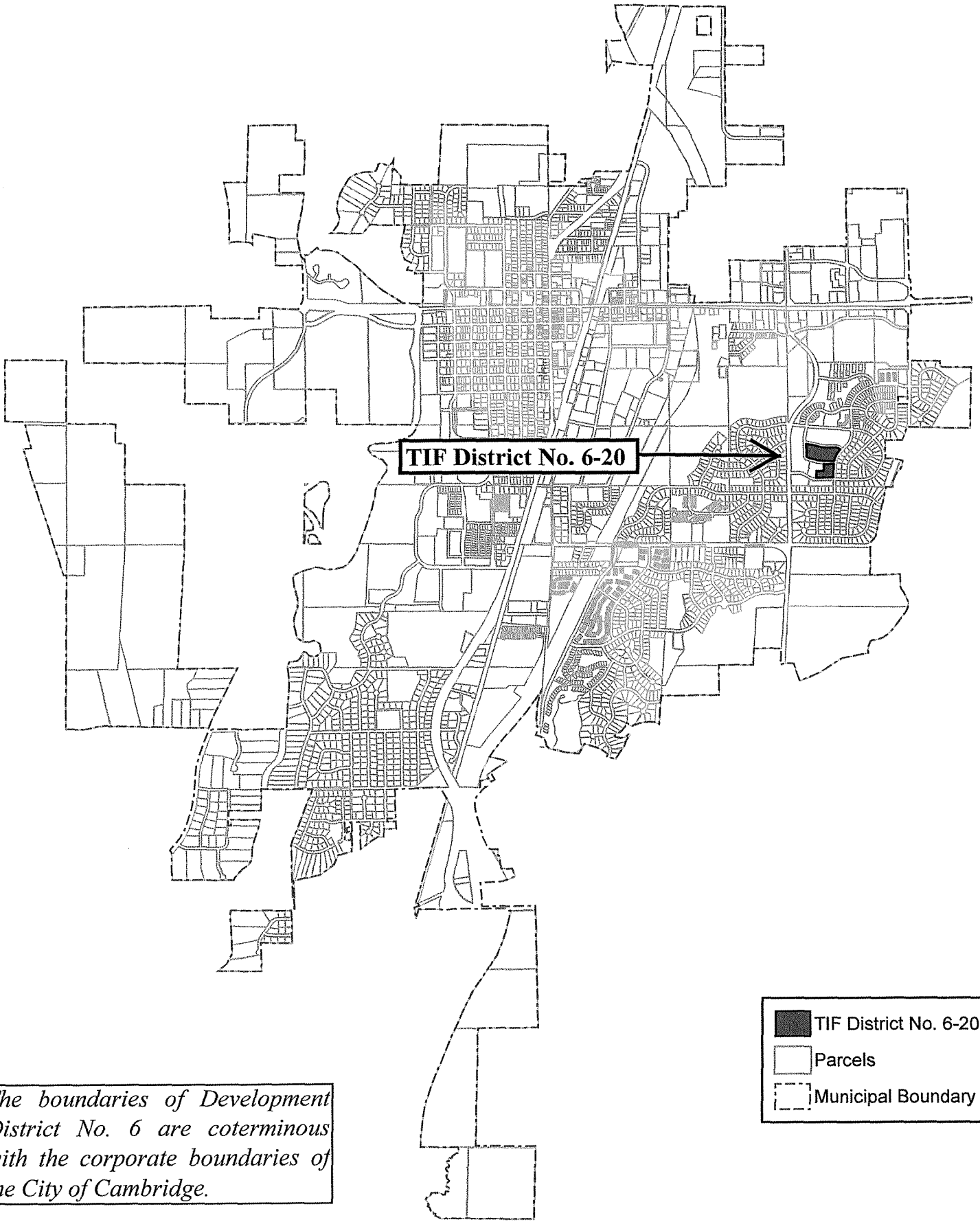
Project Description

Tax Increment Financing District No. 6-20 is being created to facilitate two phases of development: first, a 50-unit independent living facility targeted toward seniors (ages 55 +) consisting of a three story apartment building on approximately 4.67 acres of land. A second phase is contemplated on approximately 1.98 acres of land consisting of 36-units of complimentary rental housing. Total development costs is estimated at \$11.2 million. The two phases are being developed by a partnership between INH Properties and Mick Construction.




Tax increment generated by the TIF District will be paid on a pay-as-you-go basis. The TIF District will have either 20% of the units occupied by person with incomes less than 50% of area median income, or at least 40% of the units occupied by persons with incomes less than 60% of area median income.

Appendix B

Map of Development District No. 6 and the District



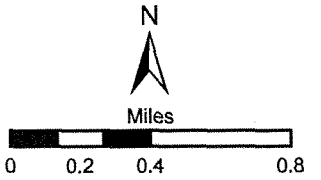
TIF District No. 6-20

	TIF District No. 6-20
	Parcels
	Municipal Boundary

The boundaries of Development District No. 6 are coterminous with the corporate boundaries of the City of Cambridge.



Tax Increment Financing District No. 6-20
Development District No. 6
 City of Cambridge
 Isanti County, Minnesota



The boundaries of Development District No. 6 shall be coterminous with the corporate boundaries of the City of Cambridge.

This map is neither a legally recorded map nor a survey map and is not intended to be used as one. The map is a compilation of records, information, and data gathered from various sources and is to be used for reference purposes only. The City of Cambridge does not warrant that the GIS data used to prepare this map are error free, and the City of Cambridge does not represent that the GIS data can be used for navigational, tracking, or any other purpose requiring exacting measurement of distance or direction or precision in the depiction of geographic features. The user of this map acknowledges that the City of Cambridge shall not be liable for any damages which arise out of the user's access or use of data provided.

Appendix C

Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
15.175.0030	Unassigned	Country Club Manor of Hutchinson LLP
15.175.0060	Unassigned	County Club Manor of Hutchinson LLP

Appendix D
Estimated Cash Flow for the District



INH Housing Development - No Inflation

City of Cambridge, MN

50-unit Senior; 36-unit complimentary housing

ASSUMPTIONS AND RATES

DistrictType:		Housing	Tax Rates	
District Name/Number:	TIF 6-20		Exempt Class Rate (Exempt)	0.00%
County District #:	TBD		Commercial Industrial Preferred Class Rate (C/I Pref.)	
First Year Construction or Inflation on Value	2018		First \$150,000	1.50%
Existing District - Specify No. Years Remaining			Over \$150,000	2.00%
Inflation Rate - Every Year:	1.00%		Commercial Industrial Class Rate (C/I)	2.00%
Interest Rate:	5.50%		Rental Housing Class Rate (Rental)	1.25%
Present Value Date:	1-Aug-19		Affordable Rental Housing Class Rate (Aff. Rental)	
First Period Ending	1-Feb-20		First \$121,000	0.75%
Tax Year District was Certified:	Pay 2018		Over \$121,000	0.25%
Cashflow Assumes First Tax Increment For Development:	2020		Non-Homestead Residential (Non-H Res. 1 Unit)	
Years of Tax Increment	26		First \$500,000	1.00%
Assumes Last Year of Tax Increment	2045		Over \$500,000	1.25%
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA		Homestead Residential Class Rate (Hmstd. Res.)	
Incremental or Total Fiscal Disparities			First \$500,000	1.00%
Fiscal Disparities Contribution Ratio			Over \$500,000	1.25%
Fiscal Disparities Metro-Wide Tax Rate			Agricultural Non-Homestead	1.00%
Maximum/Frozen Local Tax Rate:	179.869%	Pay 2018		
Current Local Tax Rate: (Use lesser of Current or Max.)	179.869%	Pay 2018		
State-wide Tax Rate (Comm./Ind. only used for total taxes)	43.8650%	Pay 2018		
Market Value Tax Rate (Used for total taxes)	0.13548%	Pay 2018		

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BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
	15.175.0060			83,100	0	83,100	100%	83,100	Pay 2018	Rental	1,039	Rental	1,039	1
	15.175.0030			35,200	0	35,200	100%	35,200	Pay 2018	Rental	440	Rental	440	2
				118,300	0	118,300		118,300			1,479		1,479	

Note:

1. Base values are for the 2017 assessment for pay 2018 based upon review of County website on 3.29.2018.



INH Housing Development - No Inflation
 City of Cambridge, MN
 50-unit Senior; 38-unit complimentary housing

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2018	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	First Year Full Taxes Payable
1	Apartments	56,000	56,000	50	2,800,000	Rental	35,000	700	50%	100%	100%	100%	2021
2	Apartments	52,778	52,778	36	1,900,000	Rental	23,750	660	0%	50%	100%	100%	2022
TOTAL					4,700,000		58,750						

Note:
 1. Market values are based upon estimates provided by the Isanti County Assessor's office.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	35,000	0	35,000	62,954	0	0	3,794	66,748	1,334.95
Apartments	23,750	0	23,750	42,719	0	0	2,574	45,293	1,258.14
TOTAL	58,750	0	58,750	105,673	0	0	6,368	112,041	

Note:
 1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	112,041
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(6,368)
less Base Value Taxes	(2,660)
Annual Gross TIF	103,013

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**INH Housing Development - No Inflation
City of Cambridge, MN
50-unit Senior; 36-unit complimentary housing**

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities -	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.35%	Admin. at 5%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	17,500	(1,479)	-	16,021	179.869%	28,817	14,409	(52)	(718)	13,639	12,919	0.5	2020	02/01/20
100%	46,875	(1,479)	-	45,396	179.869%	81,654	40,827	(147)	(2,034)	38,646	60,163	1.5	2021	08/01/21
100%	59,100	(1,479)	-	57,621	179.869%	103,643	51,821	(187)	(2,582)	49,053	135,592	2.5	2022	08/01/22
100%	59,691	(1,479)	-	58,212	179.869%	104,706	51,821	(187)	(2,582)	49,053	176,160	3	2022	02/01/23
100%	60,288	(1,479)	-	58,809	179.869%	105,779	52,353	(188)	(2,608)	49,556	216,048	3.5	2023	08/01/23
100%	60,891	(1,479)	-	59,412	179.869%	106,864	52,353	(188)	(2,608)	49,556	254,869	4	2023	02/01/24
100%	61,500	(1,479)	-	60,021	179.869%	107,959	52,890	(190)	(2,635)	50,064	293,038	4.5	2024	08/01/24
100%	62,115	(1,479)	-	60,636	179.869%	109,065	52,890	(190)	(2,635)	50,064	330,185	5	2024	02/01/25
100%	62,736	(1,479)	-	61,257	179.869%	110,182	53,432	(192)	(2,662)	50,578	366,709	5.5	2025	08/01/25
100%	63,363	(1,479)	-	61,884	179.869%	111,311	53,432	(192)	(2,662)	50,578	402,255	6	2025	02/01/26
100%	63,997	(1,479)	-	62,518	179.869%	112,450	53,979	(194)	(2,689)	51,096	437,205	6.5	2026	08/01/26
100%	64,637	(1,479)	-	63,158	179.869%	113,602	53,979	(194)	(2,689)	51,096	471,219	7	2026	02/01/27
100%	65,283	(1,479)	-	63,804	179.869%	114,764	54,533	(196)	(2,717)	51,619	504,662	7.5	2027	08/01/27
100%	65,936	(1,479)	-	64,457	179.869%	115,938	54,533	(196)	(2,717)	51,619	537,209	8	2027	02/01/28
100%	66,595	(1,479)	-	65,117	179.869%	117,124	55,091	(198)	(2,745)	52,148	569,211	8.5	2028	08/01/28
100%	67,261	(1,479)	-	65,783	179.869%	118,322	55,091	(198)	(2,745)	52,148	600,355	9	2028	02/01/29
100%	67,934	(1,479)	-	66,455	179.869%	119,532	55,655	(200)	(2,773)	52,682	630,977	9.5	2029	08/01/29
100%	68,613	(1,479)	-	67,135	179.869%	120,754	55,655	(200)	(2,773)	52,682	660,779	10	2029	02/01/30
100%	69,299	(1,479)	-	67,821	179.869%	121,988	56,225	(202)	(2,801)	53,222	690,080	10.5	2030	08/01/30
100%	69,992	(1,479)	-	68,514	179.869%	123,235	56,225	(202)	(2,801)	53,222	718,598	11	2030	02/01/31
100%	70,692	(1,479)	-	69,214	179.869%	124,494	56,801	(204)	(2,830)	53,766	746,636	11.5	2031	08/01/31
100%	71,399	(1,479)	-	69,920	179.869%	125,765	56,801	(204)	(2,830)	53,766	773,923	12	2031	02/01/32
100%	72,113	(1,479)	-	70,634	179.869%	127,049	57,382	(207)	(2,859)	54,317	800,752	12.5	2032	08/01/32
100%	72,834	(1,479)	-	71,356	179.869%	128,346	57,382	(207)	(2,859)	54,317	826,863	13	2032	02/01/33
100%	73,563	(1,479)	-	72,084	179.869%	129,657	57,969	(209)	(2,888)	54,873	852,536	13.5	2033	08/01/33
100%	74,298	(1,479)	-	72,820	179.869%	130,980	57,969	(209)	(2,888)	54,873	877,521	14	2033	02/01/34
							58,562	(211)	(2,918)	55,434	902,086	14.5	2034	08/01/34
							58,562	(211)	(2,918)	55,434	925,994	15	2034	02/01/35
							59,161	(213)	(2,947)	56,001	949,500	15.5	2035	08/01/35
							59,161	(213)	(2,947)	56,001	972,376	16	2035	02/01/36
							59,766	(215)	(2,978)	56,573	994,868	16.5	2036	08/01/36
							59,766	(215)	(2,978)	56,573	1,016,758	17	2036	02/01/37
							60,377	(217)	(3,008)	57,152	1,038,280	17.5	2037	08/01/37
							60,377	(217)	(3,008)	57,152	1,059,226	18	2037	02/01/38
							60,994	(220)	(3,039)	57,736	1,079,820	18.5	2038	08/01/38
							60,994	(220)	(3,039)	57,736	1,099,863	19	2038	02/01/39
							61,617	(222)	(3,070)	58,326	1,119,568	19.5	2039	08/01/39
							61,617	(222)	(3,070)	58,326	1,138,746	20	2039	02/01/40
							62,247	(224)	(3,101)	58,922	1,157,602	20.5	2040	08/01/40
							62,247	(224)	(3,101)	58,922	1,175,953	21	2040	02/01/41
							62,883	(226)	(3,133)	59,523	1,193,995	21.5	2041	08/01/41
							62,883	(226)	(3,133)	59,523	1,211,554	22	2041	02/01/42
							63,525	(229)	(3,165)	60,131	1,228,818	22.5	2042	08/01/42
							63,525	(229)	(3,165)	60,131	1,245,619	23	2042	02/01/43
							64,173	(231)	(3,197)	60,745	1,262,138	23.5	2043	08/01/43
							64,173	(231)	(3,197)	60,745	1,278,215	24	2043	02/01/44
							64,828	(233)	(3,230)	61,365	1,294,022	24.5	2044	08/01/44
							64,828	(233)	(3,230)	61,365	1,309,405	25	2044	02/01/45
							65,490	(236)	(3,263)	61,991	1,324,529	25.5	2045	08/01/45
							65,490	(236)	(3,263)	61,991	1,339,249	26	2045	02/01/46
Total							2,913,980	(10,490)	(145,174)	2,758,315				
		Present Value From 08/01/2019		Present Value Rate	5.50%		1,414,829	(5,093)	(70,487)	1,339,249				

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Appendix E

Housing Qualifications for the District

INCOME RESTRICTIONS - ADJUSTED FOR FAMILY SIZE (HOUSING DISTRICT) - ISANTI COUNTY ISANTI COUNTY MEDIAN INCOME: \$94,300		
No. of Persons	50% of Median Income	60% of Median Income
1-person	\$33,050	\$39,660
2-person	\$37,750	\$45,300
3-person	\$42,450	\$50,940
4-person	\$47,150	\$56,580

Source: Department of Housing and Urban Development and Minnesota Housing Finance Agency

The two options for income limits on a standard housing district are 20% of the units at 50% of median income or 40% of the units at 60% of median income. There are no rent restrictions for a housing district.

***PLEASE NOTE: THESE NUMBERS ARE ADJUSTED ANNUALLY. ALL INCOME FIGURES REPORTED ON THIS PAGE ARE FOR 2018.

Appendix F

Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 6-20, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 6-20 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No. 6-20 consists of two parcels. The development will consist of the phased construction of 50 units of senior housing with 36 units of complementary housing, with portions designated as affordable housing. Appendix E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment. Due to the cost of building affordable new housing in the City and the cost of supporting public infrastructure, this project is feasible only through assistance, in part, from tax increment financing. Local rent levels in the Cambridge area do not support levels necessary to finance the costs of construction and development to the level of quality demanded by the City and prospective tenants. In addition, the proposed rents are at levels that qualify as affordable and the developer has guaranteed that 20% of the units will be occupied by individuals or families at or below 50% of median income as defined by the United States Department of Housing and Urban Development. The developer will also be responsible for additional costs for public improvements to infrastructure servicing the new development. City staff and advisors have reviewed the developer's pro forma and have recommended to the Council that the assistance is necessary to provide adequate returns on investment necessary to attract private investment in the development. Based upon this evidence, it is determined that the development will not go forward without public assistance in the form of tax increment financing.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 6-20 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

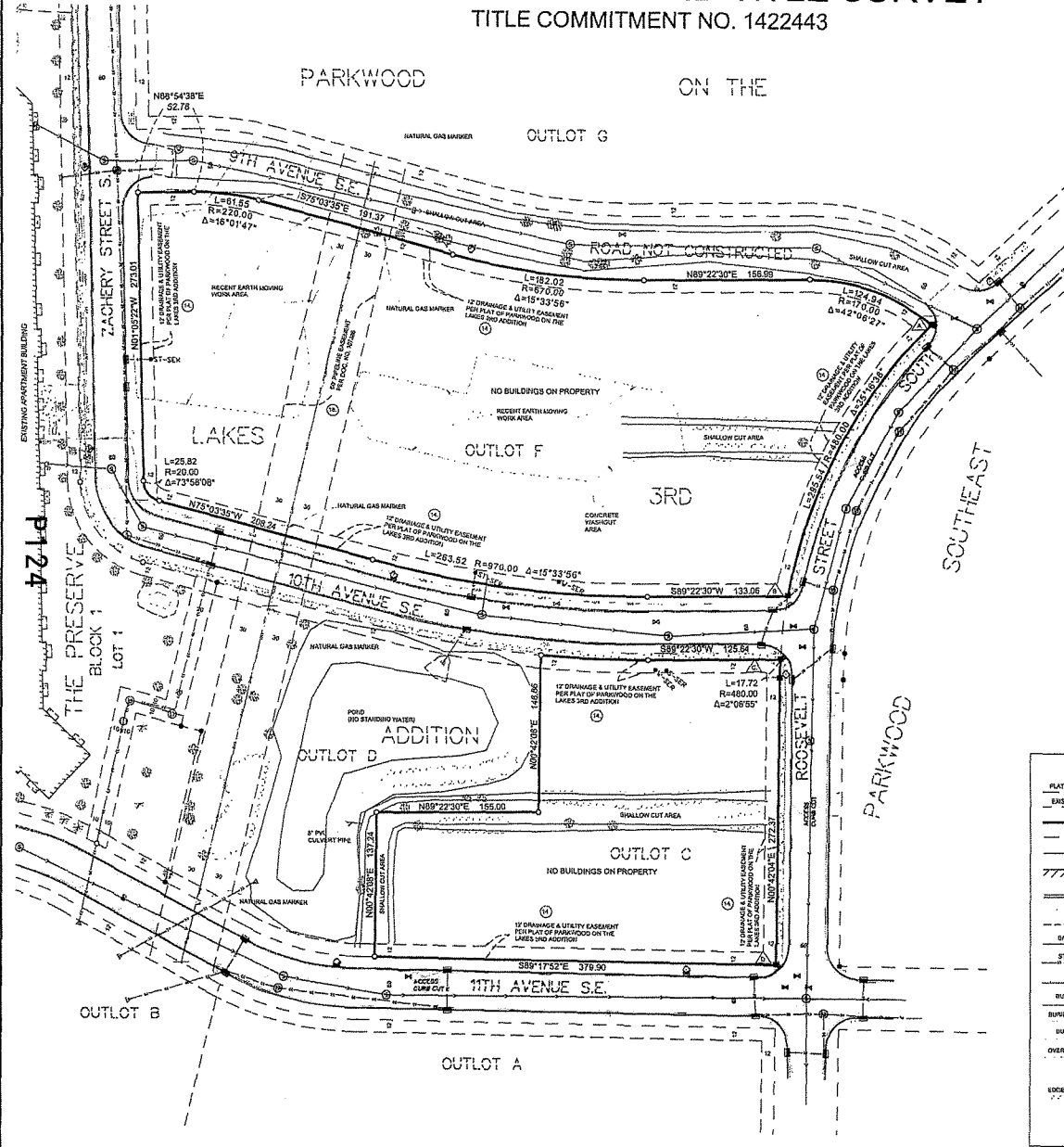
The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 6-20 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 6 by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.

ALT/NSPS LAND TITLE SURVEY

TITLE COMMITMENT NO. 1422443



GENERAL SURVEY NOTES:

- The address of the subject properties do not have an assigned address.
- Utility Notes:** The underground utilities shown have been located from field survey information and existing drawings. The surveyor makes no guarantee that the underground utilities shown comprise all such utilities in the area, either in service or abandoned. The surveyor further does not warrant that the underground utilities shown are at the exact location indicated, although he does certify that they are located as accurately as possible from information available. The surveyor has physically located the underground utilities per Gopher One Call Ticket No. 16124430.
- The property described hereon is the same as the property described in First American Title Insurance Company Commitment No. 1422443, with an effective date of March 21st, 2016 at 7:30 am and that all easements, covenants and restrictions referred to said title commitment or apparent from a physical inspection of the site or otherwise known to me have been plotted hereon or otherwise noted as to their effect on the subject property.
- Said described property is not located in Zone X according to Flood Insurance Rate Map Community Panel No. 22059C1000 published by the Federal Emergency Management Agency, effective date of November 05, 2005.
- There was observed evidence of recent earth moving work.

LAND AREAS:

OUTLOT C: 1.168 acres or 86,371 square feet
 OUTLOT F: 4.87 acres or 203,119 square feet

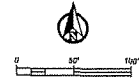
EXISTING LEGAL DESCRIPTION:

OUTLOT C AND OUTLOT F, PARKWOOD ON THE LAKES 3RD ADDITION, Saint County, Minnesota.

LIST OF POSSIBLE ENCROACHMENTS

The following list of encroachments is only the opinion of this surveyor and should not be interpreted as complete listing.

