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## Crosby HRA Board Meeting

**Tuesday, May 14, 2019**

**11:00 a.m.**

**300 Third Ave. NE, Crosby, MN**

## **AGENDA**

- 1. Call to Order**
- 2. Roll Call**
- 3. Reading and Approval of Minutes (*Attachment 1*)**
- 4. Bills and Communications**
  - a. Financial Report (*Attachment 2*)
  - b. Housing Manager Report (*Attachment 3*)
- 5. Unfinished Business**
- 6. New Business**
  - a. Approval of Contract Between Crosby HRA and Baratto Brothers (*Attachment 4*)
- 7. Adjournment**  
Next Meeting: Tuesday, June 11, 2019

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## Minutes of the April 12, 2019, Board Meeting

The regular meeting of the commissioners of the Housing and Redevelopment Authority of Crosby was held at 11:00 a.m., Tuesday, April 12<sup>th</sup>, 2019, at 300 3rd Ave NE in Crosby, Minnesota.

1. **CALL TO ORDER:** Chair Peeples called the meeting to order at 11:05 a.m.
2. **ROLL CALL:** Present at the meeting were Chair Peeples and Commissioners Buzz Neprud, Renae Marsh, and Bill Small. Also present were Housing Manager Shannon Fortune, Finance Director Karen Young, Assistant Director Deanna Heglund, and Executive Assistant LeAnn Goltz. Absent: Julie McGinnis.
3. **READING AND APPROVAL OF MINUTES FROM PREVIOUS MEETING:**

**Commissioner Neprud made a motion to approve the minutes from the March 12, 2019, board meeting. Commissioner Marsh seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.**

4. **BILLS AND COMMUNICATIONS:**
  - a. **Financial Report:** Financial information for March 2019 was provided to the Board. Young explained the March ratios and financial statements do not fully reflect all year-end entries and adjustments. The final year-end entries and adjustments will be recorded prior to the audit and REAC submissions. Therefore, the financial information is subject to change due to necessary year-end adjustments, but at this time it is looking very good. Auditors will be at the Brainerd HRA office the week of June 10<sup>th</sup>.
  - Commissioner Marsh made a motion to approve February checks numbered 117166 through 117228 Commissioner Marsh seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved.**
- b. **Housing Manager Report:** For March, there were two vacancies at Edgewood, and none at Dellwood and the family units.

Fortune informed the Board that interviews for the housing specialist position took place April 3<sup>rd</sup>, 2019. Of the three candidates that they interviewed, they offered the position to Mallory Smith. She has accepted and begins on April 29th. She will spend the month of May cross-training with DD before she retires.

The Dellwood POHP project is moving along. TKDA advertised for bids on March 19<sup>th</sup> and the bid opening is scheduled for April 23<sup>rd</sup>, 2019.

5. **UNFINISHED BUSINESS:** Nothing to report.

6. **NEW BUSINESS:** Nothing to report.
7. **NEXT MEETING:** Tuesday, May 14<sup>th</sup>, 2019. Buzz Neprud will not be present at the meeting.
8. **ADJOURNMENT:**

**Commissioner Marsh made a motion to adjourn the meeting. Commissioner Small seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion was approved and meeting was adjourned at 11:17 a.m.**



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To: Crosby HRA Board Members  
From: Karen Young, Finance Director  
Date: May 7, 2019  
Re: May Financial Report

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Please find attached the financial information for April 2019.

**2019 Audit**

The 2019 audit has been scheduled with CliftonLarsonAllen (CLA) during the week of June 10<sup>th</sup>. The unaudited REAC information is required to be submitted by May 31<sup>st</sup> and audited by December 31<sup>st</sup>.

**2019 Capital Fund Program Grant (CFP)**

We received our 2019 CFP obligation from HUD. The award of \$94,916 is approximately (\$3,000) less than the 2018 grant but still significantly higher than prior years.

**2019 Operating Subsidy Grant**

We received our 2019 preliminary Operating Subsidy Grant eligibility from HUD. The eligibility amount is \$92,782 and is subject to proration. This award is significantly higher than we have been funded in several years.