- ▲ City sidewalk extends onto northeast corner of OUTLOT F.
- ▲ City sidewalk extends onto southeast corner of OUTLOT F.
- ▲ City sidewalk extends onto northeast corner of OUTLOT C.
- ▲ City sidewalk extends onto southeast corner of OUTLOT C.



- DENOTES FOUND IRON MONUMENT
- DENOTES 1/2 INCH DIAMETER BY 18 INCH LONG IRON MONUMENT SET AND MARKED RL58 43352
- DENOTES MAGNETIC NAIL SET IN CONCRETE

SCHEDULE B-2 EASEMENT NOTES

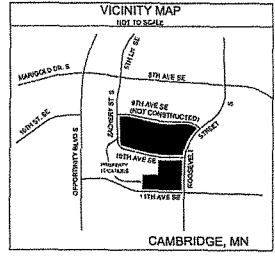
- Defects, liens, encroachments, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date but prior to the date the proposed forward acquirer for value of record the estate or interest or mortgage thereon covered by this Commitment. (Not a survey item.)
- Any encroachment, measurement, party walls, or other facts which a current survey of the premises would show. (See list of possible encroachments.)
- Rights or claims of parties in possession not shown by the public records. (Not a survey item.)
- Easements, or claims of easements, not shown by the Public Records. (Not a survey item.)
- Any lien, or right to lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records. (Not a survey item.)
- All assessments and taxes due and payable in 2016, and thereafter. (Not a survey item.)
- No coverage is provided for municipal code compliance matters and fees, including, but not limited to, utilities, water, or sewer services, or fees for fire, weed, grass and snow or garbage removal, police licensing, recent building registration and zoning. (Not a survey item.)
- Tenancy rights, either as months to month, or by virtue of written leases of persons in possession of any part of the subject property. (Not a survey item.)
- Reservation of all mineral and mineral rights in favor of the State of Minnesota. (Not a survey item.)
- An easement shown or dedicated on the Map as referred to in the legal description for: drainage and utility purposes. (Drainage and utility systems) as shown on the plat of Parkwood on the Lakes 3rd Addition. As shown on survey.
- An easement for pipelines in the document recorded April 21, 2005 as Document No. 107386 of Official Records, (50 foot wide easement for Pipeline purposes. Easement location is not described in document. Shown on map as 30 feet on either side of existing pipeline as marked.)
- The above document has been confirmed by document dated May 25, 2001, and recorded July 13, 2001, Document No. 286023 and by document dated March 30, 2001, and recorded May 11, 2001 as Document No. 284271. (As to Parcel B) Documents do not conflict or locate the position on the subject property.)
- The terms and provisions contained in the document entitled "Assessment Agreement and Development Consent" recorded October 20, 2010 as Document No. 412138 of Official Records, (As to Parcel B) (Not a survey item.)
- An easement for telephone in the document recorded December 14, 2004 as Document No. 343788 of Official Records, (As to Parcel B) (Easement is not on or adjacent to subject property. Not shown on survey.)
- An easement for power lines in the document recorded December 26, 2000 as Document No. 280316 of Official Records, (As to Parcel B) (Easement is not on or adjacent to subject property. Not shown on survey.)
- An easement for power lines in the document recorded October 14, 1992 as Document No. 209021 of Official Records, (As to Parcel B) (Easement is not on or adjacent to subject property. Not shown on survey.)

LEGEND	
PLATTED & EASEMENT LINES	CONCRETE TREE
EXTENDING POINT OF WAY	DECIDUOUS TREE
BOUNDARIES LINES	SHARPLY CORNER MANHOLE
EASEMENT LINES	SHARPLY CORNER MANHOLE
CENTLINE	SEWER
EXISTING BUILDINGS	CATCH BASIN
IRON AND/ALUMINUM	SEWER MANHOLE
EDGE OF PAVEMENT	ST-SEWER
EDGE OF GRAVEL	STORM SEWER SERVICE
BOUND FIBER OPTIC LINE	UTILITY
BOUND COMMUNICATION LINE	APRCH
BOUND TELEPHONE LINES	WATER SERVICE
OVERHEAD ELECTRIC LINES	COMMUNICATION FIBER OPTIC
BOUND COUL LINE	AIR CONDITIONER
EDGE OF TREE LINE (BYWOODS)	LIGHT POLE
	POWER POLE AND CUT WIRE
	ELECTRIC TRANSFORMER
	WATER VALVE
	YARD LIGHT
	GAS METER
	UTILITY MANHOLE
	POST
	SIGN
	SPRINGHEAD CONTROL VALVE SIGN
	ANTHROPIC PAVEMENT
	CONCRETE PAVEMENT
	GRAVEL PAVEMENT

To INH Properties, its successors and/or assigns, First American Title Insurance Company dba Title-County Abstract and Title Guaranty:

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minnesota Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes items 1, 2, 3, 4, 7(a), 8, 11, 16 and 19 of Table A thereof. The field work was completed on May 10, 2016.

05/15/2016
 Date of Plat or Map
 JOHNSON D. SCHMIDT, RLS
 4332 Registration Number



Design Tree
 120 118 Avenue W
 Alexandria, MN 56220
 (507) 743-1299

1339 W. S. Gorman, Suite 210
 St. Cloud, MN 56301
 (828) 217-5577 (Phone)
 (828) 217-5977 (Fax)

I HEREBY CERTIFY THAT THIS SURVEY, PLAN, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DAILY LICENSED LAND SURVEYOR UNDER THE LAWS OF THE STATE OF MINNESOTA.

PRINTED NAME: JOHNSON D. SCHMIDT
 DATE: XX-XX-16
 LICENSE #: 45552

PREPARED FOR:
INH Properties

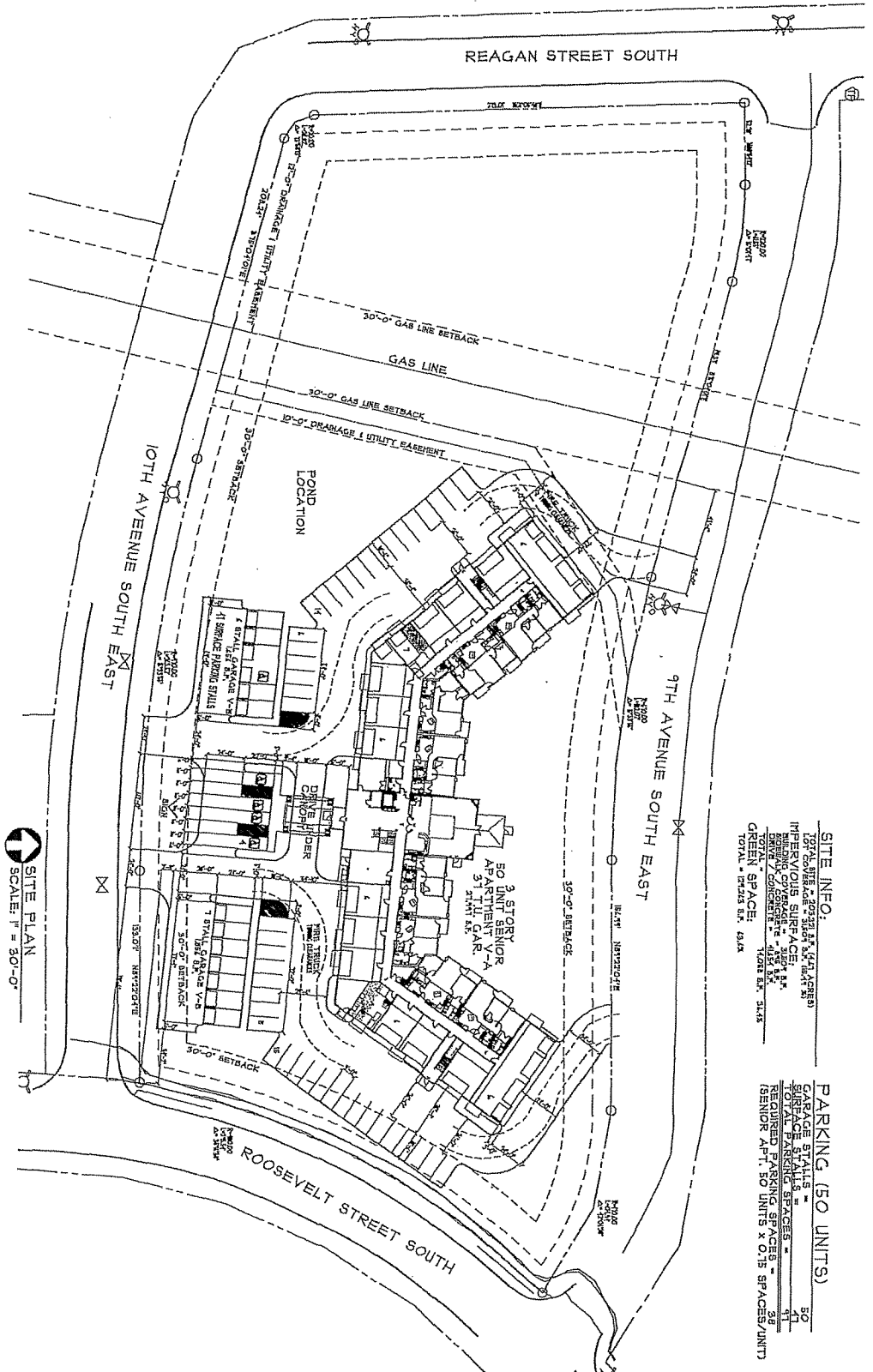
175 7th Ave. South
 Waite Park, MN.
 56387

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DRAWN BY: DJB
 CHECKED BY: JDS
 PROJECT NO.: 00616600

NO.	DATE	DESCRIPTION



SITE INFO:
 1074 S. 9TH AVE. S. (4.1 ACRES)
 IMPERVIOUS SURFACE = 4,847 SQ. FT.
 BUILDING COVERAGES = 4,847 SQ. FT.
 DRIVEWAY COVERAGES = 4,847 SQ. FT.
 TOTAL PAVEMENT = 14,541 SQ. FT.
 TOTAL SPACE = 17,000 SQ. FT.
 TOTAL SPACE IN 50' X 50' = 14,500 SQ. FT.

PARKING (50 UNITS)

CURB CUTS	50
SURFACE STALLS	91
TOTAL PARKING SPACES	141
REQUIRED PARKING SPACES	38
REMAINING SPACES	103
REQUIREMENT	103

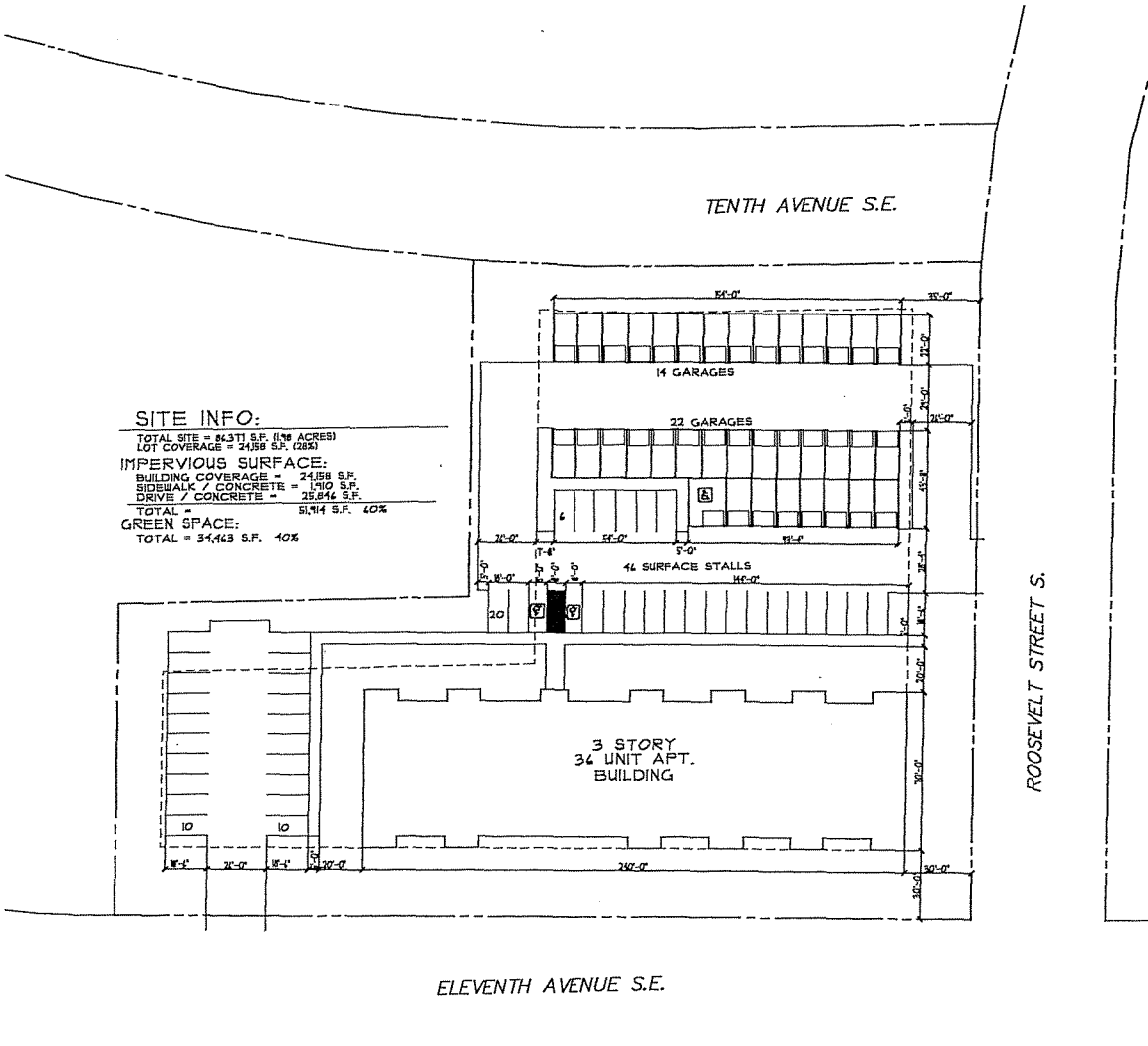
REQUIREMENT: 50 UNITS X 0.75 SPACES/UNIT

↑ SITE PLAN
 SCALE: 1" = 30'-0"

PLOT# 4-15-18 PER: 100135 COB 4

<p>PROPOSED 50 UNIT SENIOR APARTMENT CAMBRIDGE, MN</p>		<p>PREPARED BY: [Name] DATE: [Date]</p>	<p>DESIGNED BY: [Name] DATE: [Date]</p>	<p>CONSTRUCTION BY: [Name] DATE: [Date]</p>	<p>REVISIONS:</p> <ul style="list-style-type: none"> 1. [Description] 2. [Description] 3. [Description]
---	--	--	--	--	--

PHASE II
36-UNIT SITE PLAN



SITE INFO:
 TOTAL SITE = 84,371 S.F. (1.90 ACRES)
 LOT COVERAGE = 24,958 S.F. (29%)
IMPERVIOUS SURFACE:
 BUILDING COVERAGE = 24,958 S.F.
 SIDEWALK / CONCRETE = 1,410 S.F.
 DRIVE / CONCRETE = 25,844 S.F.
 TOTAL = 51,714 S.F. 40%
GREEN SPACE:
 TOTAL = 34,443 S.F. 40%

↑ SITE PLAN
 SCALE: 1" = 30'-0"

PROPOSED APARTMENT ON: **TRUCK CONSTRUCTION**

PROJECT NO. 14-CHT

ISSUE DATE:

REVISIONS:

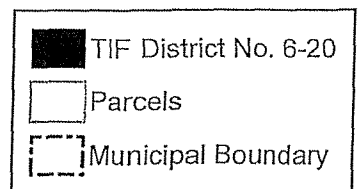
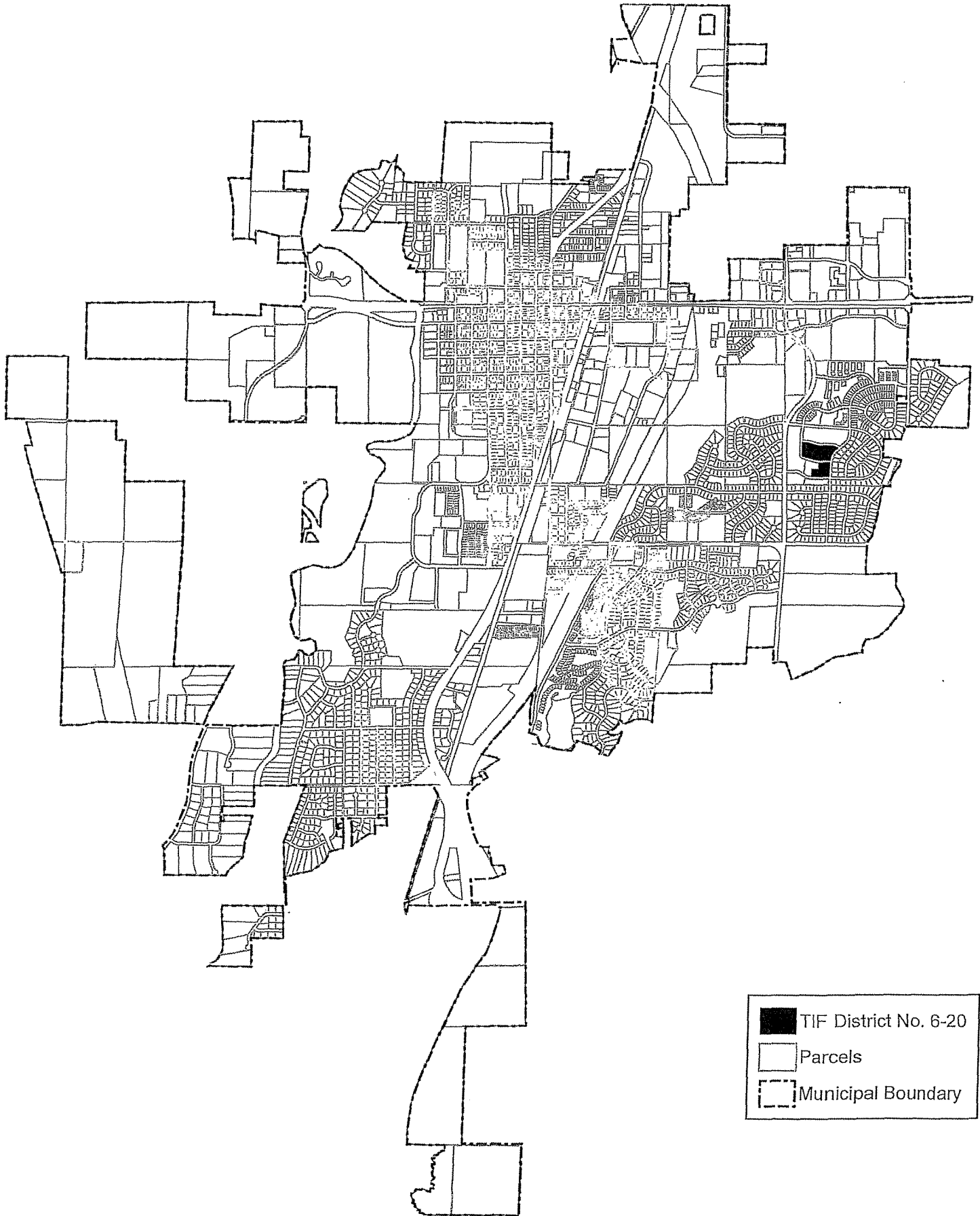
DATE: 08/11/11

CAMBRIDGE, MN

PLANNING & DESIGN GROUP

ARCHITECTS

1100 UNIVERSITY AVENUE, SUITE 100
 ST. PAUL, MN 55105
 TEL: 612.222.1100
 FAX: 612.222.1101
 WWW.PDGROUP.COM

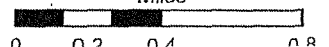


Tax Increment Financing District No. 6-20
Development District No. 6

City of Cambridge
 Isanti County, Minnesota



Miles



AFFIDAVIT OF PUBLICATION

STATE OF MINNESOTA)
COUNTY OF ISANTI) ss

Darlene MacPherson being duly sworn on an oath, states or affirms that he/she is the Publisher's Designated Agent of the newspaper(s) known as:

Isanti County News

with the known office of issue being located in the county of:

ISANTI

with additional circulation in the counties of:

ISANTI

and has full knowledge of the facts stated below:

- (A) The newspaper has complied with all of the requirements constituting qualification as a qualified newspaper as provided by Minn. Stat. §331A.02.
- (B) This Public Notice was printed and published in said newspaper(s) once each week, for 1 successive week(s); the first insertion being on 05/09/2018 and the last insertion being on 05/09/2018.

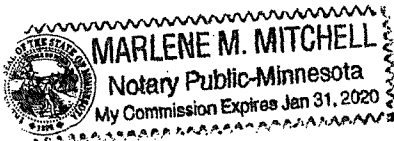
MORTGAGE FORECLOSURE NOTICES

Pursuant to Minnesota Stat. §580.033 relating to the publication of mortgage foreclosure notices: The newspaper complies with the conditions described in §580.033, subd. 1, clause (1) or (2). If the newspaper's known office of issue is located in a county adjoining the county where the mortgaged premises or some part of the mortgaged premises described in the notice are located, a substantial portion of the newspaper's circulation is in the latter county.

By: D. MacPherson
Designated Agent

Subscribed and sworn to or affirmed before me on 05/09/2018 by Darlene MacPherson.

Marlene M Mitchell
Notary Public



Rate Information:

(1) Lowest classified rate paid by commercial users for comparable space:

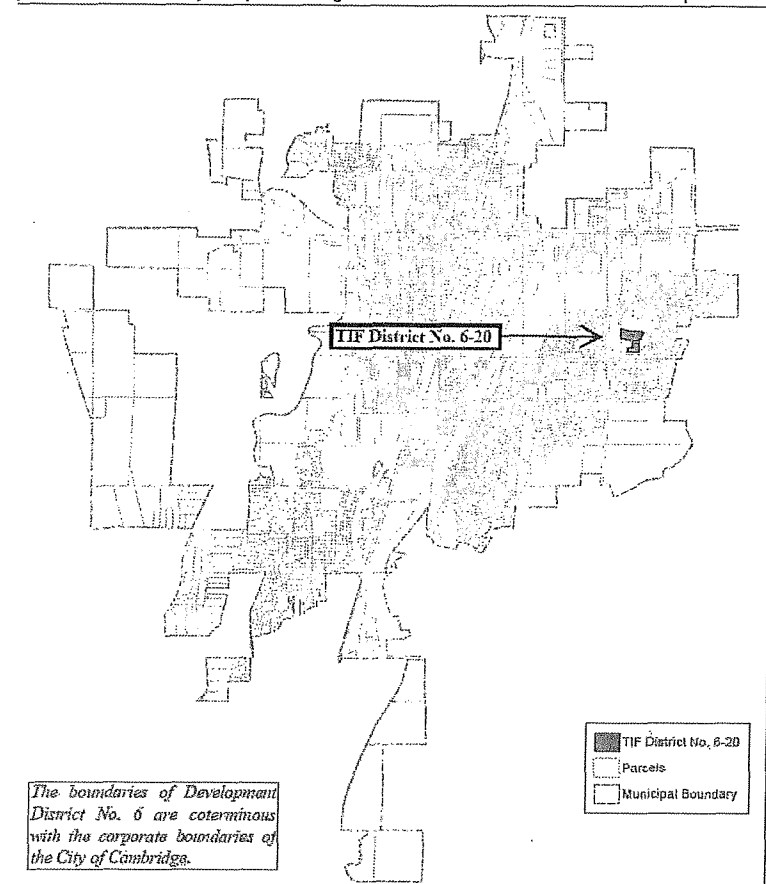
\$10.95 per column inch

Ad ID 813583

**CITY OF CAMBRIDGE
ISANTI COUNTY
STATE OF MINNESOTA
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City Council of the City of Cambridge, Isanti County, State of Minnesota, will hold a public hearing on May 21, 2018, at approximately 6:00 P.M. at the Cambridge City Council Chambers in City Hall, 300 Third Ave NE, Cambridge, Minnesota, relating to the City of Cambridge's (the "City") proposed adoption of a Modification to the Development Program for Development District No. 6 (the "Development Program Modification"), the proposed establishment of Tax Increment Financing District No. 6-20 (a housing tax increment financing district) within Development District No. 6, and the proposed adoption of a Tax Increment Financing Plan (the "TIF Plan") therefor (collectively, the "Program and Plan"), pursuant to Minnesota Statutes, 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended. Copies of the Program and Plan are on file and available for public inspection at the office of the City Administrator at City Hall.

The property to be included in Tax Increment Financing District No. 6-20 is located within Development District No. 6 and the City of Cambridge. A map of Development District No. 6 and Tax Increment Financing District No. 6-20 therein is set forth below. Subject to certain limitations, tax increment from Tax Increment Financing District No. 6-20 may be spent on eligible uses within the boundaries of Development District No. 6.



**Tax Increment Financing District No. 6-20
Development District No. 6**
 City of Cambridge
 Isanti County, Minnesota

The boundaries of Development District No. 6 shall be coterminous with the corporate boundaries of the City of Cambridge.

All interested persons may appear at the hearing and present their views orally or prior to the meeting in writing.

BY ORDER OF THE CITY COUNCIL OF THE CITY OF CAMBRIDGE, MINNESOTA
 /s/ City Administrator

Published in the
 Isanti County News
 May 9, 2018
 813583

PLANNING COMMISSION
CITY OF CAMBRIDGE, MINNESOTA

RESOLUTION NO. R18-01

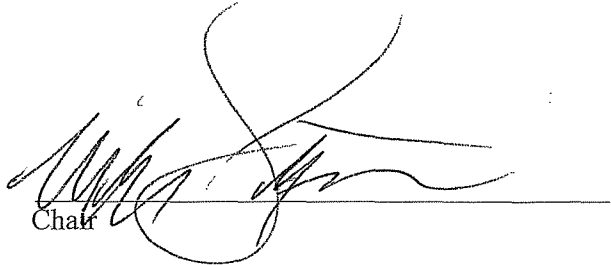
**RESOLUTION OF THE CITY OF CAMBRIDGE PLANNING COMMISSION
FINDING THAT A MODIFICATION TO THE DEVELOPMENT PROGRAM
FOR DEVELOPMENT DISTRICT NO. 6 AND A TAX INCREMENT FINANCING
PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 6-20 CONFORM TO
THE GENERAL PLANS FOR THE DEVELOPMENT AND REDEVELOPMENT
OF THE CITY.**

WHEREAS, the City of Cambridge (the "City") has proposed to adopt a Modification to the Development Program for Development District No. 6 (the "Development Program Modification") and a Tax Increment Financing Plan for Tax Increment Financing District No. 6-20 (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan") and has submitted the Program and Plan to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Section 469.175, Subd. 3, and

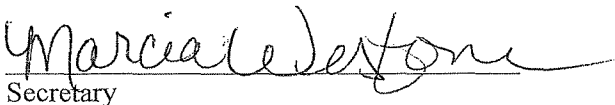
WHEREAS, the Commission has reviewed the proposed development within the Program and Plan to determine its conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Program and Plan conform to the general plans for the development and redevelopment of the City as a whole.

Dated: May 1, 2018


Chair

ATTEST:


Secretary

**Cambridge Planning Commission Meeting Minutes
Tuesday, May 1, 2018**

Pursuant to due call and notice thereof, a regular meeting of the Cambridge Planning Commission was held at Cambridge City Hall, 300 – 3rd Avenue NE, Cambridge, Minnesota.

Members Present: Julie Immel, Marisa Harder-Chapman, Arianna Weiler, and Jim Godfrey (City Council Representative).

Members Absent: Chair Mike Stylski (unexcused), Vice Chair Chad Struss (excused), and Monte Dybvig (unexcused).

Staff Present: Community Development Director Marcia Westover and Economic Development Director Stan Gustafson

Call To Order and Pledge of Allegiance

Godfrey called the meeting to order at 7:02 pm and led the public in the Pledge of Allegiance.

Approval of Agenda

Immel moved, seconded by Weiler, to approve the agenda as presented. Motion carried unanimously.

Approval of Minutes

April 3, 2018 Regular Meeting Minutes

Immel moved, seconded by Harder-Chapman, to approve the April 3, 2018 meeting minutes as presented. Motion carried unanimously.

Public Comment

Godfrey opened the public comment period at 7:04 pm and without any comments, closed the public comment period at 7:05 pm.

New Business

Public Hearing: Preliminary and Final Plats of The Preserve Phase II

Westover explained the City received a request by INH Property Management, Inc., 175 7th Ave S, Waite Park, MN, 56387, for a Preliminary and Final plat of The Preserve Phase II.

Westover stated INH Property Management has requested to build a new 50-unit, age 55+ senior housing apartment building on Outlot F, Parkwood on the Lakes 3rd Addition. Since this is still an outlot, it must be platted. Outlots are typically not platted as a legal lot and block until

such time as the developer is ready with plans to construct. The request is to plat the lot at this time to conform with the City's Subdivision Ordinance.

Westover stated the new plat will consist of one lot with 4.68 acres. The property is currently zoned R-3 Multiple Family Residence district and a multi-unit apartment building is a permitted use.

Westover stated the property owner has also requested Site Plan Review. Site Plan Review is done administratively by staff and includes review of grading and drainage, parking, lighting, landscaping, setbacks, fire access, fire lanes, and preliminary building plans, etc.

Westover pointed out that as part of this review, staff has been discussing the need to build 9th Ave SE with the owner. This street has already been dedicated as a public street in the original plats of the area and sewer and water utilities are already installed beneath the dedicated street. Westover stated with the development of this apartment property, a portion of the street will be constructed. Westover stated a Development Agreement will need to be drafted and signed by the City and the Owner and this will be added as a condition of approval of the plat.

Westover pointed out upon review of the site plans and preliminary and final plat, staff noted the following item that needs to be added to the plat. This item will also be listed as a condition of approval: The proposed drainage and utility easement for the storm sewer system from 9th to 10th Avenue SE across this property may need to be revised along 10th Avenue SE. The proposed storm sewer line must connect to the existing storm sewer stub on the north side of 10th Avenue instead of cutting across the newly built street. The owner will need to provide additional permanent easement as necessary for this.

Westover stated staff has reviewed the preliminary plat and final plat and finds they are consistent. City ordinance requires a Public Hearing for a preliminary plat. The preliminary and final can be voted on together at this time, pending the conditions of approval.

Godfrey opened the public hearing at 7:06 pm. Without any further public comment, Godfrey closed the public hearing at 7:07 pm.

Godfrey moved, seconded by Immel, to recommend the City Council approve the preliminary and final plats of The Preserve Phase II as presented with the conditions listed. Motion carried unanimously.

Approve Resolution R18-01 Finding that a Modification to Development Program for Development District No. 6 and Tax Increment Financing Plan for Tax Increment Finance District No. 6-20 Conforms to the General Plans for the Development and Redevelopment of the City

Gustafson stated the Planning Commission is requested to review and approve Resolution No. 18-01 Finding that a Modification to Development Program for Development District No. 6 and Tax Increment Financing Plan for Tax Increment Finance District No. 6-20 conforms to the general plans for the development and redevelopment of the City.

Gustafson stated staff has been working with Jim Illies, Jr. and Mike Stoebe, INH Property Management, to construct two apartment complexes. INH commissioned a study and indicated a need for some additional units both for 55+ age and like type apartment units. Parkwood Development is a Planned Unit Development (PUD) that consists of single family, detached townhomes, attached townhomes, twin homes, senior and multi-family housing units. INH Properties is proposing to build in Phase 1, a 50-unit (55+ age) independent living upscale apartment community and Phase 2 would be an additional 36-unit of like type or complementary apartment units. The proposed construction timeline is July 2018 for the 50-unit Phase 1 apartments and July of 2019 for the 36-unit Phase 2 apartments.

Gustafson explained these apartments will feature an elevator, tuck under and detached garages, and drive under canopy sheltering the main entrance. Onsite amenities include office, community room, craft room, community garden, lounge, fitness room, security system and keyless entry. The building would be sprinkled and parking would meet the City's requirements. This apartment building would include 8 one-bedroom units and 42 two-bedroom units. These units are primarily market rate apartments with 20% income qualified to meet Tax Increment Financing (TIF) rules.

Gustafson stated the developer is seeking TIF to help finance this project with the added cost of the upscale apartment building. TIF will assist the developer to build in added value to this project by increasing future property tax that would not normally be done without the use of TIF. The developer will build half of the street on 9th Avenue SE from Reagan St. S. to Roosevelt St. S. and will be designated as one way as part of this project.

Gustafson stated as part of the creation of this district, the Planning Commission is required to find that the TIF District is in conformance with the City's general plans for development and redevelopment of the City. The program Modification and Tax Increment Financing (TIF) Plan for Development District No. 6 and TIF District No. 6-20 is in conformance with the City's Comprehensive Plan.

Gustafson explained the proposed use includes the construction of two or three story apartment complexes with tuck under, detached garages and adequate surface parking. The proposed use of TIF is used for land cost, infrastructure including road, sidewalks, street lighting, curb and all other eligible cost.

Gustafson is requesting the Planning Commission recommend the City Council approve the Resolution R18-01 as presented, finding that the Modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for TIF District No. 6-20 is in conformance with the City's Comprehensive Plan.

Godfrey had a question regarding building one half of a street on 9th Avenue SE. Gustafson stated the owners of the adjoining property to the north are not interested in being assessed for the other half of the lot. The street will run from Reagan to Roosevelt, be a one-way street and will be half dirt and half paved. Gustafson stated staff has discussed a concern regarding access to the back of the building in case of an emergency. There will be a sidewalk with a curb on the south side of the street along with lighting. Gustafson explained the half street will be 16 feet wide, which is adequate for emergency vehicles to access as needed.

Immel asked whether the street would be utilized for exits from tenants' garages or instead will be used for emergency use and one lane traffic only. Gustafson stated there may be some tenant use; however, the objective would be to drop passengers off at 10th Avenue SE instead of Roosevelt St S which is a fairly busy traffic area.

The Commission discussed if this half street could be posted "No Parking" or "Authorized Vehicles Only" for emergency purposes.

Westover stated Todd Blank, the City Engineer, stated the City would build this half street in a way that when the developer comes in to develop the second half of the street, the street would be ready to add the other half.

Godfrey asked what is the "but for" to which Gustafson replied if the City would not be providing assistance, this development would not happen.

Immel made a motion, seconded by Weiler, to approve the TIF District Resolution No. R18-01 as presented. Motion carried unanimously.

Exterior Materials Discussion

Westover stated staff would like the Planning Commission to review section 156.088 Exterior Building Wall and Roof Finishes in the City code. Staff are looking for clarification on some of the wording in the code and also for an updated review of the allowed and prohibited materials.

Westover said staff has had several requests recently for other materials on commercial buildings than what is allowed in the code. Specifically, LP Smart Siding and many requests for metal. While metal siding is prohibited, staff would like the Planning Commission to discuss this material again to assure that going forward staff understands how to manage requests for this type of material.

Westover stated, for instance, a property owner has an existing building constructed of plain painted concrete block, which is a prohibited material. This existing building is considered a non-conforming building because it doesn't conform to the current City code. The owner would like to make the building better and insulate and update the look of the exterior. Does

the City allow them to insulate and cover the existing block? Can the building maintain its non-conforming status and be allowed to have another non-conforming exterior material? Or, does the City require them to conform to the approved materials if they are making the changes?

Westover stated, in another instance, an existing building is covered by metal. The property owner has requested to make improvements. The building is existing non-conforming with the metal. The property owner is going to replace the exterior with metal again. Does the City allow this or does the City require the property owner to conform to an approved material?

In Chapter 156.088 (G) Additions and Alterations, Westover stated the code generalizes that "exterior alterations after the erection of the original building shall be of the same materials as those used in the original building and shall conform to the original architectural concept." That being so stated, the plain painted block and the metal buildings "shall" remain. This leaves no room for improvement.

Westover pointed out the last sentence of that section (G) specifies that the provisions of the code shall not prevent the City to require upgrading of the quality of materials used in remodeling. Staff would like to clarify what upgrading means. This sentence is open ended and up for interpretation. Does it mean that an upgraded material is only an approved material?

Westover stated staff currently has two requests for exterior improvements to existing painted concrete block buildings. One is for the building at 602 Main St. N. and the other is 131 Main St. N. At 602 Main St. N., they would like to insulate and cover the existing block with LP siding on all three sides. They would improve the front of the building with new brick or stone a quarter to halfway up the front, LP siding above that, and a new pitched roof. At 131 Main St. N., they would install brick or stone halfway up on the front facade, then steel siding above the brick on the front, then steel siding along the north (long wall facing the open former car lot) and rear.

Westover said staff often hears that the expense of upgrading to the approved materials is too great and keeping the block building "as-is" is not energy efficient and is not making the building better. Staff also hears varied suggestions on good products versus bad products. However, what staff has learned is that any product can be a good product if the workmanship is done correctly. There is also a wide range of exterior materials available thus making some products better than others.

Westover gave one last example: staff have had several industrial manufacturers add on to their business. The City allows any additions to buildings to match the existing building. If the existing building is metal, we allow metal on the addition. It might not be reasonable to require an entire upgrade to the building when they are only adding on to the building and leaving the remainder of the building the same. Westover has re-worded the example ordinance to clarify this scenario.

Westover provided the Commissioners with a cementitious siding products handout for the commission to discuss and decide what would be allowed. The handout included a hardy siding and a fiber cement.

Westover provided a list of items for the Commission to consider. Would the Commission like to: 1) Require all non-conforming buildings to upgrade to "approved" materials once they start exterior remodeling or allow them to stay with the same materials (i.e., old steel to new steel)? 2) Allow LP Smart Siding for commercial buildings? Or as an accent material? Or 3) Allow steel siding for commercial buildings? Or as an accent material?

Westover stated once the Planning Commission has discussed the existing section 156.088 of the City code and given direction to staff, staff will come back with a proposed ordinance for approval. Westover stated there are two contractors and/or owners at this Planning Commission meeting to discuss their requests (LP siding and steel siding).

Godfrey opened up discussion to members of the audience.

Brian Nelson, 33062 Palm St. NW, Cambridge, MN, explained he has two different block buildings he is remodeling. The first building is located at 602 Main St. N. and he would like to add a pitched roof, stone to the front of the building, Certistud insulation on the exterior and either a steel siding or an LP Smart Siding. Nelson stated these improvements would add a lot of value to this building.

Nelson stated the other building is located at 131 Main St. N. This building has stone on the front but the wall of the building has rotted away due to improper flashing and age of the building. Nelson would like to put Certistud insulation on the north side and the upper top and a good quality steel siding.

Nelson stated these are the two projects he has brought forth to the City to consider changing some of the zoning code language so the City can consider allowing some newer exterior building products instead of just stucco, stone, or brick.

Bob Soule, 2136 115th Avenue, Princeton, MN, owns the building at 131 Main St. N. Soule stated they have considered many different options for remodeling this building. Their tentative plans are to use Certistud, several colors of steel siding, and Casoda stone. They have a short timeframe to finish this remodel due to their money being held in a 1030 exchange. They are asking for clarification of materials that are allowed in the zoning code and consideration of adding some of the newer products available now. Soule is looking for a good investment, something that lasts long term and needs very little maintenance.

Joan Wallace, 879 329th Avenue NW, Cambridge, MN, owns the building at 602 Main St. N. Wallace has done a total remodel of the inside of this building and is interested in beautification of the exterior of the building. Wallace stated there are so many new and improved materials available now that she would like the City to consider allowing. She has

turned an interior dingy office space into a nice, freshly updated office space and wants to update the outside as well. Wallace stated that both she and Bob Soule have hired Brian Nelson for his services for their remodeling projects and are hopeful they can get approval for their desired exterior building materials.

The Commissioners discussed various types of products mentioned in the public discussion and had questions regarding how the list of allowed and not allowed building materials is put together.

Westover stated the use of exterior building materials has a lot of room for interpretation and pointed out that is why the City needs to further define allowable products, perhaps add pictures to the City zoning codes. It is a challenge in defining what is architectural metal versus sheet metal. Westover stated there are so many products available and staff needs to get an overall understanding of what the Commission wants or does not want so the Code can be better defined.

Weiler asked why put a cap on what materials can and cannot be used instead of listening to what people want and talking about it at that time?

Westover stated she was not sure of the Planning Commission's role in this and suggested she could confer with the City Attorney on whether or not it is up to staff to determine the code or have the Commission review every property. This would require every time a new business comes to the City to remodel a building, that contractor or owner would need to come before the Planning Commission and the City Council for approval of their building materials. Westover stated another option would be listing the approved materials and, if a new unknown product was requested to be used, the contractor or owner would be required to come before the Planning Commission and the City Council for approval.

Westover referred to a potential change she made to the E-2 Exceptions in the Code: "The Zoning Administrator may approve other new materials that are equal to or better than the materials listed in this section. Materials not specifically identified herein, whether or not they are better than or equal to the materials listed in this section, may be required to receive Planning Commission and City Council final approval." Westover stated this might take a lot of the guesswork out of allowing new or different products to be brought before the Planning Commission and the City Council for their review and approval and not be just left up to the discretion of staff to say yes or no.

The Commissioners discussed how products might be classified if they are not defined by code, restricting the amount of a product that can be used, and products the present zoning code is silent on. Westover asked for input from the Commission on products for commercial projects, including vinyl sided or allowing no metal, some metal or all metal. Immel suggested the Commission might want to table this decision to next month so they can define which metal is allowed, consider different types and get an idea of what is available before deciding to allow all metal or all steel.

Godfrey stated the City wants building owners to update their buildings, especially the insulation on older buildings to make them energy efficient but, at the same time, the City does not want to create an undue burden to meet a standard that causes the building owners to not even attempt to update their buildings.

Immel asked whether any decisions have been made regarding putting downtown into its own district as far as their design standards. Has the downtown group gotten very far with this decision since these buildings are located in the downtown area? Immel stated there could be different standards in the often visited downtown historic district versus the standards in a less visible industrial district.

Westover stated she has done some work on the historic overlay and believes that the consensus of that downtown group is to not allow metal, that they want it to be charming, have the historic architectural feel.

Immel asked if we could bring the downtown group back to the Planning Commission meeting and have that discussion with the group? We also don't want to create a new ordinance that if they needed to update in 15 years, they would have to reformat it all to allow different materials.

Westover stated we could also break it down in different zoning districts and allow certain products in certain districts and not allow them in other districts.

Westover asked for the Commission's opinions on the LP wood material.

Immel and Chapman Harder stated it looks similar to the allowed products.

Godfrey stated the Commission has very limited amount of information on the LP wood materials and he would like to see more examples. Westover noted that the exterior look is opinion based, different people will like or dislike the LP siding look.

Godfrey asked Westover if she had enough information from the Commissioners to move forward. Westover confirmed she did.

Westover stated she knows the two building owners are ready to continue work and complete their remodel projects but they are going to have to wait several months to get the Planning Commission's approval and the City Council's approval.

Westover stated City Administrator, Lynda Woulfe, suggested the Planning Commission could use the 602 Main St. N. remodel as a case study for the Commission to watch to see how use of the LP wood product turns out. City Council has not approved this.

Immel asked if the Planning Commission would have to wait until this project is completed before making a decision on what is allowed or not. Westover stated no. Godfrey asked if a motion would be required to make this an exception to the code because basically we are saying we are not going to look at this until it is done and oh, it's not conforming, then what. Westover stated that legally, she doesn't know if this is even possible to do. Westover would probably need to check with the City Attorney to see if this is okay.

Immel asked if the Commission could present it as a motion stating the stipulation that Westover check with the City Attorney to see if this case study scenario would be legally okay.

Westover would be more comfortable with just waiting but there are people in the audience who are ready to finish their exterior remodeling projects.

Godfrey moved, seconded by Weiler, to make a motion to bring to the City Council specifically 602 Main St. N. and 131 Main St. N. with possible changes to acceptable siding materials as an experiment, but have staff check with the City Attorney first to see if this is legally possible and the right process to take. Motion passed unanimously.

Fence and Kennel Requirement Discussion

Westover stated at the April 3, 2018 meeting, the Commission discussed fence regulations and dog kennels and requested that staff bring back more information from other communities. Westover provided the Commission with the information that was collected.

Westover stated the concerns that staff highlighted are listed in the staff report, items A-C. Westover also provided corresponding pictures for the Commission's review. Westover reviewed the pictures:

Picture A

The complaint received was regarding the tarps over the residential dog kennel. The residential dog kennel itself is believed to be a chain link type fencing structure that is a permitted fencing material. City code is silent on residential dog kennels and doesn't distinguish whether or not a tarp can be placed over a kennel. The property owner claims that the dogs would bark uncontrollably without the tarp, and that the tarp provides shelter from the elements.

Picture B

The complaint received was that the fence is unsightly. The property owner said they just moved in and they are using this structure as a residential dog kennel. City code is silent on residential dog kennel regulations. The code only provides "Proper Enclosure" regulations for dangerous animals.

Picture C

The complaint was regarding the screening material used. The chain link fence material is permitted in the City code. The current fence regulations are not specific on screening materials. Staff believe this material is sold at local stores as fence screening material.