**Action Requested: Approval of April checks numbered 117229 through 117259.**

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## Crosby Housing & Redevelopment Authority 2020 Ratios

FASS Ratios	Max Pts	Scoring	Apr
Quick Ratio	12	QR <1 =-0-, QR >2 =12	12.00
Months Expendable	11	MENA <1.0= 0, ME >4 =11	11.00
Net Assets			
Debt Svc Coverage	2	DSC < 1 = 0, DSC >1.25 =2	2.00
<b>Total Points</b>	<b>25</b>		<b>25.00</b>

MASS Ratios	Max Pts	Scoring	Apr
Occupancy	16	O <90% =0, O >98% =16	4.00
Tenant Accounts Receivable	5	TAR <1.5% =5 , TAR >2.5% =0	0.00
Accounts Payable	4	AP < .75 = 4, AP >1.5 =0	4.00
<b>Total Points</b>	<b>25</b>		<b>8.00</b>
<b>Total of Above Ratios</b>	<b>50</b>		<b>33</b>

MASS Ratios	Max Pts	Scoring	
Timeliness of Obligation	5	>90% at OED = 5 <90% at OED = 0	5.00
Occupancy Rate	5	OR <93% = 0, OR >96% =5 Must have 5 points or	5.00
<b>Total Points</b>	<b>10</b>	Capital Fund Troubled	<b>10.0</b>

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Date: 5/7/2019  
Time: 7:01:35 AM  
roberta

**PH Operating - Board  
Public Housing Operating - Board  
April, 2019**

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	<b>Current Period</b>	<b>Current Year</b>	<b>Year To Date Budget</b>	<b>Variance</b>
<b>Income</b>				
100-000-3110.000 Dwelling Rental	-17,485.00	-17,485.00	-16,623.42	-861.58
100-000-3120.000 Excess Utilities	0.00	0.00	-54.17	54.17
100-000-3401.000 Operating Subsidy	-4,707.00	-4,707.00	-5,335.42	628.42
100-000-3610.000 Interest Revenue	-1.12	-1.12	0.00	-1.12
100-000-3690.000 Other Income	-241.07	-241.07	-1,404.17	1,163.10
100-000-3691.000 Other Tenant Revenue	-1,869.00	-1,869.00	-833.33	-1,035.67
100-000-3695.000 Laundry Revenue	-203.00	-203.00	-191.67	-11.33
<b>Total Income</b>	<b>-24,506.19</b>	<b>-24,506.19</b>	<b>-24,442.18</b>	<b>-64.01</b>
<b>Expense</b>				
100-000-4110.000 Administration Salaries	1,823.76	1,823.76	1,807.50	16.26
100-000-4130.000 Legal	0.00	0.00	125.00	-125.00
100-000-4140.000 Staff Training	0.00	0.00	50.00	-50.00
100-000-4150.000 Travel	0.00	0.00	67.50	-67.50
100-000-4190.000 Sundry-Other Admin	20.00	20.00	20.00	0.00
100-000-4191.000 Management Fees	2,167.00	2,167.00	2,166.67	0.33
100-000-4194.000 Office Supplies	368.57	368.57	54.17	314.40
100-000-4195.000 Membership Dues	0.00	0.00	22.50	-22.50
100-000-4196.000 Telephone	81.00	81.00	91.67	-10.67
100-000-4198.000 Advertising	0.00	0.00	10.42	-10.42
100-000-4199.000 Postage	0.00	0.00	25.00	-25.00
100-000-4210.000 Tenant Svcs Salaries	319.35	319.35	349.58	-30.23
100-000-4230.000 Tenant Services Other	16.09	16.09	16.67	-0.58
100-000-4310.000 Water	0.00	0.00	980.83	-980.83
100-000-4315.000 Sewer	0.00	0.00	1,612.50	-1,612.50
100-000-4320.000 Electricity	0.00	0.00	1,701.25	-1,701.25
100-000-4330.000 Gas	0.00	0.00	782.50	-782.50
100-000-4431.000 Garbage & Trash	68.00	68.00	658.33	-590.33
100-000-4410.000 Maintenance Labor	3,222.76	3,222.76	3,410.00	-187.24
100-000-4420.000 Materials	0.00	0.00	1,083.33	-1,083.33
100-000-4430.000 Contracts Costs	229.67	229.67	1,350.00	-1,120.33
100-000-4432.000 Decorating Contract	1,068.16	1,068.16	750.00	318.16
100-000-4435.000 Grounds Contract	0.00	0.00	83.33	-83.33
100-000-4440.000 Repairs Contract	0.00	0.00	20.83	-20.83
100-000-4445.000 Elevator Maintenance	0.00	0.00	245.00	-245.00
100-000-4450.000 Plumbing/Heating	119.50	119.50	416.67	-297.17
100-000-4455.000 Snow Removal	0.00	0.00	154.17	-154.17
100-000-4456.000 Exterminating	0.00	0.00	103.33	-103.33
100-000-4457.000 Janitor/Cleaning	0.00	0.00	566.67	-566.67
100-000-4510.000 Insurance	1,545.26	1,545.26	1,670.41	-125.15
100-000-4520.000 Property Tax	741.44	741.44	654.17	87.27
100-000-4540.000 Employee Benefits	2,269.67	2,269.67	2,568.76	-299.09
<b>Total Expense</b>	<b>14,060.23</b>	<b>14,060.23</b>	<b>23,618.76</b>	<b>-9,558.53</b>
<b>Net Income(-) or Loss</b>	<b>-10,445.96</b>	<b>-10,445.96</b>	<b>-823.42</b>	<b>-9,622.54</b>