Westover provided Section 156.083 Fences and Chapter 95 Animals of the City Code in an ordinance amendment form with included suggested edits. Westover included a definition of residential kennel in Chapter 95 Animals that uses language from the other communities surveyed and also some specific requirements for kennels. Westover also included amended language for the Fences section of the code as well, using some of the other communities wording to help make the City's language stronger.

The Commissioners discussed fence regulations and dog kennels and reviewed the information from other communities that staff had assembled. The discussion included the use of snow fencing, tarps, and other allowable screening materials for fences and dog kennels, and allowing well maintained slats for chain link fencing. Several suggestions were made for changing the wording of the language.

Westover will make the changes suggested and bring these changes back next month for the Commission's approval.

Other Business/Miscellaneous

City Council Update

Westover and Godfrey updated the Commission on the previous City Council meeting.

Parks, Trails, and Recreation Commission Update

Westover updated the Commission on the previous Parks, Trails, and Recreation Commission.

Adjournment

Being no further business before the Commission, Harder-Chapman moved, seconded by Immel, to adjourn the meeting at 8:26 pm. Motion carried unanimously.

Jim Godfrey
Cambridge Planning Commissioner

ATTEST:

Marcia Westover
Community Development Director\City Planner

6D Approve Lease with the State of Minnesota, Department of Administration, to Benefit Department of Human Services for Unit 162 and 178 City Center Mall

May 21, 2018

Author: Stan Gustafson, Economic Development Director

Request:

Approve lease with the State of Minnesota, Department of Administration for the benefit of the Department of Human Services (DHS) for units 162 and 178 in the City Center Mall.

BACKGROUND

Staff has been working with DHS on their project to relocate to the City Center Mall in units 162 and 178. Architectural services have been completed, request for bids was done, published in the newspaper and sent to various contractors and three bids were obtained.

DHS will have approximately 14 staff and 20+ individuals they assist with finding employment opportunities. The individuals provide services for higher and perform duties such as cleaning, lawnmowing, shredding and scanning they do similar work to what industries Inc does. There staff and client ratio vary depend on each individual need. The main focus for DHS is to assist with training, to work in job crews, individual soft skills, resume building and for them this is convenient with the Workforce Center next door. There is no work that they would do on site these are all jobs in various locations throughout the area.

- Base rent of \$10.50 per square foot
- Five-year lease
- Buildout in addition to the base rent
- Three percent (3%) interest on buildout
- Combined space square footage is 2,684.

After the bids came in staff sent DHS the base lease rate plus the build out cost. The build out cost was higher than they expected so I met on site with DHS to discuss some option of what to take out of the build out. Staff is now working with the Architect and the lowest responsible bidder to obtain a new cost of the project and a combined base lease and build out cost. Staff is working on having updated number be meeting time.

Base lease rate \$10.50 /s.f.

\$28,182.00 annual

Build out cost to be determined

Fiscal Note: We have adequate funds available for this project line item 205-47000-499

ACTION

Approve lease with State of Minnesota, Department of Administration for the benefit of the Department of Human Services with base lease plus buildout cost as presented. Authorize the EDA President and Executive Director to sign the necessary documents, allows staff with the assistance of the City Attorney to make minimal changes to the agreement but do not affect the major business terms.

Attachments

- Draft lease

STATE OF MINNESOTA

LEASE

LEASE NO. 12237

THIS LEASE is made by and between City of Cambridge Economic Development Authority, hereinafter referred to as Landlord, and the State of Minnesota, Department of Administration, hereinafter referred to as Tenant, acting for the benefit of the Department of Human Services, Direct Care and Treatment.

WHEREAS, the Commissioner of Administration is empowered by Minn. Stat. §16B.24, subd. 6, to lease non-state owned property;

NOW, THEREFORE, Landlord and Tenant, in consideration of the rents, covenants and considerations hereinafter specified, do hereby agree each with the other as follows.

1. **LEASED PREMISES** Landlord grants and Tenant accepts the lease of the following described Leased Premises located in the City of Cambridge, County of Isanti, Minnesota 55008:

approximately two thousand six hundred eighty four (2,684) usable square feet of space, as shown on the floor plans attached hereto and incorporated herein as Exhibit A, in the building known as City Center Mall ("Building") located at 300 3rd Avenue NE,
2. **USE** Tenant shall use and occupy the Leased Premises only for day training and habilitation and related activities.
3. **LEASE TERM**
 - 3.1 **Term** The term of this Lease is five (5) years, commencing August 1, 2018 and continuing through July 31, 2023 ("Lease Term").
 - 3.2 **Landlord Work Completion** Landlord shall make every effort to provide substantial completion of Landlord's Work by the Tenant's Work Commencement Date so as to enable Tenant to complete Tenant's Work. Landlord shall complete remodeling of the Leased Premises in its entirety by the Commencement Date.
 - 3.3 **Adjusted Commencement Date** In the event Tenant cannot have access to the entire Leased Premises by the Tenant's Work Commencement Date and occupancy and possession of the entire Leased Premises by the Commencement Date due to Landlord's failure to complete Landlord's Work, the following shall apply.
 - a. The Adjusted Commencement Date shall be the later date of either of the following:

- (i) The date which is sixteen (16) days subsequent to the actual Tenant's Work Commencement Date.
- (ii) The date that Landlord's Work is substantially completed.

b. Amendment & Prorated Rent

- (i) By amendment to be executed in the same manner as the execution of this Lease, Landlord and Tenant shall establish the Adjusted Commencement Date and corresponding rent payable.
- (ii) If the Commencement Date is other than the first day of the month, the rent payable in the first month of the Lease Term shall be prorated and shall be the product obtained by multiplying the full monthly rent payable by a fraction, the numerator of which is the number of leased days in the applicable calendar month and the denominator of which is equal to the total number of days in the applicable calendar month.

4. USABLE SPACE MEASUREMENTS

- 4.1 Definition The Leased Premises is defined as the total usable square feet exclusively occupied by Tenant and is the basis for calculation of rent payable hereunder.
- 4.2 Measurement Method Usable square feet is calculated by measurement from the inside finished surface of exterior walls to the inside finished surface of Building corridor and other permanent walls or to the center of walls demising the Leased Premises from adjacent tenant space. Measurement is taken from the exterior wall glass line only if more than fifty percent (50%) of the wall is glass.
- 4.3 Exclusions and Deductions Excluded from the usable square feet measurement are:
- a. vertical shafts,
 - b. elevators,
 - c. stairwells,
 - d. dock areas,
 - e. mechanical, utility and janitor rooms,
 - f. restrooms, corridors, lobbies and receiving areas accessible to the public or used in common with other tenants;
 - g. each and every column, dead wall space, and/or pilaster within the Leased Premises of four (4) square feet or more; and
 - h. each and every column and/or pilaster attached to the exterior, building corridor walls or demising wall within the Leased Premises.

5. **RENT**

5.1 **Rent Payment** In consideration for all covenants, representations and conditions of the Lease, Tenant agrees to pay Landlord rent for the Lease Term in the sum of _____ in accordance with the rent schedule set forth below:

LEASE PERIOD		SQUARE FEET	RATE PER SQ. FT.	MONTHLY PAYMENT	RENT FOR LEASE PERIOD
8/1/18	- 7/31/23				
Rent		2,675	\$ 10.50	\$ 2,340.63	\$ 140,437.80
Improvements Amortization		2,675		\$ -	\$ -
			TOTAL	\$ 2,340.63	\$ 140,437.80

5.2 **Rent Billing Address** Landlord shall mail or personally deliver original bills and rent statements to Tenant at the following address:

DCT/CBS Accounts Payable
Department of Human Services
PO Box 64894
St Paul MN 55164-0894

5.3 **Rent Payment Address** Tenant shall mail or deliver the monthly rent set forth above at the end of the applicable calendar month to Landlord at the following address:

City of Cambridge Economic Development Authority
300 3rd Avenue NE
Cambridge, MN 55008

5.4 **Landlord Receipt of Rent** Landlord represents and warrants that it is solely entitled to all rents payable under the terms of this Lease.

6. **PARKING**

6.1 **Agency Parking** At no cost to Tenant, Landlord shall provide thirteen (13) parking stalls for use by Tenant's agency vehicles for overnight parking, located the parking lot adjacent to the Building.

6.2 Landlord shall provide additional parking in the parking lot adjacent to the Building for the use of Tenant, its invitees, licensees and guests. It is understood by Landlord and Tenant that there is no additional rent payable for parking provided in this Lease.

7. **TERMINATION**

7.1 **Funding** In the event that the Minnesota State Legislature does not appropriate to the Department of Human Services funds necessary for the continuation of this Lease, or in the event that Federal Funds necessary for the continuation of this Lease are withheld for any reason, this Lease may be terminated by Tenant upon giving thirty (30) days prior written notice to Landlord.

7.2 **Statute** Pursuant to Minn. Stat. §16B.24, subd. 6, this Lease may be terminated upon thirty (30) days prior written notice by Tenant to Landlord, for any reason except lease of other non-state-owned land or premises for the same use.

8. **SURRENDER OF LEASED PREMISES** Landlord and Tenant hereby agree that at the expiration or earlier termination of this Lease or extension thereof:

8.1 **Personal Property** Any equipment and furniture, including, but not limited to, modular workstations, shelving units, projection screens, audio-video equipment and/or any program equipment (hereinafter referred to as "Personal Property"), whether attached to the Leased Premises by Landlord or by Tenant, shall remain the property of Tenant. Tenant shall remove its Personal Property, vacate and surrender possession of the Leased Premises to Landlord in as good condition as when Tenant took possession, ordinary wear, tear and damage by the elements excepted. Tenant shall bear no responsibility for damage to the Leased Premises caused by Landlord or those acting under Landlord's direction.

8.2 **Alterations, Additions and Improvements**

a. All alterations, additions or improvements made to or installed upon the Leased Premises, whether paid for by Landlord or Tenant, including, but not limited to: walls, floor and wall coverings, supplemental heating, cooling and/or ventilation equipment, fire protection, and security systems, including key pads, cypher locks, which in any manner are attached to the Leased Premises, shall remain the property of Landlord, and shall be surrendered with the Leased Premises as a part thereof with no further responsibility or obligation for removal by Tenant.

b. If requested by Tenant and upon prior approval of Landlord, Tenant may remove any alteration, addition or improvement as set forth in Section 8.1 above.

8.3 **Low Voltage Cabling** All low voltage cabling, including but not limited to voice, data, security system cabling installed by Tenant or by Landlord on behalf of Tenant shall remain a part of the Leased Premises unless Tenant, in its sole discretion, elects to remove the cabling.

9. **LANDLORD'S WORK**

- 9.1 Landlord shall, at its expense, perform the work as shown on Exhibit A, attached hereto and incorporated herein, including, but not limited to, the following (collectively referred to as "Landlord's Work"):
- a. Adequate heating, ventilating and air-conditioning system/adjustments to accommodate the floor plan.
 - b. Construction of floor-to-ceiling wall partitions with adequate acoustics.
 - c. Installation of voice/data openings as required by Tenant.
 - d. Installation of required floor coverings in restroom of the Leased Premises.
- 9.2 Landlord agrees to substantially complete Landlord's Work set forth herein by July 23, 2018.
- 9.3 Landlord shall, at its expense, provide all architectural and engineering services and plans.

10. **AS-BUILT PLANS**

- 10.1 Upon completion of Landlord's Work, Landlord shall, at its expense, provide Tenant with an electronic and hard copy of as-built plans and in AutoCAD 2013 or earlier format, of the Leased Premises following the American Institute of Architects (AIA) layering system. Final dimensions must be gathered by Landlord via field verification of existing and newly constructed spaces and used to create the as-built plans. The as-Built plans must include accurate locations of all new and existing doors, windows, columns, walls and data and electrical locations.
- 10.2 Upon Tenant's receipt of as-built plans of the Leased Premises, Tenant shall re-measure the leased space in accordance with Section 4 of the Lease. Landlord and Tenant agree to amend the Lease to include the as-built plans as an exhibit to the Lease and, if there is a change in usable square feet, to revise the usable square footage based on the as-built plans.

11. **TELECOMMUNICATIONS**

- 11.1 Building Access The Building's telephone/cable size must be large enough to provide access for the telephone company's facilities. If the entrance size does not meet the requirements for access by the telephone company's facilities, Landlord shall, at its expense, ensure that these requirements are met.
- 11.2 Minimum Point of Presence (MPOP)/Intermediate Distribution Frame (IDF)

- a. Landlord shall establish and identify the location of the MPOP for service provided by the telephone company.
- b. Landlord shall provide all required cable from the MPOP to the telecommunications panel (IDF) on the floor of which the Leased Premises are a part for present and future requirements (2 pair from the MPOP to the IDF for each work station).
- c. Landlord shall provide Tenant access to the Building-grounding electrode.
- d. Landlord shall remove all cable/wiring that does not meet applicable building code.
- e. Adequate plywood (3/4 - 5/8 inch) on wall for wire and equipment termination and installation, painted with a light colored paint and meeting all applicable fire codes.

11.3 Station Wiring/Cable Access Landlord shall provide and install, at its expense, a horizontal subsystem that will provide a cable route from the IDF (telecommunication panel/closet/room) to each station on the floor. The subsystem could be made up of any one or parts of the following:

- a. Under floor duct system (e.g., walker duct system).
- b. Conduit.
- c. Suspended ceilings.
- d. Raised flooring.
- e. Power poles.

12. TENANT REQUESTED ALTERATIONS

12.1 In the event Tenant desires to remodel, make alterations, additions, and/or changes and request design services (hereinafter, "Alterations") to the Leased Premises, and it is determined that the Alterations are at Tenant's expense, Alterations shall be approved by and arranged through Landlord as follows:

- a. Upon Tenant's request, Landlord shall provide Tenant up to three (3) written cost estimates from Landlord's vendors for desired Alterations. Landlord or Landlord's agent/management company shall not include supervision fees as a part of the cost of Alterations.

- b. Alterations shall be documented and authorized in advance according to the applicable cost level, as follows:
 - (i) Alterations totaling \$2,500.00 or less shall be set forth in and authorized by Tenant in Tenant's signed Purchase Order which shall be submitted to Landlord.
 - (ii) Alterations totaling \$2,500.01 through \$8,000.00 shall be set forth in and authorized by Tenant in a signed Remodeling Request Memo, which shall be submitted to Landlord.
 - (iii) Alterations of \$8,000.01 or more shall be set forth and authorized by Landlord and Tenant by way of an executed Amendment to the Lease.

12.2 Upon completion of the Alterations, Landlord shall pay the appropriate vendor(s), and Tenant shall reimburse Landlord within thirty (30) days following receipt of a detailed invoice from Landlord.

13. **DUTIES OF LANDLORD** Landlord shall, at its expense, provide the following:

13.1 **Management**

- a. Landlord agrees that in exercising its management responsibilities of the property of which the Leased Premises is a part, including the maintenance, repair, alterations and construction relating thereto, it shall comply with all applicable laws, statutes, rules, ordinances and regulations, including, but not limited to: building code, fire code, disabilities access, zoning, air quality, pollution control, recyclable materials and prevailing wage requirements, as issued by any federal, state or local political subdivisions having jurisdiction and authority in connection with the property.
- b. Landlord shall use its best efforts to employ practices that protect occupants' health and ensure conservation of natural resources, including but not limited to recycling of recyclable materials, operation and maintenance of the Building and the Leased Premises utilizing low VOC-emitting materials and carpet backing material that is PVC free and carpeting that is recyclable.

13.2 **Electrical Service** Landlord shall provide adequate electrical service to the Leased Premises to accommodate Tenant's needs and the Building of which the Leased Premises is a part.

13.3 **Janitorial Service** Tenant shall provide janitorial services and supplies to the common areas of the Building.

- 13.4 Heating and Cooling Landlord warrants that the Leased Premises are served by heating and cooling facilities of a design capacity sufficient to maintain the Leased Premises within the acceptable range of temperature identified below under all but the most extreme weather conditions, assuming optimal use by Tenant of all thermostats and other climate control devices, such as shutting off computers, opening or closing of blinds, doors and vents within the Leased Premises. Landlord shall provide Tenant with written instructions defining said optimal use. Tenant is responsible for setting the thermostats in the Leased Premises to its desired temperature. For purposes hereof, the acceptable ranges of temperature for office space are as follows:
- a. From October 1 through April 30, between 70.5 degrees and 74.5 degrees. Temperature settings must be lowered to 60°F to 62°F during periods outside of Working Hours.
 - b. From May 1 through September 30, between 72.0 degrees and 76.0 degrees. Temperature settings will be increased to 85°F during periods outside of Working Hours.
- 13.5 Relative Humidity Landlord warrants that the Leased Premises is served by heating, cooling and other facilities of a design capacity sufficient to maintain the Leased Premises within the range of 20% - 60% relative humidity, assuming optimal use of the thermostats and other climate control devices, such as the opening or closing of blinds, doors and vents within the Leased Premises.
- 13.6 Ventilation and Environmental Quality
- a. Landlord shall provide outdoor fresh air per minute per person to the Leased Premises as outlined in Table 2 of ASHRAE (American Society of Heating, Refrigeration and Air Conditioning Engineers, Inc.) Standard 62.1-2013, or as amended. An air cleaning device shall be used in the ventilation system which filters the outdoor air and shall have:
 - (i) A minimum filtration efficiency of thirty (30) percent as rated by ASHRAE 52.2, or as amended, Atmospheric Dust Spot Efficiency Rating; **OR**
 - (ii) A minimum Efficiency Reporting Value (MERV) 8 as rated by ASHRAE 52.2, or as amended, Method of Testing General Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size.

If air filters are used, Landlord shall change the filters at least two (2) times per year, preferably in March, July and November, or more often as required.
 - b. Any secondary filtration systems (such as in heat pumps) shall have a minimum weight arrestance of eighty (80) percent as rated by ASHRAE 52.2, or as amended, Weight Arrestance Method or Minimum Efficiency Reporting Value

(MERV) 5 as rated by ASHRAE 52.2, or as amended, Method of Testing General Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size. If air filters are used, Landlord shall change the filters at least two (2) times per year or more often as required.

- c. It is understood by Landlord and Tenant that no wall covering will be installed around pipe chases.
- d. Landlord shall, at its expense, remove and replace any building material with visible or detected evidence of water infiltration or mold growth.

13.7 Lighting

- a. Landlord shall provide the Leased Premises with overhead lighting within the range of 20 to 50 foot-candle power at 30" above finished floor (AFF).
- b. Landlord shall re-lamp light fixtures and replace light ballasts as needed.

13.8 Restrooms Landlord shall provide the Leased Premises a separate ADA compliant restroom facility. Such facility shall be situated within the Leased Premises or be easily accessible therefrom. Ventilation for restrooms must be in accordance with applicable building codes.

13.9 Sustainability

- a. Sustainable Building Guidelines Landlord agrees, when feasible, to follow the sustainable building guidelines (www.b3mn.org/guidelines/index.html) for maintenance and improvements to the Leased Premises. Feasibility shall be determined by Landlord, in its sole discretion, and consider such factors as long term costs and benefits over the term of the Lease, performance, aesthetics, material/labor availability and impact on Building valuation.
- b. Trash Removal Landlord shall, at its expense, provide solid waste/trash disposal services.
- c. Recycling Services
 - (i) Pursuant to Minn. Stat. §16B.24, subd. 6(d), Landlord shall provide space for recyclable materials.
 - (ii) Pursuant to Minn. Stat. §115A.151, subd. (a)(1), Landlord shall, at its expense, provide recycling services to collect comingled (single sort) recyclable materials, such as, but not limited to, paper, glass, plastics and metal.

- d. Quarterly (Calendar Year) Reporting At the end of each quarter without any request by Tenant, Landlord shall provide solid waste, recycling and composting disposal amounts, during the timeframe and format as specified by Tenant.
 - e. Conservation In the event energy conservation measures are enacted by any State or Federal authority, it is hereby agreed that Landlord shall reduce the quantity of utilities and services as may be specifically required by such governmental orders or regulations. Utilities, within the meaning of this article, include heat, cooling, electricity, water and all the sources of energy required to provide the service.
 - f. Urinal Water Flow
 - (i) Landlord shall use its best efforts to limit maximum flush volume to .5 gallons per flush in urinals.
 - (ii) Landlord shall, at its expense, either install new urinals or equipment necessary to limit the maximum flush volume.
 - g. LED Lighting When the economic benefit outweighs the costs within a reasonable period of time, Landlord and Tenant will discuss a timeline for LED retrofit implementation for recessed and florescent lighting inside the Building and parking lots during the Lease Term or any extension thereof.
- 13.10 Fire Safety Landlord shall, at its expense, provide and maintain all fire extinguishers, fire alarms and fire detection systems for the Leased Premises and Building as required by applicable codes/ordinances and /or the state fire marshal.
- 13.11 Common Areas Landlord shall provide sufficient light, heat, maintenance and security measures to the common and public access areas of the Building, including stairways, elevators, lobbies and hallways so that such areas shall be safe and reasonably comfortable.
- 13.12 Landscaping/Grounds Maintenance Landlord shall, at its expense, maintain the landscaping, grounds, walkways and parking lot(s) surrounding the Leased Premises and the Building in good appearance, condition and repair, including, but not be limited to:
- a. Grass cutting, fertilizing, weed control and tree trimming as necessary with annual shrubbery trimming;
 - b. Prompt removal and replacement of dead or dying trees and shrubbery with trees and shrubbery of similar size and type. Tenant may make recommendations for replacement types;

- c. Seasonal flower planting and maintenance, including pollinator friendly plants;
- d. Use of any plant materials or pesticide products containing neonicotinoid are prohibited;
- e. Prompt removal of debris from grounds, walkways and parking lots;
- f. Sweeping, seal-coating, repair, resurfacing and re-striping of parking lot surfaces as needed.
- g. Prompt repair/replacement of up-heaved or sunken walkways and broken or damaged walkways and curbs.
- h. Keep the parking lot(s) and public sidewalks adjacent to the Building and any sidewalks or stairways leading from the public sidewalks to the Building free from debris and in good condition.

13.13 Snow Removal Landlord shall keep the parking lot and public sidewalks adjacent to the Building and any sidewalks or stairways leading from the public sidewalks to the Building free from snow and ice. Snow plowing, snow shoveling and ice removal must be completed by 6:30 a.m. unless snow or wind conditions make this impossible. If the snow and ice removal is not completed by 6:30 a.m., Landlord will make every effort to complete the snow removal as soon as possible.

13.14 General Maintenance and Repairs

- a. Landlord General Responsibility Landlord, at its expense, shall provide repair and maintenance as needed to maintain the Leased Premises and the Building in good order and condition, including, but not limited to, prompt repair and maintenance of all plumbing, wiring, electrical, heating (and, if applicable, cooling) devices, ductwork, roof, foundations, concrete surfaces, walls, gutters, downspouts, sewer and other utilities, whether interior or exterior, above or below ground, including repair and maintenance of improvements or equipment added to the Leased Premises, whether or not the original cost of the improvement or equipment was borne by Tenant.
- b. Exceptions to Landlord Responsibility Landlord shall not be responsible for repairs upon equipment which are Tenant's personal property, nor shall Landlord bear the expense of repairs to the Leased Premises necessitated by damage caused by Tenant which is beyond normal wear and tear.

13.15 Heating, Ventilation and Air Conditioning (HVAC) Maintenance

- a. Landlord shall, at its expense, maintain and make such necessary repairs to HVAC equipment, whether or not the HVAC equipment was paid for by Tenant.

- b. Landlord shall document maintenance on the heating, ventilating and air conditioning system (e.g., filter changes and cleaning methods and procedures).
 - c. **Air Conditioning Cooling Equipment Maintenance:** All interior surfaces of the ductwork within five (5) feet downstream and five (5) feet upstream of the cooling coils, the cooling coils and its drainage systems shall be cleaned with a coil cleaning solution. The cleaning shall be performed in March or April and in September or October of each year. If fiberglass interior liners are located within five (5) feet upstream and downstream of the cooling coils, Landlord shall either remove the fiberglass liner down to bare metal or cover it with non-permeable material such as galvanized metal.
- 13.16 Delivery of Leased Premises Landlord covenants that it will deliver the Leased Premises to Tenant in a clean and sanitary condition with all services and appurtenances included within the scope of this Lease in effect and in good running order.
- 13.17 Quiet Enjoyment Tenant shall have the quiet enjoyment of the Leased Premises during the full Lease Term and any extension thereof.
- 13.18 Taxes and Assessments Landlord shall be responsible for payment of all taxes and assessments upon the Building and land of which the Leased Premises is a part.
- 13.19 Exterior Lighting Landlord shall provide adequate exterior lighting in the parking lots, building entrance/exits and loading dock areas.
- 13.20 Disability Access Guidelines Landlord agrees to provide and maintain the Leased Premises and the Building of which the Leased Premises is a part with accessibility and facilities for persons with disabilities meeting code requirements, including but not limited to, Title II and III of the American with Disabilities Act (ADA), all applicable laws, rules, ordinances and regulations issued by any federal, state or local political subdivisions with jurisdiction and authority in connection with the property.
- 13.21 Pest Control Landlord shall provide pest control for the Leased Premises and the Building of which the Leased Premises is a part.
- 13.22 Repainting and Carpet Replacement Landlord shall, at its expense:
- a. Touch up paint from time to time as may be reasonably necessary to keep the walls in good order and condition.
 - b. Repair or replace damaged or stained vinyl wall covering as necessary.
 - c. Replace worn carpet at such time during occupancy as may be necessary.

- d. Paint the Leased Premises as reasonably required by Tenant any time after the fifth year of the Lease Term or extension(s) thereof.
- e. Pay all costs associated with tear down and reinstallation of modular workstations and/or moving of any furniture, fixtures and equipment as necessary to facilitate the carpet replacement and repainting set forth above.

14. **DUTIES OF TENANT**

- 14.1 **Utilities** Tenant shall pay all costs of utilities, including gas, sewer and water, electricity and heating fuel, which shall be separately metered and billed directly to Tenant by the utility companies.
- 14.2 **Janitorial Service** Tenant shall provide janitorial services and supplies to the Leased Premises.
- 14.3 Tenant shall allow access to the Leased Premises by Landlord or its authorized representatives at any reasonable time during the Lease Term for any purpose within the scope of this Lease.
- 14.4 Tenant shall not use the Leased Premises at any time for any purpose forbidden by law.
- 14.5 **Assignment/Sublease** Tenant shall not assign, sublet or otherwise transfer its interest in this Lease without the prior written consent of Landlord.
- 14.6 Tenant shall observe reasonable precautions to prevent waste of heat, electricity, water, air conditioning and any other utility or service, whether such is furnished by Landlord or obtained and paid for by Tenant.

15. **DESTRUCTION OF PREMISES** If the Leased Premises shall be destroyed or damaged by fire, tornado, flood, civil disorder or any cause whatsoever, so that the Leased Premises become untenable or Tenant is unable to conduct its business, the rent payable hereunder shall be abated from the time of the damage and Tenant shall have the option of terminating this Lease immediately or allowing Landlord the amount of time as Tenant deems reasonable to restore the damaged Leased Premises to tenantable condition. Landlord will provide immediate verbal notice and thirty (30) days written notice to Tenant from the date of the damage, of Landlord's intentions to restore, or not restore the Leased Premises.

16. **INSURANCE AND LIABILITY**

16.1 **Property Damage**

- a. It shall be the duty of Landlord and Tenant to maintain insurance or self-insurance on their own property, both real and personal. Notwithstanding

anything apparently to the contrary in this Lease, but subject to subsection b below, Landlord and Tenant hereby release one another and their respective partners, officers, employees and property manager from any and all liability or responsibility to the other or anyone claiming through or under them by way of subrogation or otherwise for loss or damage, even if such loss or damage shall have been caused by the fault or negligence of the other party or anyone for whom such party may be responsible.

- b. Landlord shall indemnify, defend and hold Tenant harmless from any and all claims, loss, damage and expense arising from water or water-related incidents affecting the Leased Premises, except for those arising from Tenant's negligent or intentional acts or omissions.

16.2 Liability Subject to subsection 16.1b. above, Landlord and Tenant agree that each party will be responsible for its own acts and the results thereof to the extent authorized by law and shall not be responsible for the acts of any others and the results thereof. Tenant's liability shall be governed by the provisions of the Minnesota Tort Claims Act, Minn. Stat. §3.736, and other applicable law.

17. **BUILDING ACCESS AND SERVICES**

17.1 Landlord shall provide Building access and services to the Leased Premises from 7:30 a.m. to 6:00 p.m. Monday through Friday, also defined as "Working Hours".

17.2 Landlord shall provide access to the Leased Premises seven (7) days per week, twenty four (24) hours per day for authorized employees of Tenant.

18. **NEW LANDLORD** In the event the Leased Premises or the Building of which the Leased Premises is a part shall be sold, conveyed, transferred, assigned, leased or sublet, or if Landlord shall sell, convey, transfer or assign this Lease or rents due under this Lease, or if for any reason there shall be a change in the manner in which the rent reserved hereunder shall be paid to Landlord, proper written notice of the change must be delivered to Tenant as promptly as possible. Tenant's "Transfer of Ownership of Lease" document shall be executed by the parties hereto in order that the State of Minnesota Management and Budget is provided with authorization to issue payments to a new party.

19. **DEFAULT BY LANDLORD** If Landlord shall default in the performance of any of the terms or provisions of this Lease, Tenant shall promptly so notify Landlord in writing. If Landlord shall fail to cure the default within thirty (30) days after receipt of the notice, or if the default is of the character as to require more than thirty (30) days to cure and Landlord shall fail to commence to do so within thirty (30) days after receipt of the notice and thereafter diligently proceed to cure the default, then in either event, Tenant, at its sole option, may terminate this Lease upon thirty (30) days prior written notice, or may cure the default. In the event Tenant incurs costs towards curing the default or cures the default, Landlord shall pay all reasonable and actual expenses paid by Tenant to cure said default, including attorney's fees, within ten

(10) days of receipt of invoices therefore rendered, or Tenant shall have a specific right to set off any the amounts due from Landlord against any rent payments or other amounts due under this Lease. In the event Tenant elects to terminate this Lease, the termination shall not limit Tenant's rights to damages caused by the breach and failure to cure. This provision in no way limits Tenant's other remedies for breach under common law or this Lease.

20. **AUDIT** Pursuant to Minn. Stat. §16C.05, subd. 5, the books, records, documents and accounting procedures and practices of Landlord relevant to this Lease shall be subject to examination by the State and/or Legislative Auditor, as appropriate, for a minimum of six (6) years.

21. **AFFIRMATIVE ACTION**

21.1 If the Lease amount exceeds \$100,000 and the Landlord employed more than 40 full-time employees on a single working day during the previous 12 months in Minnesota or in the state where it has its principle place of business, then the Landlord must comply with the requirements of Minn. Stat. § 363A.36 and Minn. Rules Parts 5000.3400-5000.3600. A Landlord covered by Minn. Stat. § 363A.36 because it employed more than 40 full-time employees in another state and does not have a certificate of compliance, must certify that it is in compliance with federal affirmative action requirements.

21.2 Minn. Stat. § 363A.36 Minn. Stat. § 363A.36 requires the Landlord to have an affirmative action plan for the employment of minority persons, women, and qualified disabled individuals approved by the Minnesota Commissioner of Human Rights ("Commissioner") as indicated by a certificate of compliance. The law addresses suspension or revocation of a certificate of compliance and contract consequences in that event.

21.3 Minnesota Rule 5000.3550 - Disabled Individuals Affirmative Action Section

- a. Landlord shall not discriminate against any employees or applicants for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. Landlord agrees to take affirmative action to employ, advance in employment and otherwise treat qualified disabled individuals without discrimination based upon their physical or mental disability in all employment practices such as the recruitment, advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.
- b. Landlord agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

- c. In the event of Landlord's noncompliance with the requirements of this Section, actions for noncompliance may be taken in accordance with Minn. Stat. §363A.36 and the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.
- d. Landlord agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the commissioner of the Minnesota Department of Human Rights. Notices shall state Landlord's obligation under the law to take affirmative action to employ and advance in employment qualified disabled employees and applicants for employment, and the rights of applicants and employees.
- e. Landlord shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that Landlord is bound by the terms of Minn. Stat. §363A.36 of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment physically and mentally disabled individuals.

22. **SMOKING** Pursuant to Minn. Stat. §16B.24, subd. 9, Landlord and Tenant shall not permit smoking in the Leased Premises.

23. **HAZARDOUS SUBSTANCES**

23.1 General

- a. "Hazardous Substances" is defined to mean any and all substances or materials that are categorized or defined as hazardous or toxic under any present or future local, state or federal law, rule or regulation pertaining to environmental regulation, contamination, cleanup or disclosure including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as now or hereafter amended ("CERCLA"), the Resources Conservation and Recovery Act, as now or hereafter amended ("RCRA"), the Superfund Amendments and Reauthorization Act of 1980, as now or hereafter amended ("TSCA") the Minnesota Environmental Response and Liability Act ("MERLA"), or any similar statutes or regulations, and any wastes, pollutants and contaminants (including without limitation, materials containing asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls ("PCBs") and petroleum products including gasoline, fuel oil, crude oil and various constituents of such products).
- b. Landlord warrants and covenants that it did not, and will not in the future, install, use, generate, store, dispose of or release on or about the Building of which the Leased Premises is a part, except for immaterial quantities of any Hazardous Substances customarily used in the construction and maintenance of like properties or in other uses of the Leased Premises or the Building or land of

which it is a part, which have been used in accordance with applicable laws, statutes, regulations and ordinances then in effect. Landlord further agrees to indemnify and hold Tenant (and its officers, partners, employees, agents and directors) harmless from and against any claim, damage, loss, fine or any other expense (including without limitation clean-up costs, court costs, attorneys' fees, engineering or consultant fees, other costs of defense and sums paid in settlement of claims) arising out of Landlord's installation, use, generation, storage, disposal or release of any Hazardous Substances in or about the Leased Premises or the Building or the land of which the Leased Premises is a part.

- c. Landlord represents and warrants there are no Hazardous Substances present within the Building or the land of which the Leased Premises is a part. In the event a qualified environmental testing company determines that Hazardous Substances do exist, in greater than immaterial quantities, in or about the Leased Premises or the Building or land of which the Leased Premises is a part, Tenant, at its option, may terminate this Lease with sixty (60) days written notice to Landlord.

23.2 Storage Tank Landlord has not, and to the best of its knowledge no prior owner or occupant installed in, on or about the Leased Premises or the Building or land of which the Leased Premises is a part, any storage tank containing Hazardous Substances, including, but not limited to: petroleum, crude oil or by-products of petroleum or crude oil.

23.3 Asbestos In addition to the above representations, covenants and warranties, Landlord hereby warrants that to the best of its knowledge, no materials containing asbestos have been used or installed upon the Leased Premises or, if at any time asbestos containing materials were located on the Leased Premises, such materials have been removed prior to the date of this Lease.

23.4 Radon Landlord has undertaken certain environmental and geologic testing to determine the possibility of future radon exposure to occupants of the Leased Premises or the Building of which the Leased Premises is a part, based upon presently accepted procedures for radon detection. Such testing included analysis of soil permeability, testing of ground soil for radon related minerals and a survey of owners of adjacent properties for radon levels of their property. As radon is a naturally occurring substance, no guarantee of nonexistence can be made. Such testing has determined that prevailing conditions do not encourage the presence of radon in the Leased Premises, although Tenant acknowledges that, because of the nature of radon, Landlord cannot guarantee that the Leased Premises or the Building, of which the Leased Premises is a part, will remain free of radon.

24. **SIGNAGE**

- 24.1 Tenant shall not post nor permit any signs to be placed in the Leased Premises that are visible from the exterior of the Building, through the windows or visible from the halls or other common areas of the Building, unless prior written approval for the signs has been secured from Landlord.
- 24.2 Building directories, room numbers, identification and directional signs shall be provided to the section level as it relates to Tenant's organization. The signage shall be provided and installed at Landlord's expense and shall be of a uniform design throughout the Building as mutually agreed upon by the parties.
- 24.3 Landlord shall, at its expense, provide, install and maintain exterior signage identifying Tenant. The signage shall be of a design and at a location as mutually agreed upon by the parties.

25. **LAWS GOVERNING** This Lease shall be construed and enforced in accordance with the laws of the State of Minnesota.

26. **GOVERNMENT DATA PRACTICES ACT COMPLIANCE**

- 26.1 Landlord must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by Tenant in accordance with this Lease and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by Landlord in accordance with this Lease. The civil remedies of Minnesota Statutes, section 13.08, apply to Landlord and Tenant.
- 26.2 Minnesota Statutes, Chapter 13, provides that all government data is public unless otherwise classified. If Landlord receives a request to release the data referred to in this Section, Landlord must immediately notify Tenant and consult with Tenant as to how Landlord should respond to the request. Landlord's response shall comply with applicable law, including that the response is timely. If Landlord denies access to the data, Landlord's response must reference the statutory basis upon which Landlord relied. Landlord does not have a duty to provide public data to the public if the public data is available from Tenant.

27. **ENTIRE AGREEMENT** This Lease contains all covenants and agreements between Landlord and Tenant relating in any manner to the Rent, Tenant's use and occupancy of the Leased Premises, and other matters set forth in this Lease. No prior agreements or understandings pertaining thereto shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or amended except in writing signed by Landlord and Tenant.

28. **HEADINGS** The titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

29. **EXECUTION IN COUNTERPARTS** The Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts of this Lease taken together shall constitute but one and the same Lease. Delivery of an executed counterpart of this Lease by facsimile or email or a PDF file shall be equally as effective as delivery of an original executed counterpart of this Lease.

30. **NOTICES**

30.1 All notices or communications between Landlord and Tenant shall be in writing and deemed to have been given upon the occurrence of one of the following methods of delivery to the address noted in Section 30.2 below.

- a. when personally delivered to the addressee, or
- b. on the second business day after sender has deposited the registered or certified mailing with the US Postal Service,
- c. one (1) business day after deposited with an overnight courier service, or
- d. via electronic mail (provided such delivery is confirmed).

30.2 **Mailing Addresses:**

Landlord:

City of Cambridge Economic
Development Authority
300 3rd Avenue NE
Cambridge, MN 55008

Tenant:

Real Estate and Construction Services
Department of Administration
50 Sherburne Ave # 309
St Paul MN 55155

ATTACHMENTS:

Exhibit A Floor Plans
Exhibit B Landlord's Work

IN WITNESS WHEREOF, the parties have set their hands on the date(s) indicated below intending to be bound thereby.

LANDLORD:
CAMBRIDGE ECONOMIC DEVELOPMENT
AUTHORITY

Landlord certifies that the appropriate person(s) have executed the Lease on behalf of Landlord as required by applicable articles, bylaws, resolutions or ordinances.

By _____

Title _____

Date _____

By _____

Title _____

Date _____

TENANT:
STATE OF MINNESOTA
DEPARTMENT OF ADMINISTRATION
COMMISSIONER

By _____
Real Estate and Construction Services

Date _____
("Execution Date")

APPROVED:
STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES;
DIRECT CARE AND TREATMENT

By _____

Title _____

Date _____

RECOMMENDED:
DEPARTMENT OF HUMAN SERVICES

By _____

Title _____

Date _____

STATE ENCUMBRANCE VERIFICATION
Individual signing certifies that funds are encumbered as required by Minn. Stat. §16A.15 and §16C.05.

By _____

Date _____

SWIFT P.O. _____

Contract No. _____

6E Approve AIA Contract with RAK Construction for remodeling of Unit 162 & 178

May 21, 2018

Author: Stan Gustafson, Economic Development Director

REQUEST:

Approve the low bid and contractor for the proposed remodeling of units 162 & 178 at the City Center Mall for space required by the State of Minnesota, Department of Administration for the benefit of the Department of Human Services.

BACKGROUND

Staff place an advertisement for bids in the local newspaper, placed it the city web site and sent the information out to contractors that bid on the Workforce Center project.

Staff received three (3) bid proposals from area contractors for remodeling of units 162 & 178 at the City Center Mall for the State of Minnesota, Department of Administration for the benefit of the Department of Human Services. The project includes demolition of specific areas, new walls, restroom, office space, lighting, duct work, carpet, adding a restroom, some repainted and adding several new doors.

Bids

BT Baas Construction

Based bid \$139,731.00

Braden Construction

Base bid \$108,995.00

RAK Construction

Base bid \$94,721.00

The project commencement date is set for June 1, 2018 and completion date is July 23, 2018

Fiscal Note: Funds are available in line item 205-47000-498

The staff report shows the lowest base bid but the project will not to exceed \$90,000.00 and there will be a new lower number available prior to the EDA meeting. Because of some substantial changes made by DHS the construction cost is still being determined. The AIA Contract is also in a draft format and a new contract will be available prior to needed signatures. The contract has been reviewed by Attorney Squires.

PROPOSED ACTION

Approve contract for services with RAK Construction of \$amount to be determined prior to signing of any contracts to build out units 162 and 178 City Center Mall for the Department of Humans Services. Authorized the EDA President and Executive Director to sign the necessary agreements. Allow staff with assistance from the City Attorney to make changes to the agreement but do not affect the major business terms.

DRAFT AIA® Document A104™ - 2017

Standard Abbreviated Form of Agreement Between Owner and Contractor

AGREEMENT made as of the 23 day of May in the year 2018 (In words, indicate day, month and year.)

BETWEEN the Owner:
(Name, legal status, address and other information)

City of Cambridge
300 3rd Ave NE
Cambridge, Mn 55008

and the Contractor:
(Name, legal status, address and other information)

RAK Construction Inc
21435 Johnson St NE
East Bethel, MN 55011

for the following Project:
(Name, location and detailed description)

DHS Project
140 Buchanan Sv N Suite 162 & 178
Cambridge, Mn 55008

The Architect:
(Name, legal status, address and other information)

Inside Outside Architect, Inc
Lea Kameas
19601 152nd Ave
Dayton, MN 55327

The Owner and Contractor agree as follows.
Tenant buildout of units 162 & 178 including as defined in the specification sheet and project manual demolition, reconstruction, HVAC, design build electrical, design build plumbing, sprinkler system modification

ADDITIONS AND DELETIONS:
The author of this document has added information needed for its completion. The author may also have revised the text of the original AIA standard form. An *Additions and Deletions Report* that notes added information as well as revisions to the standard form text is available from the author and should be reviewed.

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

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TABLE OF ARTICLES

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EXHIBIT A DETERMINATION OF THE COST OF THE WORK

ARTICLE 1 THE WORK OF THIS CONTRACT

The Contractor shall execute the Work described in the Contract Documents, except as specifically indicated in the Contract Documents to be the responsibility of others.

ARTICLE 2 DATE OF COMMENCEMENT AND SUBSTANTIAL COMPLETION

§ 2.1 The date of commencement of the Work shall be:

(Check one of the following boxes.)

The date of this Agreement.

A date set forth in a notice to proceed issued by the Owner.



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User Notes: (143359225)

Established as follows:
(Insert a date or a means to determine the date of commencement of the Work.)

June 1, 2018

If a date of commencement of the Work is not selected, then the date of commencement shall be the date of this Agreement.

§ 2.2 The Contract Time shall be measured from the date of commencement.

§ 2.3 Substantial Completion

§ 2.3.1 Subject to adjustments of the Contract Time as provided in the Contract Documents, the Contractor shall achieve Substantial Completion of the entire Work:
(Check the appropriate box and complete the necessary information.)

Not later than _____ calendar days from the date of commencement of the Work.

By the following date: July 23, 2018

§ 2.3.2 Subject to adjustments of the Contract Time as provided in the Contract Documents, if portions of the Work are to be completed prior to Substantial Completion of the entire Work, the Contractor shall achieve Substantial Completion of such portions by the following dates:

Portion of Work	Substantial Completion Date

§ 2.3.3 If the Contractor fails to achieve Substantial Completion as provided in this Section 2.3, liquidated damages, if any, shall be assessed as set forth in Section 3.5.

ARTICLE 3 CONTRACT SUM

§ 3.1 The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum shall be one of the following:
(Check the appropriate box.)

Stipulated Sum, in accordance with Section 3.2 below

Cost of the Work plus the Contractor's Fee, in accordance with Section 3.3 below

Cost of the Work plus the Contractor's Fee with a Guaranteed Maximum Price, in accordance with Section 3.4 below

(Based on the selection above, complete Section 3.2, 3.3 or 3.4 below.)

§ 3.2 The Stipulated Sum shall be (\$) , subject to additions and deductions as provided in the Contract Documents.

§ 3.2.1 The Stipulated Sum is based upon the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If the bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date when that amount expires.)

§ 3.2.2 Unit prices, if any:

(Identify the item and state the unit price and the quantity limitations, if any, to which the unit price will be applicable.)

Item	Units and Limitations	Price per Unit (\$0.00)

§ 3.2.3 Allowances, if any, included in the stipulated sum:
(Identify each allowance.)

Item	Price

§ 3.3 Cost of the Work Plus Contractor's Fee

§ 3.3.1 The Cost of the Work is as defined in Exhibit A, Determination of the Cost of the Work.