Date: 5/7/2019  
Time: 7:01:38 AM  
roberta

**Crosby HRA  
Edgewood Operating Stmt - Board  
April, 2019**

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	<b>Current Period</b>	<b>Current Year</b>	<b>Year To Date</b>	<b>Budget</b>	<b>Variance</b>
<b>Income</b>					
700-000-3110.000 Dwelling Rental	-18,313.00	-18,313.00	-18,844.50	531.50	
700-000-3120.000 Excess Utilities	-15.00	-15.00	-158.33	143.33	
700-000-3404.000 Other Government Grant	-7,831.00	-7,831.00	-8,513.33	682.33	
700-000-3610.000 Interest Revenue	-725.26	-725.26	-125.00	-600.26	
700-000-3690.000 Other Income	-261.05	-261.05	-8.33	-252.72	
700-000-3691.000 Other Tenant Revenue	-1,314.32	-1,314.32	-500.00	-814.32	
700-000-3695.000 Laundry Revenue	-628.00	-628.00	-691.67	63.67	
<b>Total Income</b>	<b>-29,087.63</b>	<b>-29,087.63</b>	<b>-28,841.16</b>	<b>-246.47</b>	
<b>Expense</b>					
700-000-4110.000 Administration Salaries	2,935.64	2,935.64	2,940.00	-4.36	
700-000-4130.000 Legal	0.00	0.00	83.33	-83.33	
700-000-4140.000 Staff Training	0.00	0.00	75.00	-75.00	
700-000-4150.000 Travel	0.00	0.00	62.50	-62.50	
700-000-4190.000 Sundry-Other Admin	20.00	20.00	21.67	-1.67	
700-000-4191.000 Management Fees	5,333.00	5,333.00	5,333.33	-0.33	
700-000-4194.000 Office Supplies	368.57	368.57	70.83	297.74	
700-000-4195.000 Membership Dues	0.00	0.00	16.67	-16.67	
700-000-4196.000 Telephone	81.01	81.01	91.67	-10.66	
700-000-4198.000 Advertising	0.00	0.00	8.33	-8.33	
700-000-4199.000 Postage	0.00	0.00	25.00	-25.00	
700-000-4210.000 Tenant Svcs Salaries	479.03	479.03	524.17	-45.14	
700-000-4230.000 Tenant Services Other	16.10	16.10	16.67	-0.57	
700-000-4310.000 Water	0.00	0.00	556.25	-556.25	
700-000-4315.000 Sewer	0.00	0.00	980.83	-980.83	
700-000-4320.000 Electricity	0.00	0.00	2,294.58	-2,294.58	
700-000-4330.000 Gas	0.00	0.00	842.50	-842.50	
700-000-4431.000 Garbage & Trash	0.00	0.00	166.67	-166.67	
700-000-4410.000 Maintenance Labor	3,324.74	3,324.74	3,511.67	-186.93	
700-000-4420.000 Materials	0.00	0.00	716.67	-716.67	
700-000-4430.000 Contracts Costs	277.53	277.53	1,083.33	-805.80	
700-000-4432.000 Decorating Contract	0.00	0.00	916.67	-916.67	
700-000-4435.000 Grounds Contract	0.00	0.00	50.00	-50.00	
700-000-4440.000 Repairs Contract	0.00	0.00	12.50	-12.50	
700-000-4445.000 Elevator Maintenance	0.00	0.00	245.00	-245.00	
700-000-4450.000 Plumbing/Heating	0.00	0.00	1,208.33	-1,208.33	
700-000-4455.000 Snow Removal	0.00	0.00	230.83	-230.83	
700-000-4456.000 Exterminating	0.00	0.00	125.00	-125.00	
700-000-4457.000 Janitor/Cleaning	0.00	0.00	683.33	-683.33	
700-000-4510.000 Insurance	1,735.26	1,735.26	1,669.58	65.68	
700-000-4520.000 Property Tax	851.48	851.48	691.67	159.81	
700-000-4540.000 Employee Benefits	2,533.18	2,533.18	2,961.26	-428.08	
<b>Total Expense</b>	<b>17,955.54</b>	<b>17,955.54</b>	<b>28,215.84</b>	<b>-10,260.30</b>	
<b>Net Income(-) or Loss</b>	<b>-11,132.09</b>	<b>-11,132.09</b>	<b>-625.32</b>	<b>-10,506.77</b>	