§ 3.3.2 The Contractor's Fee:

(State a lump sum, percentage of Cost of the Work or other provision for determining the Contractor's Fee and the method of adjustment to the Fee for changes in the Work.)

« »

§ 3.4 Cost of the Work Plus Contractor's Fee With a Guaranteed Maximum Price

§ 3.4.1 The Cost of the Work is as defined in Exhibit A, Determination of the Cost of the Work.

§ 3.4.2 The Contractor's Fee:

(State a lump sum, percentage of Cost of the Work or other provision for determining the Contractor's Fee and the method of adjustment to the Fee for changes in the Work.)

« »

§ 3.4.3 Guaranteed Maximum Price

§ 3.4.3.1 The sum of the Cost of the Work and the Contractor's Fee is guaranteed by the Contractor not to exceed \$94,721.00, subject to additions and deductions by changes in the Work as provided in the Contract Documents. This maximum sum is referred to in the Contract Documents as the Guaranteed Maximum Price. Costs which would cause the Guaranteed Maximum Price to be exceeded shall be paid by the Contractor without reimbursement by the Owner.

(Insert specific provisions if the Contractor is to participate in any savings.)

« »

§ 3.4.3.2 The Guaranteed Maximum Price is based on the following alternates, if any, which are described in the Contract Documents and are hereby accepted by the Owner:

(State the numbers or other identification of accepted alternates. If the bidding or proposal documents permit the Owner to accept other alternates subsequent to the execution of this Agreement, attach a schedule of such other alternates showing the amount for each and the date when that amount expires.)

« »

§ 3.4.3.3 Unit Prices, if any:

(Identify the item and state the unit price and the quantity limitations, if any, to which the unit price will be applicable.)

Item	Units and Limitations	Price per Unit (\$0.00)

§ 3.4.3.4 Allowances, if any, included in the Guaranteed Maximum Price:

(Identify each allowance.)

Item	Price

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§ 3.4.3.5 Assumptions, if any, on which the Guaranteed Maximum Price is based:

« »

§ 3.4.3.6 To the extent that the Contract Documents are anticipated to require further development, the Guaranteed Maximum Price includes the costs attributable to such further development consistent with the Contract Documents and reasonably inferable therefrom. Such further development does not include changes in scope, systems, kinds and quality of materials, finishes or equipment, all of which, if required, shall be incorporated by Change Order.

§ 3.4.3.7 The Owner shall authorize preparation of revisions to the Contract Documents that incorporate the agreed-upon assumptions contained in Section 3.4.3.5. The Owner shall promptly furnish such revised Contract Documents to the Contractor. The Contractor shall notify the Owner and Architect of any inconsistencies between the agreed-upon assumptions contained in Section 3.4.3.5 and the revised Contract Documents.

§ 3.5 Liquidated damages, if any:
(Insert terms and conditions for liquidated damages, if any.)

« »

ARTICLE 4 PAYMENT

§ 4.1 Progress Payments

§ 4.1.1 Based upon Applications for Payment submitted to the Owner by the Contractor and, the Owner shall make progress payments on account of the Contract Sum to the Contractor as provided below and elsewhere in the Contract Documents.

§ 4.1.2 The period covered by each Application for Payment shall be one calendar month ending on the last day of the month, or as follows:

« »

§ 4.1.3 Provided that an Application for Payment is received by the Owner not later than the 4:30 PM the last business day of a month, the Owner shall make payment of the certified amount to the Contractor not later than the 15 business day of the following month. If an Application for Payment is received by the Architect after the date fixed above, payment shall be made by the Owner not later than 115 business days after the Owner receives the Application for Payment.
(Federal, state or local laws may require payment within a certain period of time.)

§ 4.1.4 For each progress payment made prior to Substantial Completion of the Work, the Owner may withhold retainage from the payment otherwise due as follows:
A five percent (5%) percentage or amount to be withheld as retainage from each Application for Payment and any terms for reduction of retainage during the course of the Work. The amount of retainage may be limited by governing law.)

Permit fees paid to the City including State Surcharge

§ 4.1.5 Payments due and unpaid under the Contract shall bear interest from the date payment is due at the rate stated below, or in the absence thereof, at the legal rate prevailing from time to time at the place where the Project is located.
(Insert rate of interest agreed upon, if any.)

3% Three percent or a percentage rate directed by the Court.

§ 4.2 Final Payment

§ 4.2.1 Final payment, constituting the entire unpaid balance of the Contract Sum, shall be made by the Owner to the Contractor when

- .1 the Contractor has fully performed the Contract except for the Contractor's responsibility to correct Work as provided in Section 18.2, and to satisfy other requirements, if any, which extend beyond final payment;
- .2 the Contractor has submitted a final accounting for the Cost of the Work, where payment is on the basis of the Cost of the Work with or without a Guaranteed Maximum Price; and
- .3 a final Certificate for Payment has been issued by the Architect in accordance with Section 15.7.1. and/or owner

§ 4.2.2 The Owner's final payment to the Contractor shall be made no later than 30 days after the issuance of the Architect's final Certificate for Payment, or as follows: Final completion of Architects punch list items is required

ARTICLE 5 DISPUTE RESOLUTION

§ 5.1 Binding Dispute Resolution

For any claim subject to, but not resolved by, mediation pursuant to Section 21.5, the method of binding dispute resolution shall be as follows:
(Check the appropriate box.)

- Arbitration pursuant to Section 21.6 of this Agreement
- Litigation in a court of competent jurisdiction
- Other (Specify)

If the Owner and Contractor do not select a method of binding dispute resolution, or do not subsequently agree in writing to a binding dispute resolution method other than litigation, claims will be resolved in a court of competent jurisdiction.

ARTICLE 6 ENUMERATION OF CONTRACT DOCUMENTS

§ 6.1 The Contract Documents are defined in Article 7 and, except for Modifications issued after execution of this Agreement, are enumerated in the sections below.

§ 6.1.1 The Agreement is this executed AIA Document A104™-2017, Standard Abbreviated Form of Agreement Between Owner and Contractor.

§ 6.1.2 AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, dated as indicated below:

(Insert the date of the E203-2013 incorporated into this Agreement.) See attached supplementary and other conditions in project manual

§ 6.1.3 The Supplementary and other Conditions of the Contract: See specification in project manual

Document	Title	Date	Pages
T1	Title Sheet	4-11-2018	1
D1	Demolition Sheet	4-11-2018	1
A1	Reconstruction Sheet	4-11-2018	1
A2	Interior Elevation & Finish	4-11-2018	1
M1	Mechanical Plan	4-11-2018	1

§ 6.1.4 The Specifications:

(Either list the Specifications here or refer to an exhibit attached to this Agreement.)

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Section	Title	Date	Pages

§ 6.1.5 The Drawings:
(Either list the Drawings here or refer to an exhibit attached to this Agreement.)

Number	Title	Date

§ 6.1.6 The Addendum, if any:

Number	Date	Pages
I	April 26, 2018	2

Portions of Addenda relating to bidding or proposal requirements are not part of the Contract Documents unless the bidding or proposal requirements are enumerated in this Article 6.

§ 6.1.7 Additional documents, if any, forming part of the Contract Documents:

.1 Other Exhibits:
(Check all boxes that apply.)

- Exhibit A, Determination of the Cost of the Work.
- AIA Document E204™-2017, Sustainable Projects Exhibit, dated as indicated below:
(Insert the date of the E204-2017 incorporated into this Agreement.)
-
- The Sustainability Plan:

Title	Date	Pages

Supplementary and other Conditions of the Contract:

Document	Title	Date	Pages

.2 Other documents, if any, listed below:
(List here any additional documents that are intended to form part of the Contract Documents.)

ARTICLE 7 GENERAL PROVISIONS

§ 7.1 The Contract Documents

The Contract Documents are enumerated in Article 6 and consist of this Agreement (including, if applicable, Supplementary and other Conditions of the Contract), Drawings, Specifications, Addenda issued prior to the execution of this Agreement, other documents listed in this Agreement, and Modifications issued after execution of this Agreement. A Modification is (1) a written amendment to the Contract signed by both parties, (2) a Change Order, (3) a Construction Change Directive, or (4) a written order for a minor change in the Work issued by the Architect. The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Work by the Contractor. The Contract Documents are complementary, and what is required by one shall be as binding as if required by all; performance by the Contractor shall be required to the extent consistent with the Contract Documents and reasonably inferable from them as being necessary to produce the indicated results.

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§ 7.2 The Contract

The Contract Documents form the Contract for Construction. The Contract represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations, or agreements, either written or oral. The Contract may be amended or modified only by a Modification. The Contract Documents shall not be construed to create a contractual relationship of any kind between any persons or entities other than the Owner and the Contractor.

§ 7.3 The Work

The term "Work" means the construction and services required by the Contract Documents, whether completed or partially completed, and includes all other labor, materials, equipment, and services provided or to be provided by the Contractor to fulfill the Contractor's obligations. The Work may constitute the whole or a part of the Project.

§ 7.4 Instruments of Service

Instruments of Service are representations, in any medium of expression now known or later developed, of the tangible and intangible creative work performed by the Architect and the Architect's consultants under their respective professional services agreements. Instruments of Service may include, without limitation, studies, surveys, models, sketches, drawings, specifications, and other similar materials.

§ 7.5 Ownership and use of Drawings, Specifications and Other Instruments of Service

§ 7.5.1 The Architect and the Architect's consultants shall be deemed the authors and owners of their respective Instruments of Service, including the Drawings and Specifications, and will retain all common law, statutory and other reserved rights in their Instruments of Service, including copyrights. The Contractor, Subcontractors, Sub-subcontractors, and suppliers shall not own or claim a copyright in the Instruments of Service. Submittal or distribution to meet official regulatory requirements or for other purposes in connection with the Project is not to be construed as publication in derogation of the Architect's or Architect's consultants' reserved rights.

§ 7.5.2 The Contractor, Subcontractors, Sub-subcontractors and suppliers are authorized to use and reproduce the Instruments of Service provided to them, subject to the protocols established pursuant to Sections 7.6 and 7.7, solely and exclusively for execution of the Work. All copies made under this authorization shall bear the copyright notice, if any, shown on the Instruments of Service. The Contractor, Subcontractors, Sub-subcontractors, and suppliers may not use the Instruments of Service on other projects or for additions to this Project outside the scope of the Work without the specific written consent of the Owner, Architect and the Architect's consultants.

§ 7.6 Digital Data Use and Transmission

The parties shall agree upon protocols governing the transmission and use of Instruments of Service or any other information or documentation in digital form. The parties will use AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, to establish the protocols for the development, use, transmission, and exchange of digital data.

§ 7.7 Building Information Models Use and Reliance

Any use of, or reliance on, all or a portion of a building information model without agreement to protocols governing the use of, and reliance on, the information contained in the model and without having those protocols set forth in AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, and the requisite AIA Document G202™-2013, Project Building Information Modeling Protocol Form, shall be at the using or relying party's sole risk and without liability to the other party and its contractors or consultants, the authors of, or contributors to, the building information model, and each of their agents and employees.

§ 7.8 Severability

The invalidity of any provision of the Contract Documents shall not invalidate the Contract or its remaining provisions. If it is determined that any provision of the Contract Documents violates any law, or is otherwise invalid or unenforceable, then that provision shall be revised to the extent necessary to make that provision legal and enforceable. In such case the Contract Documents shall be construed, to the fullest extent permitted by law, to give effect to the parties' intentions and purposes in executing the Contract.

§ 7.9 Notice

§ 7.9.1 Except as otherwise provided in Section 7.9.2, where the Contract Documents require one party to notify or give notice to the other party, such notice shall be provided in writing to the designated representative of the party to

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whom the notice is addressed and shall be deemed to have been duly served if delivered in person, by mail, by courier, or by electronic transmission in accordance with AIA Document E203™-2013, Building Information Modeling and Digital Data Exhibit, if completed, or as otherwise set forth below:
(If other than in accordance with AIA Document E203-2013, insert requirements for delivering Notice in electronic format such as name, title and email address of the recipient and whether and how the system will be required to generate a read receipt for the transmission.)

§ 7.9.2 Notice of Claims shall be provided in writing and shall be deemed to have been duly served only if delivered to the designated representative of the party to whom the notice is addressed by certified or registered mail, or by courier providing proof of delivery.

§ 7.10 Relationship of the Parties

Where the Contract is based on the Cost of the Work plus the Contractor's Fee, with or without a Guaranteed Maximum Price, the Contractor accepts the relationship of trust and confidence established by this Agreement and covenants with the Owner to cooperate with the Architect and exercise the Contractor's skill and judgment in furthering the interests of the Owner, to furnish efficient business administration and supervision, to furnish at all times an adequate supply of workers and materials; and to perform the Work in an expeditious and economical manner consistent with the Owner's interests. The Owner agrees to furnish and approve, in a timely manner, information required by the Contractor and to make payments to the Contractor in accordance with the requirements of the Contract Documents.

ARTICLE 8 OWNER

§ 8.1 Information and Services Required of the Owner

§ 8.1.1 Prior to commencement of the Work, at the written request by the Contractor, the Owner shall furnish to the Contractor reasonable evidence that the Owner has made financial arrangements to fulfill the Owner's obligations under the Contract. The Contractor shall have no obligation to commence the Work until the Owner provides such evidence. If commencement of the Work is delayed under this Section 8.1.1, the Contract Time shall be extended appropriately.

§ 8.1.2 The Owner shall furnish all necessary surveys and a legal description of the site.

§ 8.1.3 The Contractor shall be entitled to rely on the accuracy of information furnished by the Owner but shall exercise proper precautions relating to the safe performance of the Work.

§ 8.1.4 Except for permits and fees that are the responsibility of the Contractor under the Contract Documents, including those required under Section 9.6.1, the Owner shall secure and pay for other necessary approvals, easements, assessments, and charges required for the construction, use, or occupancy of permanent structures or for permanent changes in existing facilities.

§ 8.2 Owner's Right to Stop the Work

If the Contractor fails to correct Work which is not in accordance with the requirements of the Contract Documents, or repeatedly fails to carry out the Work in accordance with the Contract Documents, the Owner may issue a written order to the Contractor to stop the Work, or any portion thereof, until the cause for such order is eliminated; however, the right of the Owner to stop the Work shall not give rise to a duty on the part of the Owner to exercise this right for the benefit of the Contractor or any other person or entity.

§ 8.3 Owner's Right to Carry Out the Work

If the Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents, and fails within a ten-day period after receipt of notice from the Owner to commence and continue correction of such default or neglect with diligence and promptness, the Owner may, without prejudice to any other remedies the Owner may have, correct such default or neglect. Such action by the Owner and amounts charged to the Contractor are both subject to prior approval of the Architect and the Architect may, pursuant to Section 15.4.3, withhold or nullify a Certificate for Payment in whole or in part, to the extent reasonably necessary to reimburse the Owner for the reasonable cost of correcting such deficiencies, including the Owner's expenses and compensation for the Architect's additional services made necessary by such default, neglect, or failure. If the Contractor disagrees with

the actions of the Owner or the Architect, or the amounts claimed as costs to the Owner, the Contractor may file a Claim pursuant to Article 21.

ARTICLE 9 CONTRACTOR

§ 9.1 Review of Contract Documents and Field Conditions by Contractor

§ 9.1.1 Execution of the Contract by the Contractor is a representation that the Contractor has visited the site, become generally familiar with local conditions under which the Work is to be performed and correlated personal observations with requirements of the Contract Documents.

§ 9.1.2 Because the Contract Documents are complementary, the Contractor shall, before starting each portion of the Work, carefully study and compare the various Contract Documents relative to that portion of the Work, as well as the information furnished by the Owner pursuant to Section 8.1.2, shall take field measurements of any existing conditions related to that portion of the Work and shall observe any conditions at the site affecting it. These obligations are for the purpose of facilitating coordination and construction by the Contractor and are not for the purpose of discovering errors, omissions, or inconsistencies in the Contract Documents; however, the Contractor shall promptly report to the Architect any errors, inconsistencies, or omissions discovered by or made known to the Contractor as a request for information in such form as the Architect may require. It is recognized that the Contractor's review is made in the Contractor's capacity as a contractor and not as a licensed design professional unless otherwise specifically provided in the Contract Documents.

§ 9.1.3 The Contractor is not required to ascertain that the Contract Documents are in accordance with applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, but the Contractor shall promptly report to the Architect any nonconformity discovered by or made known to the Contractor as a request for information in such form as the Architect may require.

§ 9.2 Supervision and Construction Procedures

§ 9.2.1 The Contractor shall supervise and direct the Work, using the Contractor's best skill and attention. The Contractor shall be solely responsible for and have control over construction means, methods, techniques, sequences, and procedures, and for coordinating all portions of the Work under the Contract, unless the Contract Documents give other specific instructions concerning these matters.

§ 9.2.2 The Contractor shall be responsible to the Owner for acts and omissions of the Contractor's employees, Subcontractors and their agents and employees, and other persons or entities performing portions of the Work for or on behalf of the Contractor or any of its Subcontractors.

§ 9.3 Labor and Materials

§ 9.3.1 Unless otherwise provided in the Contract Documents, the Contractor shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for proper execution and completion of the Work whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

§ 9.3.2 The Contractor shall enforce strict discipline and good order among the Contractor's employees and other persons carrying out the Work. The Contractor shall not permit employment of unfit persons or persons not skilled in tasks assigned to them.

§ 9.3.3 The Contractor may make a substitution only with the consent of the Owner, after evaluation by the Architect and in accordance with a Modification.

§ 9.4 Warranty

The Contractor warrants to the Owner and Architect that materials and equipment furnished under the Contract will be of good quality and new unless the Contract Documents require or permit otherwise. The Contractor further warrants that the Work will conform to the requirements of the Contract Documents and will be free from defects, except for those inherent in the quality of the Work the Contract Documents require or permit. Work, materials, or equipment not conforming to these requirements may be considered defective. The Contractor's warranty excludes remedy for damage or defect caused by abuse, alterations to the Work not executed by the Contractor, improper or insufficient maintenance, improper operation or normal wear and tear under normal usage. All other warranties required by the Contract Documents shall be issued in the name of the Owner, or shall be transferable to the Owner, and shall commence in accordance with Section 15.6.3.

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§ 9.5 Taxes

The Contractor shall pay sales, consumer, use, and other similar taxes that are legally enacted when bids are received or negotiations concluded, whether or not yet effective or merely scheduled to go into effect.

§ 9.6 Permits, Fees, Notices, and Compliance with Laws

§ 9.6.1 Unless otherwise provided in the Contract Documents, the Contractor shall secure and pay for the building permit as well as other permits, fees, licenses, and inspections by government agencies necessary for proper execution and completion of the Work that are customarily secured after execution of the Contract and legally required at the time bids are received or negotiations concluded.

§ 9.6.2 The Contractor shall comply with and give notices required by applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities applicable to performance of the Work. If the Contractor performs Work knowing it to be contrary to applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities, the Contractor shall assume appropriate responsibility for such Work and shall bear the costs attributable to correction.

§ 9.7 Allowances

The Contractor shall include in the Contract Sum all allowances stated in the Contract Documents. The Owner shall select materials and equipment under allowances with reasonable promptness. Allowance amounts shall include the costs to the Contractor of materials and equipment delivered at the site and all required taxes, less applicable trade discounts. Contractor's costs for unloading and handling at the site, labor, installation, overhead, profit, and other expenses contemplated for stated allowance amounts shall be included in the Contract Sum but not in the allowance.

§ 9.8 Contractor's Construction Schedules

§ 9.8.1 The Contractor, promptly after being awarded the Contract, shall submit for the Owner's and Architect's information a Contractor's construction schedule for the Work. The schedule shall not exceed time limits current under the Contract Documents, shall be revised at appropriate intervals as required by the conditions of the Work and Project, shall be related to the entire Project to the extent required by the Contract Documents, and shall provide for expeditious and practicable execution of the Work.

§ 9.8.2 The Contractor shall perform the Work in general accordance with the most recent schedule submitted to the Owner and Architect.

§ 9.9 Submittals

§ 9.9.1 The Contractor shall review for compliance with the Contract Documents and submit to the Architect Shop Drawings, Product Data, Samples, and similar submittals required by the Contract Documents in coordination with the Contractor's construction schedule and in such sequence as to allow the Architect reasonable time for review. By submitting Shop Drawings, Product Data, Samples, and similar submittals, the Contractor represents to the Owner and Architect that the Contractor has (1) reviewed and approved them; (2) determined and verified materials, field measurements, and field construction criteria related thereto, or will do so; and (3) checked and coordinated the information contained within such submittals with the requirements of the Work and of the Contract Documents. The Work shall be in accordance with approved submittals.

§ 9.9.2 Shop Drawings, Product Data, Samples and similar submittals are not Contract Documents.

§ 9.9.3 The Contractor shall not be required to provide professional services that constitute the practice of architecture or engineering unless such services are specifically required by the Contract Documents or unless the Contractor needs to provide such services in order to carry out the Contractor's own responsibilities. If professional design services or certifications by a design professional are specifically required, the Owner and the Architect will specify the performance and design criteria that such services must satisfy. The Contractor shall cause such services or certifications to be provided by an appropriately licensed design professional. If no criteria are specified, the design shall comply with applicable codes and ordinances. Each Party shall be entitled to rely upon the information provided by the other Party. The Architect will review and approve or take other appropriate action on submittals for the limited purpose of checking for conformance with information provided and the design concept expressed in the Contract Documents. The Architect's review of Shop Drawings, Product Data, Samples, and similar submittals shall be for the limited purpose of checking for conformance with information given and the design concept expressed in

the Contract Documents. In performing such review, the Architect will approve, or take other appropriate action upon, the Contractor's Shop Drawings, Product Data, Samples, and similar submittals.

§ 9.10 Use of Site

The Contractor shall confine operations at the site to areas permitted by applicable laws, statutes, ordinances, codes, rules and regulations, lawful orders of public authorities, and the Contract Documents and shall not unreasonably encumber the site with materials or equipment.

§ 9.11 Cutting and Patching

The Contractor shall be responsible for cutting, fitting, or patching required to complete the Work or to make its parts fit together properly.

§ 9.12 Cleaning Up

The Contractor shall keep the premises and surrounding area free from accumulation of waste materials and rubbish caused by operations under the Contract. At completion of the Work, the Contractor shall remove waste materials, rubbish, the Contractor's tools, construction equipment, machinery, and surplus material from and about the Project.

§ 9.13 Access to Work

The Contractor shall provide the Owner and Architect with access to the Work in preparation and progress wherever located.