**Housing and Redevelopment Authority of Crosby**  
**Payment Summary Report**  
**April 2019**

Payment Date	Payment Number	Remit to Vendor	Total Check Amt
4/11/2019	1281	Lincoln Financial Group	\$50.00
4/11/2019	1282	Lincoln Financial Group	\$1,039.70
4/11/2019	1283	Electronic Federal Tax Payment System	\$1,469.62
4/11/2019	1284	Minnesota Dept Of Revenue	\$212.40
4/25/2019	1285	Lincoln Financial Group	\$1,028.95
4/25/2019	1286	Lincoln Financial Group	\$50.00
4/25/2019	1287	Electronic Federal Tax Payment System	\$1,362.01
4/25/2019	1288	Minnesota Dept Of Revenue	\$217.65
4/9/2019	117229	Birchdale Fire & Security LLP	\$240.00
4/9/2019	117230	City Of Crosby	\$4,120.10
4/9/2019	117231	Climate Makers	\$1,344.13
4/9/2019	117232	Crosby Ace Hardware	\$46.73
4/9/2019	117233	Crow Wing County San. Landfill	\$68.00
4/9/2019	117234	Dearborn National Life Ins Co	\$27.95
4/9/2019	117235	Forum Communications	\$85.80
4/9/2019	117236	Gravelle Plumbing & Heating	\$585.23
4/9/2019	117237	Healthpartners	\$3,000.38
4/9/2019	117238	Housing Auth Risk Retention Group	\$8,500.00
4/9/2019	117239	Housing Insurance Services Inc.	\$27,005.00
4/9/2019	117240	Hudrik Carpet Service	\$2,645.10
4/9/2019	117241	League of MN Cities Insurance Trust	\$3,861.00
4/9/2019	117242	Lewis Software Associates LLC	\$31.80
4/9/2019	117243	Lincoln Financial Group	\$31.21
4/9/2019	117244	Marco, Inc.	\$737.14
4/9/2019	117245	Minnesota Energy Resources	\$126.49
4/9/2019	117246	Village Electric Motor	\$119.50
4/9/2019	117247	Void	\$0.00
4/9/2019	117248	Wells Fargo Credit Card	\$5.64
4/9/2019	117249	Visa-Unity	\$7.69
4/25/2019	117251	Climate Makers	\$1,211.50
4/25/2019	117252	Crosby-Ironton Courier	\$101.40
4/25/2019	117253	Ctc	\$423.96
4/25/2019	117254	Healthpartners	\$3,000.38
4/25/2019	117255	Jobs HQ	\$342.50
4/25/2019	117256	Lincoln Financial Group	\$31.21
4/25/2019	117257	Void	\$0.00
4/25/2019	117258	Tenant Refund	\$236.00
4/25/2019	117259	Tkda	\$7,270.11
		<b>Report Total</b>	<b>\$70,636.28</b>

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To: Crosby HRA Board Members  
From: Shannon Fortune, Housing Manager  
Date: May 1, 2019  
Re: Housing Manager Report

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Mallory Smith was hired as the housing specialist and her first day was April 29<sup>th</sup>. She will be working with staff in both the Crosby and Brainerd offices for her initial training. In June, she will be attending a Public Housing Specialist training, hosted by Nan McKay in Minneapolis. This week-long training covers HUD regulations as well as best practices related to public housing management and includes the PHS certification exam.