§ 9.14 Royalties, Patents and Copyrights

The Contractor shall pay all royalties and license fees. The Contractor shall defend suits or claims for infringement of copyrights and patent rights and shall hold the Owner and Architect harmless from loss on account thereof, but shall not be responsible for defense or loss when a particular design, process, or product of a particular manufacturer or manufacturers is required by the Contract Documents or where the copyright violations are contained in Drawings, Specifications or other documents prepared by the Owner or Architect. However, if an infringement of a copyright or patent is discovered by, or made known to, the Contractor, the Contractor shall be responsible for the loss unless the information is promptly furnished to the Architect.

§ 9.15 Indemnification

§ 9.15.1 To the fullest extent permitted by law, the Contractor shall indemnify and hold harmless the Owner, Architect, Architect's consultants, and agents and employees of any of them from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the Work, but only to the extent caused by the negligent acts or omissions of the Contractor, a Subcontractor, anyone directly or indirectly employed by them, or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss, or expense is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this Section 9.15.1.

§ 9.15.2 In claims against any person or entity indemnified under this Section 9.15 by an employee of the Contractor, a Subcontractor, anyone directly or indirectly employed by them, or anyone for whose acts they may be liable, the indemnification obligation under Section 9.15.1 shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Contractor or Subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

ARTICLE 10 ARCHITECT

§ 10.1 The Architect will provide administration of the Contract as described in the Contract Documents and will be an Owner's representative during construction, until the date the Architect issues the final Certificate for Payment. The Architect will have authority to act on behalf of the Owner only to the extent provided in the Contract Documents, unless otherwise modified in writing in accordance with other provisions of the Contract.

§ 10.2 Duties, responsibilities, and limitations of authority of the Architect as set forth in the Contract Documents shall not be restricted, modified, or extended without written consent of the Owner, Contractor, and Architect. Consent shall not be unreasonably withheld.

§ 10.3 The Architect will visit the site at intervals appropriate to the stage of the construction to become generally familiar with the progress and quality of the portion of the Work completed, and to determine in general, if the Work

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observed is being performed in a manner indicating that the Work, when fully completed, will be in accordance with the Contract Documents. However, the Architect will not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work. The Architect will not have control over, charge of, or responsibility for the construction means, methods, techniques, sequences, or procedures, or for safety precautions and programs in connection with the Work, since these are solely the Contractor's rights and responsibilities under the Contract Documents.

§ 10.4 On the basis of the site visits, the Architect will keep the Owner reasonably informed about the progress and quality of the portion of the Work completed, and promptly report to the Owner (1) known deviations from the Contract Documents, (2) known deviations from the most recent construction schedule submitted by the Contractor, and (3) defects and deficiencies observed in the Work. The Architect will not be responsible for the Contractor's failure to perform the Work in accordance with the requirements of the Contract Documents. The Architect will not have control over or charge of and will not be responsible for acts or omissions of the Contractor, Subcontractors, or their agents or employees, or any other persons or entities performing portions of the Work.

§ 10.5 Based on the Architect's evaluations of the Work and of the Contractor's Applications for Payment, the Architect will review and certify the amounts due the Contractor and will issue Certificates for Payment in such amounts.

§ 10.6 The Architect has authority to reject Work that does not conform to the Contract Documents and to require inspection or testing of the Work.

§ 10.7 The Architect will review and approve or take other appropriate action upon, the Contractor's submittals such as Shop Drawings, Product Data, and Samples, but only for the limited purpose of checking for conformance with information given and the design concept expressed in the Contract Documents.

§ 10.8 The Architect will interpret and decide matters concerning performance under, and requirements of, the Contract Documents on written request of either the Owner or Contractor. The Architect will make initial decisions on all claims, disputes, and other matters in question between the Owner and Contractor but will not be liable for results of any interpretations or decisions rendered in good faith.

§ 10.9 The Architect's decisions on matters relating to aesthetic effect will be final if consistent with the intent expressed in the Contract Documents.

ARTICLE 11 SUBCONTRACTORS

§ 11.1 A Subcontractor is a person or entity who has a direct contract with the Contractor to perform a portion of the Work at the site.

§ 11.2 Unless otherwise stated in the Contract Documents, the Contractor, as soon as practicable after award of the Contract, shall notify the Owner and Architect of the Subcontractors or suppliers proposed for each of the principal portions of the Work. The Contractor shall not contract with any Subcontractor or supplier to whom the Owner or Architect has made reasonable written objection within ten days after receipt of the Contractor's list of Subcontractors and suppliers. If the proposed but rejected Subcontractor was reasonably capable of performing the Work, the Contract Sum and Contract Time shall be increased or decreased by the difference, if any, occasioned by such change, and an appropriate Change Order shall be issued before commencement of the substitute Subcontractor's Work. The Contractor shall not be required to contract with anyone to whom the Contractor has made reasonable objection.

§ 11.3 Contracts between the Contractor and Subcontractors shall (1) require each Subcontractor, to the extent of the Work to be performed by the Subcontractor, to be bound to the Contractor by the terms of the Contract Documents, and to assume toward the Contractor all the obligations and responsibilities, including the responsibility for safety of the Subcontractor's Work, which the Contractor, by the Contract Documents, assumes toward the Owner and Architect, and (2) allow the Subcontractor the benefit of all rights, remedies and redress against the Contractor that the Contractor, by these Contract Documents, has against the Owner.

ARTICLE 12 CONSTRUCTION BY OWNER OR BY SEPARATE CONTRACTORS

§ 12.1 The term "Separate Contractor(s)" shall mean other contractors retained by the Owner under separate agreements. The Owner reserves the right to perform construction or operations related to the Project with the

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Owner's own forces, and with Separate Contractors retained under Conditions of the Contract substantially similar to those of this Contract, including those provisions of the Conditions of the Contract related to insurance and waiver of subrogation.

§ 12.2 The Contractor shall afford the Owner and Separate Contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities, and shall connect and coordinate the Contractor's activities with theirs as required by the Contract Documents.

§ 12.3 The Owner shall be reimbursed by the Contractor for costs incurred by the Owner which are payable to a Separate Contractor because of delays, improperly timed activities, or defective construction of the Contractor. The Owner shall be responsible to the Contractor for costs incurred by the Contractor because of delays, improperly timed activities, damage to the Work, or defective construction of a Separate Contractor.

ARTICLE 13 CHANGES IN THE WORK

§ 13.1 By appropriate Modification, changes in the Work may be accomplished after execution of the Contract. The Owner, without invalidating the Contract, may order changes in the Work within the general scope of the Contract consisting of additions, deletions, or other revisions, with the Contract Sum and Contract Time being adjusted accordingly. Such changes in the Work shall be authorized by written Change Order signed by the Owner, Contractor, and Architect, or by written Construction Change Directive signed by the Owner and Architect. Upon issuance of the Change Order or Construction Change Directive, the Contractor shall proceed promptly with such changes in the Work, unless otherwise provided in the Change Order or Construction Change Directive.

§ 13.2 Adjustments in the Contract Sum and Contract Time resulting from a change in the Work shall be determined by mutual agreement of the parties or, in the case of a Construction Change Directive signed only by the Owner and Architect, by the Contractor's cost of labor, material, equipment, and reasonable overhead and profit, unless the parties agree on another method for determining the cost or credit. Pending final determination of the total cost of a Construction Change Directive, the Contractor may request payment for Work completed pursuant to the Construction Change Directive. The Architect will make an interim determination of the amount of payment due for purposes of certifying the Contractor's monthly Application for Payment. When the Owner and Contractor agree on adjustments to the Contract Sum and Contract Time arising from a Construction Change Directive, the Architect will prepare a Change Order.

§ 13.3 The Architect will have authority to order minor changes in the Work not involving adjustment in the Contract Sum or extension of the Contract Time and not inconsistent with the intent of the Contract Documents. Such changes shall be effected by written order and shall be binding on the Owner and Contractor. The Contractor shall carry out such written orders promptly. If the Contractor believes that the proposed minor change in the Work will affect the Contract Sum or Contract Time, the Contractor shall notify the Architect and shall not proceed to implement the change in the Work.

§ 13.4 If concealed or unknown physical conditions are encountered at the site that differ materially from those indicated in the Contract Documents or from those conditions ordinarily found to exist, the Contract Sum and Contract Time shall be equitably adjusted as mutually agreed between the Owner and Contractor, provided that the Contractor provides notice to the Owner and Architect promptly and before conditions are disturbed.

ARTICLE 14 TIME

§ 14.1 Time limits stated in the Contract Documents are of the essence of the Contract. By executing this Agreement the Contractor confirms that the Contract Time is a reasonable period for performing the Work.

§ 14.2 Unless otherwise provided, Contract Time is the period of time, including authorized adjustments, allotted in the Contract Documents for Substantial Completion of the Work.

§ 14.3 The term "day" as used in the Contract Documents shall mean calendar day unless otherwise specifically defined.

§ 14.4 The date of Substantial Completion is the date certified by the Architect in accordance with Section 15.6.3.

§ 14.5 If the Contractor is delayed at any time in the commencement or progress of the Work by (1) changes ordered in the Work; (2) by labor disputes, fire, unusual delay in deliveries, abnormal adverse weather conditions not

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reasonably anticipatable, unavoidable casualties, or any causes beyond the Contractor's control; or (3) by other causes that the Contractor asserts, and the Architect determines, justify delay, then the Contract Time shall be extended for such reasonable time as the Architect may determine, subject to the provisions of Article 21.

ARTICLE 15 PAYMENTS AND COMPLETION

§ 15.1 Schedule of Values

§ 15.1.1 Where the Contract is based on a Stipulated Sum or the Cost of the Work with a Guaranteed Maximum Price pursuant to Section 3.2 or 3.4, the Contractor shall submit a schedule of values to the Architect before the first Application for Payment, allocating the entire Stipulated Sum or Guaranteed Maximum Price to the various portions of the Work. The schedule of values shall be prepared in the form, and supported by the data to substantiate its accuracy required by the Architect. This schedule of values shall be used as a basis for reviewing the Contractor's Applications for Payment.

§ 15.1.2 The allocation of the Stipulated Sum or Guaranteed Maximum Price under this Section 15.1 shall not constitute a separate stipulated sum or guaranteed maximum price for each individual line item in the schedule of values.

§ 15.2 Control Estimate

§ 15.2.1 Where the Contract Sum is the Cost of the Work, plus the Contractor's Fee without a Guaranteed Maximum Price pursuant to Section 3.3, the Contractor shall prepare and submit to the Owner a Control Estimate within 14 days of executing this Agreement. The Control Estimate shall include the estimated Cost of the Work plus the Contractor's Fee.

§ 15.2.2 The Control Estimate shall include:

- .1 the documents enumerated in Article 6, including all Modifications thereto;
- .2 a list of the assumptions made by the Contractor in the preparation of the Control Estimate to supplement the information provided by the Owner and contained in the Contract Documents;
- .3 a statement of the estimated Cost of the Work organized by trade categories or systems and the Contractor's Fee;
- .4 a project schedule upon which the Control Estimate is based, indicating proposed Subcontractors, activity sequences and durations, milestone dates for receipt and approval of pertinent information, schedule of shop drawings and samples, procurement and delivery of materials or equipment the Owner's occupancy requirements, and the date of Substantial Completion; and
- .5 a list of any contingency amounts included in the Control Estimate for further development of design and construction.

§ 15.2.3 When the Control Estimate is acceptable to the Owner and Architect, the Owner shall acknowledge it in writing. The Owner's acceptance of the Control Estimate does not imply that the Control Estimate constitutes a Guaranteed Maximum Price.

§ 15.2.4 The Contractor shall develop and implement a detailed system of cost control that will provide the Owner and Architect with timely information as to the anticipated total Cost of the Work. The cost control system shall compare the Control Estimate with the actual cost for activities in progress and estimates for uncompleted tasks and proposed changes. This information shall be reported to the Owner, in writing, no later than the Contractor's first Application for Payment and shall be revised and submitted with each Application for Payment.

§ 15.2.5 The Owner shall authorize preparation of revisions to the Contract Documents that incorporate the agreed-upon assumptions contained in the Control Estimate. The Owner shall promptly furnish such revised Contract Documents to the Contractor. The Contractor shall notify the Owner and Architect of any inconsistencies between the Control Estimate and the revised Contract Documents.

§ 15.3 Applications for Payment

§ 15.3.1 At least ten days before the date established for each progress payment, the Contractor shall submit to the Architect an itemized Application for Payment prepared in accordance with the schedule of values, if required under Section 15.1, for completed portions of the Work. The application shall be notarized, if required, be supported by all data substantiating the Contractor's right to payment that the Owner or Architect require; shall reflect retainage if provided for in the Contract Documents; and include any revised cost control information required by Section 15.2.4. Applications for Payment shall not include requests for payment for portions of the Work for which the

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Contractor does not intend to pay a Subcontractor or supplier, unless such Work has been performed by others whom the Contractor intends to pay.

§ 15.3.2 With each Application for Payment where the Contract Sum is based upon the Cost of the Work, or the Cost of the Work with a Guaranteed Maximum Price, the Contractor shall submit payrolls, petty cash accounts, receipted invoices or invoices with check vouchers attached, and any other evidence required by the Owner to demonstrate that cash disbursements already made by the Contractor on account of the Cost of the Work equal or exceed progress payments already received by the Contractor plus payrolls for the period covered by the present Application for Payment, less that portion of the progress payments attributable to the Contractor's Fee.

§ 15.3.3 Payments shall be made on account of materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work. If approved in advance by the Owner, payment may similarly be made for materials and equipment stored, and protected from damage, off the site at a location agreed upon in writing.

§ 15.3.4 The Contractor warrants that title to all Work covered by an Application for Payment will pass to the Owner no later than the time of payment. The Contractor further warrants that upon submittal of an Application for Payment all Work for which Certificates for Payment have been previously issued and payments received from the Owner shall, to the best of the Contractor's knowledge, information and belief, be free and clear of liens, claims, security interests or other encumbrances adverse to the Owner's interests.

§ 15.4 Certificates for Payment

§ 15.4.1 The Architect will, within seven days after receipt of the Contractor's Application for Payment, either issue to the Owner a Certificate for Payment, with a copy to the Contractor, for such amount as the Architect determines is properly due, or notify the Contractor and Owner of the Architect's reasons for withholding certification in whole or in part as provided in Section 15.4.3.

§ 15.4.2 The issuance of a Certificate for Payment will constitute a representation by the Architect to the Owner, based on the Architect's evaluations of the Work and the data in the Application for Payment, that, to the best of the Architect's knowledge, information, and belief, the Work has progressed to the point indicated; the quality of the Work is in accordance with the Contract Documents, and the Contractor is entitled to payment in the amount certified. The foregoing representations are subject to an evaluation of the Work for conformance with the Contract Documents upon Substantial Completion, to results of subsequent tests and inspections, to correction of minor deviations from the Contract Documents prior to completion and to specific qualifications expressed by the Architect. However, the issuance of a Certificate for Payment will not be a representation that the Architect has (1) made exhaustive or continuous on-site inspections to check the quality or quantity of the Work; (2) reviewed construction means, methods, techniques, sequences, or procedures; (3) reviewed copies of requisitions received from Subcontractors and suppliers and other data requested by the Owner to substantiate the Contractor's right to payment; or (4) made examination to ascertain how or for what purpose the Contractor has used money previously paid on account of the Contract Sum.

§ 15.4.3 The Architect may withhold a Certificate for Payment in whole or in part, to the extent reasonably necessary to protect the Owner, if in the Architect's opinion the representations to the Owner required by Section 15.4.2 cannot be made. If the Architect is unable to certify payment in the amount of the Application, the Architect will notify the Contractor and Owner as provided in Section 15.4.1. If the Contractor and the Architect cannot agree on a revised amount, the Architect will promptly issue a Certificate for Payment for the amount for which the Architect is able to make such representations to the Owner. The Architect may also withhold a Certificate for Payment or, because of subsequently discovered evidence, may nullify the whole or a part of a Certificate for Payment previously issued, to such extent as may be necessary in the Architect's opinion to protect the Owner from loss for which the Contractor is responsible, including loss resulting from acts and omissions described in Section 9.2.2, because of

- .1 defective Work not remedied;
- .2 third-party claims filed or reasonable evidence indicating probable filing of such claims unless security acceptable to the Owner is provided by the Contractor;
- .3 failure of the Contractor to make payments properly to Subcontractors or suppliers for labor, materials or equipment;
- .4 reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
- .5 damage to the Owner or a Separate Contractor;

- .6 reasonable evidence that the Work will not be completed within the Contract Time and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay; or
- .7 repeated failure to carry out the Work in accordance with the Contract Documents.

§ 15.4.4 When either party disputes the Architect's decision regarding a Certificate for Payment under Section 15.4.3, in whole or in part, that party may submit a Claim in accordance with Article 21.

§ 15.5 Progress Payments

§ 15.5.1 The Contractor shall pay each Subcontractor, no later than seven days after receipt of payment from the Owner, the amount to which the Subcontractor is entitled, reflecting percentages actually retained from payments to the Contractor on account of the Subcontractor's portion of the Work. The Contractor shall, by appropriate agreement with each Subcontractor, require each Subcontractor to make payments to sub-subcontractors in a similar manner.

§ 15.5.2 Neither the Owner nor Architect shall have an obligation to pay or see to the payment of money to a Subcontractor or supplier except as may otherwise be required by law.

§ 15.5.3 A Certificate for Payment, a progress payment, or partial or entire use or occupancy of the Project by the Owner shall not constitute acceptance of Work not in accordance with the Contract Documents.

§ 15.5.4 Provided the Owner has fulfilled its payment obligations under the Contract Documents, the Contractor shall defend and indemnify the Owner from all loss, liability, damage or expense, including reasonable attorney's fees and litigation expenses, arising out of any lien claim or other claim for payment by any Subcontractor or supplier of any tier. Upon receipt of notice of a lien claim or other claim for payment, the Owner shall notify the Contractor. If approved by the applicable court, when required, the Contractor may substitute a surety bond for the property against which the lien or other claim for payment has been asserted.

§ 15.6 Substantial Completion

§ 15.6.1 Substantial Completion is the stage in the progress of the Work when the Work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so that the Owner can occupy or utilize the Work for its intended use.

§ 15.6.2 When the Contractor considers that the Work, or a portion thereof which the Owner agrees to accept separately, is substantially complete, the Contractor shall prepare and submit to the Architect a comprehensive list of items to be completed or corrected prior to final payment. Failure to include an item on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents.

§ 15.6.3 Upon receipt of the Contractor's list, the Architect will make an inspection to determine whether the Work or designated portion thereof is substantially complete. When the Architect determines that the Work or designated portion thereof is substantially complete, the Architect will issue a Certificate of Substantial Completion which shall establish the date of Substantial Completion; establish responsibilities of the Owner and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance; and fix the time within which the Contractor shall finish all items on the list accompanying the Certificate. Warranties required by the Contract Documents shall commence on the date of Substantial Completion of the Work or designated portion thereof unless otherwise provided in the Certificate of Substantial Completion.

§ 15.6.4 The Certificate of Substantial Completion shall be submitted to the Owner and Contractor for their written acceptance of responsibilities assigned to them in the Certificate. Upon such acceptance and consent of surety, if any, the Owner shall make payment of retainage applying to the Work or designated portion thereof. Such payment shall be adjusted for Work that is incomplete or not in accordance with the requirements of the Contract Documents.

§ 15.7 Final Completion and Final Payment

§ 15.7.1 Upon receipt of the Contractor's notice that the Work is ready for final inspection and acceptance and upon receipt of a final Application for Payment, the Architect will promptly make such inspection and; when the Architect finds the Work acceptable under the Contract Documents and the Contract fully performed, the Architect will promptly issue a final Certificate for Payment stating that to the best of the Architect's knowledge, information and belief, and on the basis of the Architect's on-site visits and inspections, the Work has been completed in accordance

with the Contract Documents and that the entire balance found to be due the Contractor and noted in the final Certificate is due and payable. The Architect's final Certificate for Payment will constitute a further representation that conditions stated in Section 15.7.2 as precedent to the Contractor's being entitled to final payment have been fulfilled.

§ 15.7.2 Final payment shall not become due until the Contractor has delivered to the Owner a complete release of all liens arising out of this Contract or receipts in full covering all labor, materials and equipment for which a lien could be filed, or a bond satisfactory to the Owner to indemnify the Owner against such lien. If such lien remains unsatisfied after payments are made, the Contractor shall refund to the Owner all money that the Owner may be compelled to pay in discharging such lien, including costs and reasonable attorneys' fees.

§ 15.7.3 The making of final payment shall constitute a waiver of claims by the Owner except those arising from

- .1 liens, claims, security interests or encumbrances arising out of the Contract and unsettled;
- .2 failure of the Work to comply with the requirements of the Contract Documents;
- .3 terms of special warranties required by the Contract Documents; or
- .4 audits performed by the Owner, if permitted by the Contract Documents, after final payment.

§ 15.7.4 Acceptance of final payment by the Contractor, a Subcontractor or supplier shall constitute a waiver of claims by that payee except those previously made in writing and identified by that payee as unsettled at the time of the final Application for Payment.

ARTICLE 16 PROTECTION OF PERSONS AND PROPERTY

§ 16.1 Safety Precautions and Programs

The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the performance of the Contract. The Contractor shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury, or loss to

- .1 employees on the Work and other persons who may be affected thereby;
- .2 the Work and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody, or control of the Contractor, a Subcontractor, or a Sub-subcontractor; and
- .3 other property at the site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not designated for removal, relocation, or replacement in the course of construction.

The Contractor shall comply with, and give notices required by, applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities bearing on safety of persons and property and their protection from damage, injury, or loss. The Contractor shall promptly remedy damage and loss to property caused in whole or in part by the Contractor, a Subcontractor, a sub-subcontractor, or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable and for which the Contractor is responsible under Sections 16.1.2 and 16.1.3. The Contractor may make a claim for the cost to remedy the damage or loss to the extent such damage or loss is attributable to acts or omissions of the Owner or Architect or by anyone for whose acts either of them may be liable, and not attributable to the fault or negligence of the Contractor. The foregoing obligations of the Contractor are in addition to the Contractor's obligations under Section 9.15.

§ 16.2 Hazardous Materials and Substances

§ 16.2.1 The Contractor is responsible for compliance with the requirements of the Contract Documents regarding hazardous materials or substances. If the Contractor encounters a hazardous material or substance not addressed in the Contract Documents, and if reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance, including but not limited to asbestos or polychlorinated biphenyl (PCB), encountered on the site by the Contractor, the Contractor shall, upon recognizing the condition, immediately stop Work in the affected area and notify the Owner and Architect of the condition. When the material or substance has been rendered harmless, Work in the affected area shall resume upon written agreement of the Owner and Contractor. By Change Order, the Contract Time shall be extended appropriately and the Contract Sum shall be increased in the amount of the Contractor's reasonable additional costs of shutdown, delay, and start-up.