Tony has been conducting annual inspections and has completed most of 1<sup>st</sup> floor of Edgewood so far.

There is a Management Occupancy Review scheduled for Edgewood on June 5<sup>th</sup>. Six tenant files, one rejected application, and one move-out file will be thoroughly inspected for compliance with internal policies as well as HUD regulations. Two apartments will undergo a thorough physical inspection as will any units that had findings in the last REAC inspection. The visit will conclude with a review of housing management documentation related to specific HUD requirements.

**April Vacancies**

Edgewood – 2  
Dellwood – 3  
Family Units – 1

**POHP - Dellwood Apartments**

We received three bids for the Dellwood Apartments project and have selected the lowest bidder, Baratto Brothers (see attached). We will be entering into a contract with them and collecting the remaining required forms and documents so that we may proceed with the loan closing. As always, we will keep you updated on the project's progress.

**No Action Requested; Discussion Items**

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**2019 Dellwood Apartments Upgrades  
Housing Redevelopment Authority (HRA) of Crosby  
BID OPENING, 4.30.2019, 10 AM**

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To: Crosby HRA Board Members  
From: LeAnn Goltz, Executive Assistant  
Date: May 7, 2019  
Re: Approval of Contract Between Crosby HRA and Baratto Brothers

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The Crosby HRA received three bids for the Dellwood Apartments POHP project at the April 30<sup>th</sup> bid opening (see previous attachment). Baratto Brothers was the lowest bidder. Our architect, TKDA, and Maintenance Supervisor Terry Quick had a few follow-up questions for them and were satisfied with their response.

Staff is ready to proceed with the contract documents for the entire base bid amount of \$ 475,000.00. Per the Crosby HRA Procurement Policy, we are required to get Board approval for any contracts over the amount of \$175,000. Please see Attachment 4a for a draft of the contract.

**Action Requested: Approval of contract to lowest responsible bidder (Baratto Brothers) for the Dellwood Apartments POHP project in the amount of \$475,000.**

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**CROSBY HOUSING & REDEVELOPMENT AUTHORITY  
CONSTRUCTION AGREEMENT**

This CONTRACT AGREEMENT (“Agreement”) is made on \_\_\_\_\_ day of \_\_\_\_\_, 2019 by and between the **Crosby Housing & Redevelopment Authority** (“HRA”) located at 300 Third Avenue N.E., Crosby, Minnesota 56441, and Baratto Brothers (“Contractor”) located at 13782 Shafer Road, Crosslake, MN 56442.

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**SECTION 1. APPLICABLE CONTRACT DOCUMENTS.**

1.1 This Agreement for construction, together with the other Contract Documents used for the types of projects described in the section, represents the entire and integrated agreement between the parties and supersedes prior negotiations, representations or agreements, either written or oral.

1.2 If the awarded bid or quoted price for the Work is \$175,000 or less and the project Work is not funded in whole or in part by the U.S. Department of Housing and Urban Development (“HUD”), the Contract Documents forming the entire Agreement between HRA and Contractor shall consist of this Agreement, the plans and specifications, if any, addenda to the plans and specifications issued prior to execution of this Agreement, if any, written amendments to the Agreement signed by both parties to form a change order, a constructive change directive, or a written order for a minor change in the work issued by the HRA or the architect (collectively the “Contract Documents”).

1.3 If the awarded bid or quoted price for the Work is \$175,000 or less and more than \$2,000 and the project is funded in whole or in part by HUD, then the Contract Documents shall consist of the documents described in Section 1.2 above and the General Contract Conditions for Small Construction/Development Contracts (Form HUD-5370-EZ), as the provisions therein may apply to the project.

1.4 If the awarded bid price for the Work is in excess of \$175,000 and the project is funded in whole or in part by HUD, then the Contract Documents shall consist of the documents described in Section 1.2 above and the General Conditions for Construction Contracts – Public Housing Programs (Form HUD-5370), as the provisions therein may apply to the project.

1.5 If the awarded bid price for the Work is in excess of \$175,000, or at the HRA’s discretion, for a project that is less than \$175,000 for the Work but where the HRA has retained an architect, and the project is not funded at least in part by HUD, the Contract Documents shall consist of the documents described in Section 1.2 above and AIA Document A201-2017, General Conditions as modified by the HRA.