§ 16.2.2 To the fullest extent permitted by law, the Owner shall indemnify and hold harmless the Contractor, Subcontractors, Architect, Architect's consultants, and agents and employees of any of them from and against claims, damages, losses, and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the Work in the affected area, if in fact, the material or substance presents the risk of bodily injury or

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death as described in Section 16.2.1 and has not been rendered harmless, provided that such claim, damage, loss, or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), except to the extent that such damage, loss, or expense is due to the fault or negligence of the party seeking indemnity.

§ 16.2.3 If, without negligence on the part of the Contractor, the Contractor is held liable by a government agency for the cost of remediation of a hazardous material or substance solely by reason of performing Work as required by the Contract Documents, the Owner shall indemnify the Contractor for all cost and expense thereby incurred.

ARTICLE 17 INSURANCE AND BONDS

§ 17.1 Contractor's Insurance

§ 17.1.1 The Contractor shall purchase and maintain insurance of the types and limits of liability, containing the endorsements, and subject to the terms and conditions, as described in this Section 17.1 or elsewhere in the Contract Documents. The Contractor shall purchase and maintain the insurance required by this Agreement from an insurance company or insurance companies lawfully authorized to issue insurance in the jurisdiction where the Project is located. The Contractor shall maintain the required insurance until the expiration of the period for correction of Work as set forth in Section 18.4, unless a different duration is stated below:

« »

§ 17.1.2 Commercial General Liability insurance for the Project written on an occurrence form with policy limits of not less than « » (\$ « ») each occurrence, « » (\$ « ») general aggregate, and « » (\$ « ») aggregate for products-completed operations hazard, providing coverage for claims including

- .1 damages because of bodily injury, sickness or disease, including occupational sickness or disease, and death of any person;
- .2 personal and advertising injury;
- .3 damages because of physical damage to or destruction of tangible property, including the loss of use of such property;
- .4 bodily injury or property damage arising out of completed operations; and
- .5 the Contractor's indemnity obligations under Section 9.15.

§ 17.1.3 Automobile Liability covering vehicles owned by the Contractor and non-owned vehicles used by the Contractor, with policy limits of not less than « » (\$ « ») per accident, for bodily injury, death of any person, and property damage arising out of the ownership, maintenance, and use of those motor vehicles along with any other statutorily required automobile coverage.

§ 17.1.4 The Contractor may achieve the required limits and coverage for Commercial General Liability and Automobile Liability through a combination of primary and excess or umbrella liability insurance, provided such primary and excess or umbrella insurance policies result in the same or greater coverage as those required under Section 17.1.2 and 17.1.3, and in no event shall any excess or umbrella liability insurance provide narrower coverage than the primary policy. The excess policy shall not require the exhaustion of the underlying limits only through the actual payment by the underlying insurers.

§ 17.1.5 Workers' Compensation at statutory limits.

§ 17.1.6 Employers' Liability with policy limits not less than « » (\$ « ») each accident, « » (\$ « ») each employee, and « » (\$ « ») policy limit.

§ 17.1.7 If the Contractor is required to furnish professional services as part of the Work, the Contractor shall procure Professional Liability insurance covering performance of the professional services, with policy limits of not less than « » (\$ « ») per claim and « » (\$ « ») in the aggregate.

§ 17.1.8 If the Work involves the transport, dissemination, use, or release of pollutants, the Contractor shall procure Pollution Liability insurance, with policy limits of not less than « » (\$ « ») per claim and « » (\$ « ») in the aggregate.

§ 17.1.9 Coverage under Sections 17.1.7 and 17.1.8 may be procured through a Combined Professional Liability and Pollution Liability insurance policy, with combined policy limits of not less than [REDACTED] (\$ [REDACTED]) per claim and [REDACTED] (\$ [REDACTED]) in the aggregate.

§ 17.1.10 The Contractor shall provide certificates of insurance acceptable to the Owner evidencing compliance with the requirements in this Section 17.1 at the following times: (1) prior to commencement of the Work; (2) upon renewal or replacement of each required policy of insurance; and (3) upon the Owner's written request. An additional certificate evidencing continuation of liability coverage, including coverage for completed operations, shall be submitted with the final Application for Payment and thereafter upon renewal or replacement of such coverage until the expiration of the period required by Section 17.1.1. The certificates will show the Owner as an additional insured on the Contractor's Commercial General Liability and excess or umbrella liability-policy.

§ 17.1.11 The Contractor shall disclose to the Owner any deductible or self-insured retentions applicable to any insurance required to be provided by the Contractor.

§ 17.1.12 To the fullest extent permitted by law, the Contractor shall cause the commercial liability coverage required by this Section 17.1 to include (1) the Owner, the Architect, and the Architect's Consultants as additional insureds for claims caused in whole or in part by the Contractor's negligent acts or omissions during the Contractor's operations; and (2) the Owner as an additional insured for claims caused in whole or in part by the Contractor's negligent acts or omissions for which loss occurs during completed operations. The additional insured coverage shall be primary and non-contributory to any of the Owner's general liability insurance policies and shall apply to both ongoing and completed operations. To the extent commercially available, the additional insured coverage shall be no less than that provided by Insurance Services Office, Inc. (ISO) forms CG 20 10 07 04, CG 20 37 07 04, and, with respect to the Architect and the Architect's Consultants, CG 20 32 07 04.

§ 17.1.13 Within three (3) business days of the date the Contractor becomes aware of an impending or actual cancellation or expiration of any insurance required by this Section 17.1, the Contractor shall provide notice to the Owner of such impending or actual cancellation or expiration. Upon receipt of notice from the Contractor, the Owner shall, unless the lapse in coverage arises from an act or omission of the Owner, have the right to stop the Work until the lapse in coverage has been cured by the procurement of replacement coverage by the Contractor. The furnishing of notice by the Contractor shall not relieve the Contractor of any contractual obligation to provide any required coverage.

§ 17.1.14 Other Insurance Provided by the Contractor

(List below any other insurance coverage to be provided by the Contractor and any applicable limits.)

Coverage	Limits
[REDACTED]	[REDACTED]

§ 17.2 Owner's Insurance

§ 17.2.1 Owner's Liability Insurance

The Owner shall be responsible for purchasing and maintaining the Owner's usual liability insurance.

§ 17.2.2 Property Insurance

§ 17.2.2.1 The Owner shall purchase and maintain, from an insurance company or insurance companies lawfully authorized to issue insurance in the jurisdiction where the Project is located, property insurance written on a builder's risk "all-risks" completed value or equivalent policy form and sufficient to cover the total value of the entire Project on a replacement cost basis. The Owner's property insurance coverage shall be no less than the amount of the initial Contract Sum, plus the value of subsequent Modifications and labor performed or materials or equipment supplied by others. The property insurance shall be maintained until Substantial Completion and thereafter as provided in Section 17.2.2.2, unless otherwise provided in the Contract Documents or otherwise agreed in writing by the parties to this Agreement. This insurance shall include the interests of the Owner, Contractor, Subcontractors, and Sub-subcontractors in the Project as insureds. This insurance shall include the interests of mortgagees as loss payees.

§ 17.2.2.2 Unless the parties agree otherwise, upon Substantial Completion, the Owner shall continue the insurance required by Section 17.2.2.1 or, if necessary, replace the insurance policy required under Section 17.2.2.1 with

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property insurance written for the total value of the Project that shall remain in effect until expiration of the period for correction of the Work set forth in Section 18.4.

§ 17.2.2.3 If the insurance required by this Section 17.2.2 is subject to deductibles or self-insured retentions, the Owner shall be responsible for all loss not covered because of such deductibles or retentions.

§ 17.2.2.4 If the Work involves remodeling an existing structure or constructing an addition to an existing structure, the Owner shall purchase and maintain, until the expiration of the period for correction of Work as set forth in Section 18.4, "all-risks" property insurance, on a replacement cost basis, protecting the existing structure against direct physical loss or damage, notwithstanding the undertaking of the Work. The Owner shall be responsible for all co-insurance penalties.

§ 17.2.2.5 Prior to commencement of the Work, the Owner shall secure the insurance, and provide evidence of the coverage, required under this Section 17.2.2 and, upon the Contractor's request, provide a copy of the property insurance policy or policies required by this Section 17.2.2. The copy of the policy or policies provided shall contain all applicable conditions, definitions, exclusions, and endorsements.

§ 17.2.2.6 Within three (3) business days of the date the Owner becomes aware of an impending or actual cancellation or expiration of any insurance required by this Section 17.2.2, the Owner shall provide notice to the Contractor of such impending or actual cancellation or expiration. Unless the lapse in coverage arises from an act or omission of the Contractor: (1) the Contractor, upon receipt of notice from the Owner, shall have the right to stop the Work until the lapse in coverage has been cured by the procurement of replacement coverage by either the Owner or the Contractor; (2) the Contract Time and Contract Sum shall be equitably adjusted; and (3) the Owner waives all rights against the Contractor, Subcontractors, and Sub-subcontractors to the extent any loss to the Owner would have been covered by the insurance had it not expired or been cancelled. If the Contractor purchases replacement coverage, the cost of the insurance shall be charged to the Owner by an appropriate Change Order. The furnishing of notice by the Owner shall not relieve the Owner of any contractual obligation to provide required insurance.

§ 17.2.2.7 Waiver of Subrogation

§ 17.2.2.7.1 The Owner and Contractor waive all rights against (1) each other and any of their subcontractors, sub-subcontractors, agents, and employees, each of the other; (2) the Architect and Architect's consultants; and (3) Separate Contractors, if any, and any of their subcontractors, sub-subcontractors, agents, and employees, for damages caused by fire, or other causes of loss, to the extent those losses are covered by property insurance required by this Agreement or other property insurance applicable to the Project, except such rights as they have to proceeds of such insurance. The Owner or Contractor, as appropriate, shall require similar written waivers in favor of the individuals and entities identified above from the Architect, Architect's consultants, Separate Contractors, subcontractors, and sub-subcontractors. The policies of insurance purchased and maintained by each person or entity agreeing to waive claims pursuant to this Section 17.2.2.7 shall not prohibit this waiver of subrogation. This waiver of subrogation shall be effective as to a person or entity (1) even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, (2) even though that person or entity did not pay the insurance premium directly or indirectly, or (3) whether or not the person or entity had an insurable interest in the damaged property.

§ 17.2.2.7.2 If during the Project construction period the Owner insures properties, real or personal or both, at or adjacent to the site by property insurance under policies separate from those insuring the Project, or if after final payment property insurance is to be provided on the completed Project through a policy or policies other than those insuring the Project during the construction period, to the extent permissible by such policies, the Owner waives all rights in accordance with the terms of Section 17.2.2.7.1 for damages caused by fire or other causes of loss covered by this separate property insurance.

§ 17.2.2.8 A loss insured under the Owner's property insurance shall be adjusted by the Owner as fiduciary and made payable to the Owner as fiduciary for the insureds, as their interests may appear, subject to requirements of any applicable mortgagee clause. The Owner shall pay the Architect and Contractor their just shares of insurance proceeds received by the Owner, and by appropriate agreements, written where legally required for validity, the Architect and Contractor shall make payments to their consultants and Subcontractors in similar manner.

§ 17.2.3 Other Insurance Provided by the Owner

(List below any other insurance coverage to be provided by the Owner and any applicable limits.)

Coverage

Limits

§ 17.3 Performance Bond and Payment Bond

§ 17.3.1 The Owner shall have the right to require the Contractor to furnish bonds covering faithful performance of the Contract and payment of obligations arising thereunder as stipulated in the Contract Documents on the date of execution of the Contract.

§ 17.3.2 Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Contract, the Contractor shall promptly furnish a copy of the bonds or shall authorize a copy to be furnished.

ARTICLE 18 CORRECTION OF WORK

§ 18.1 The Contractor shall promptly correct Work rejected by the Architect or failing to conform to the requirements of the Contract Documents, whether discovered before or after Substantial Completion and whether or not fabricated, installed, or completed. Costs of correcting such rejected Work, including additional testing and inspections, the cost of uncovering and replacement, and compensation for the Architect's services and expenses made necessary thereby, shall be at the Contractor's expense, unless compensable under Section A.1.7.3 in Exhibit A, Determination of the Cost of the Work.

§ 18.2 In addition to the Contractor's obligations under Section 9.4, if, within one year after the date of Substantial Completion of the Work or designated portion thereof or after the date for commencement of warranties established under Section 15.6.3, or by terms of an applicable special warranty required by the Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, the Contractor shall correct it promptly after receipt of notice from the Owner to do so unless the Owner has previously given the Contractor a written acceptance of such condition. The Owner shall give such notice promptly after discovery of the condition. During the one-year period for correction of Work, if the Owner fails to notify the Contractor and give the Contractor an opportunity to make the correction, the Owner waives the rights to require correction by the Contractor and to make a claim for breach of warranty.

§ 18.3 If the Contractor fails to correct nonconforming Work within a reasonable time, the Owner may correct it in accordance with Section 8.3.

§ 18.4 The one-year period for correction of Work shall be extended with respect to portions of Work first performed after Substantial Completion by the period of time between Substantial Completion and the actual completion of that portion of the Work.

§ 18.5 The one-year period for correction of Work shall not be extended by corrective Work performed by the Contractor pursuant to this Article 18.

ARTICLE 19 MISCELLANEOUS PROVISIONS

§ 19.1 Assignment of Contract

Neither party to the Contract shall assign the Contract without written consent of the other, except that the Owner may, without consent of the Contractor, assign the Contract to a lender providing construction financing for the Project if the lender assumes the Owner's rights and obligations under the Contract Documents. The Contractor shall execute all consents reasonably required to facilitate such assignment.

§ 19.2 Governing Law

The Contract shall be governed by the law of the place where the Project is located, excluding that jurisdiction's choice of law rules. If the parties have selected arbitration as the method of binding dispute resolution, the Federal Arbitration Act shall govern Section 21.6.

§ 19.3 Tests and Inspections

Tests, inspections, and approvals of portions of the Work required by the Contract Documents or by applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of public authorities shall be made at an

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appropriate time. Unless otherwise provided, the Contractor shall make arrangements for such tests, inspections, and approvals with an independent testing laboratory or entity acceptable to the Owner, or with the appropriate public authority, and shall bear all related costs of tests, inspections, and approvals. The Contractor shall give the Architect timely notice of when and where tests and inspections are to be made so that the Architect may be present for such procedures. The Owner shall bear costs of tests, inspections, or approvals that do not become requirements until after bids are received or negotiations concluded. The Owner shall directly arrange and pay for tests, inspections, or approvals where building codes or applicable laws or regulations so require.

§ 19.4 The Owner's representative:
(Name, address, email address and other information)

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§ 19.5 The Contractor's representative:
(Name, address, email address and other information)

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« »
« »

§ 19.6 Neither the Owner's nor the Contractor's representative shall be changed without ten days' prior notice to the other party.

ARTICLE 20 TERMINATION OF THE CONTRACT

§ 20.1 Termination by the Contractor

If the Architect fails to certify payment as provided in Section 15.4.1 for a period of 30 days through no fault of the Contractor, or if the Owner fails to make payment as provided in Section 4.1.3 for a period of 30 days, the Contractor may, upon seven additional days' notice to the Owner and the Architect, terminate the Contract and recover from the Owner payment for Work executed, including reasonable overhead and profit, costs incurred by reason of such termination, and damages.

§ 20.2 Termination by the Owner for Cause

- § 20.2.1 The Owner may terminate the Contract if the Contractor
- .1 repeatedly refuses or fails to supply enough properly skilled workers or proper materials;
 - .2 fails to make payment to Subcontractors for materials or labor in accordance with the respective agreements between the Contractor and the Subcontractors;
 - .3 repeatedly disregards applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority; or
 - .4 otherwise is guilty of substantial breach of a provision of the Contract Documents.

§ 20.2.2 When any of the reasons described in Section 20.2.1 exists, the Owner, upon certification by the Architect that sufficient cause exists to justify such action, may, without prejudice to any other remedy the Owner may have and after giving the Contractor seven days' notice, terminate the Contract and take possession of the site and of all materials, equipment, tools, and construction equipment and machinery thereon owned by the Contractor and may finish the Work by whatever reasonable method the Owner may deem expedient. Upon request of the Contractor, the Owner shall furnish to the Contractor a detailed accounting of the costs incurred by the Owner in finishing the Work.

§ 20.2.3 When the Owner terminates the Contract for one of the reasons stated in Section 20.2.1, the Contractor shall not be entitled to receive further payment until the Work is finished.

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§ 20.2.4 If the unpaid balance of the Contract Sum exceeds costs of finishing the Work, including compensation for the Architect's services and expenses made necessary thereby, and other damages incurred by the Owner and not expressly waived, such excess shall be paid to the Contractor. If such costs and damages exceed the unpaid balance, the Contractor shall pay the difference to the Owner. The amount to be paid to the Contractor or Owner, as the case may be, shall be certified by the Architect, upon application, and this obligation for payment shall survive termination of the Contract.

§ 20.3 Termination by the Owner for Convenience

The Owner may, at any time, terminate the Contract for the Owner's convenience and without cause. The Owner shall pay the Contractor for Work executed; and costs incurred by reason of such termination, including costs attributable to termination of Subcontracts; and a termination fee, if any, as follows:

(Insert the amount of or method for determining the fee payable to the Contractor by the Owner following a termination for the Owner's convenience, if any.)

ARTICLE 21 CLAIMS AND DISPUTES

§ 21.1 Claims, disputes, and other matters in question arising out of or relating to this Contract, including those alleging an error or omission by the Architect but excluding those arising under Section 16.2, shall be referred initially to the Architect for decision. Such matters, except those waived as provided for in Section 21.11 and Sections 15.7.3 and 15.7.4, shall, after initial decision by the Architect or 30 days after submission of the matter to the Architect, be subject to mediation as a condition precedent to binding dispute resolution.

§ 21.2 Notice of Claims

§ 21.2.1 Claims by either the Owner or Contractor, where the condition giving rise to the Claim is first discovered prior to expiration of the period for correction of the Work set forth in Section 18.2, shall be initiated by notice to the Architect within 21 days after occurrence of the event giving rise to such Claim or within 21 days after the claimant first recognizes the condition giving rise to the Claim, whichever is later.

§ 21.2.2 Claims by either the Owner or Contractor, where the condition giving rise to the Claim is first discovered after expiration of the period for correction of the Work set forth in Section 18.2, shall be initiated by notice to the other party.

§ 21.3 Time Limits on Claims

The Owner and Contractor shall commence all claims and causes of action against the other and arising out of or related to the Contract in accordance with the requirements of the final dispute resolution method selected in this Agreement whether in contract, tort, breach of warranty, or otherwise, within the period specified by applicable law.

§ 21.4 If a claim, dispute or other matter in question relates to or is the subject of a mechanic's lien, the party asserting such matter may proceed in accordance with applicable law to comply with the lien notice or filing deadlines.

§ 21.5 The parties shall endeavor to resolve their disputes by mediation which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with their Construction Industry Mediation Procedures in effect on the date of this Agreement. A request for mediation shall be made in writing, delivered to the other party to this Agreement, and filed with the person or entity administering the mediation. The request may be made concurrently with the binding dispute resolution but, in such event, mediation shall proceed in advance of binding dispute resolution proceedings, which shall be stayed pending mediation for a period of 60 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order. If an arbitration is stayed pursuant to this Section, the parties may nonetheless proceed to the selection of the arbitrator(s) and agree upon a schedule for later proceedings.

§ 21.6 If the parties have selected arbitration as the method for binding dispute resolution in this Agreement, any claim, subject to, but not resolved by, mediation shall be subject to arbitration which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association, in accordance with the Construction Industry Arbitration Rules in effect on the date of this Agreement. Demand for arbitration shall be made in writing, delivered to the other party to the Contract, and filed with the person or entity administering the

arbitration. The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

§ 21.7 Subject to the rules of the American Arbitration Association or other applicable arbitration rules, either party, at its sole discretion, may consolidate an arbitration conducted under this Agreement with any other arbitration to which it is a party provided that (1) the arbitration agreement governing the other arbitration permits consolidation; (2) the arbitrations to be consolidated substantially involve common questions of law or fact; and (3) the arbitrations employ materially similar procedural rules and methods for selecting arbitrator(s).

§ 21.8 Subject to the rules of the American Arbitration Association or other applicable arbitration rules, any party to an arbitration may include by joinder persons or entities substantially involved in a common question of law or fact whose presence is required if complete relief is to be accorded in arbitration provided that the party sought to be joined consents in writing to such joinder. Consent to arbitration involving an additional person or entity shall not constitute consent to arbitration of a Claim not described in the written Consent.

§ 21.9 The foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by parties to this Agreement, shall be specifically enforceable under applicable law in any court having jurisdiction thereof.

§ 21.10 Continuing Contract Performance

Pending final resolution of a Claim, except as otherwise agreed in writing, the Contractor shall proceed diligently with performance of the Contract and the Owner shall continue to make payments in accordance with the Contract Documents.

This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with Article 20. Nothing contained in this Section 21.11 shall be deemed to preclude an award of liquidated damages, when applicable, in accordance with the requirements of the Contract Documents.

This Agreement entered into as of the day and year first written above.

OWNER (Signature)

Caroline Moe
Executive Director

Signature

Joe Morin
EDA (President)

CONTRACTOR (Signature)

RAK Construction, Inc./Randy Peterson
(Printed name and title)

Handwritten signatures of Randy Peterson and Joe Morin, and a stamp.

6F Approve RAK Construction to Construct the Storage Space in the City Center Mall
May 21, 2018
Stan Gustafson, Economic Development Director

Request:

Approve construction of needed storage space in the City Center Mall.

BACKGROUND

Staff has been working on getting units 162 and 178 leased by the State of Minnesota. Once these units are leased up we will need additional storage for our chairs and table. We currently have 5 chair and table dollies that are full that are currently stored in these rooms. These tables and chairs are used for different events that take place in the Fire Department and City Center Mall.

We looked at several options: Police Garage, Fire Department but those areas are full and have no additional room to store these items. The mezzanine has some storage but not an easy way or impossible to carry these heavy items up the stairs, the mall office/storage room has no additional space for these items. The best solution was to build storage that would be easier to move these large items in and out. The area at the south end of the mall is under-utilized and this would be a perfect place for these larger items.

The walls will be framed, door installed, sheet rocked taped primed and ready for paint. Staff will paint the walls and put on the floor base trim.

Fiscal Note: We have adequate funds available for this project line item 205-47000-496

This project will be done upon approvals based on the lease with the State of Minnesota and contract approval.

PROPOSED ACTION

Approval construction of the storage space with RAK Construction for a total amount of \$4,748.00 in City Center Mall

Exhibit A

Cambridge City Center