1.6 The Contract Documents are to be read as a whole and meaning given to each provision where possible. If an ambiguity exists in the Contract Documents, the specific provision shall take precedence over the general provision and the more stringent Contractor performance standard shall take precedence over the less stringent provision, provided the standard is in compliance with applicable law. If two provisions within the Contract Documents are substantially identical or duplicative, then the clauses in combination shall apply where possible, but if use of both provisions is contradictory or absurd, the provision appearing in this Agreement shall be used unless there is an applicable HUD-5370-EZ or 5370 provision.

## **SECTION 2. CONTRACTOR TERMS AND CONDITIONS.**

2.1 Contractor shall furnish all labor, material, skill and equipment necessary or required to perform all the work in the Contract Documents ("Work") generally described as follows:

2019 Dellwood Apartments Upgrades – All as indicated in construction plans and specifications by TKDA dated 3.19.2019 and Addendums 1, 2, and 3 dated 4.10.2019, 4.17.2019, and 4.22.2019 respectively.

2.2 Contractor shall provide labor and materials as shown in the Contract Documents. The price ("Price") including all taxes and permit fees shall be: **\$475,000.**

2.3 Contractor shall promptly pay for all materials, labor and equipment used in, or in connection with the performance of this Agreement when such bills or claims become due and indemnify and hold harmless the Project and the HRA from all claims and mechanic's liens, and upon HRA request, furnish satisfactory evidence to the HRA, when and if required that the Contractor has complied with the above requirements.

2.4 Contractor shall begin work within 10 calendar days after being notified, in writing by the HRA that Contractor may proceed with the Work ("Notice to Proceed"). Contractor further agrees that except for delays caused solely by the HRA or excusable delay, the Contractor will complete the Work by October 11, 2019. Contractor agrees that time is of the essence in completing the Work and each phase thereof.

2.5 Contractor agrees that it is difficult for the HRA to determine the amount of all damages that the HRA would incur as a result of delay by the Contractor in substantial completion of the Work. Contractor and the HRA therefore agree that \$200.00 will accrue each day as liquidated damages, and not a penalty, for each calendar day that Contractor fails to achieve substantial completion of the Project, until substantial completion is achieved. Substantial completion shall be achieved on the day the HRA reasonably determines that the HRA or its tenants may occupy the premises because the Work is sufficiently complete. Accrued liquidated damages shall be an offset against the Contractor's payments for the Work including any agreed-upon change orders increasing the original Price. If accrued liquidated damages exceed the Price, the HRA may seek to recover said excess amount over and above the offset portion through all remedies available to it.

2.6 Contractor agrees to proceed with the Work in an orderly and reasonable sequence and to abide by the HRA's decision as to all Contractor storage and working spaces of the Project.

2.7 To the fullest extent permitted by law, Contractor agrees to indemnify, defend and hold harmless the HRA, and HRA's agents and representatives, Architects, the HRA's lender and all other contractors and/or subcontractors from any and all losses or damage (including without limiting the generality of the foregoing, attorneys' fees and disbursements paid or incurred by the HRA to enforce the provisions of this paragraph) occasioned by the failure of Contractor to carry out the provisions of this Agreement arising out of bodily injury, sickness, disease or death, or to injury to or destruction of tangible property 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 a claim, damage, loss or expense is caused in part by a party indemnified hereby. Further, in claims against any person or entity indemnified under this section 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 shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Contractor or a subcontractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

2.8 Contractor agrees to provide a performance and payment bond satisfactory to the HRA prior to the beginning of Work if the Price is \$25,000 or greater.

2.9 Subject to additional terms set forth in the Contract Documents, Contractor agrees to obtain worker's compensation insurance as is required by law, comprehensive general liability and property damage insurance to protect the Contractor and the HRA against claims for bodily injury or death or for damage to property occurring upon, in or about the Project, for the applicable claims period for this Project, and to have the HRA named as an additional insured with limits in amounts at least equal to those specified below:

Risk Insurance	\$1,000,000.00 Aggregate
Bodily Injury Liability	\$1,000,000.00 Each Person
General Liabilities, Including Automobiles	\$5,000,000.00 Aggregate
Property Damage Liability	\$1,000,000.00 Aggregate
Worker's Compensation	As required by law

2.9.1 Any and all insurance shall be issued by an "A" rated insurance company or companies. Contractor agrees to furnish the HRA with satisfactory evidence that he has complied with this paragraph. Contractor further agrees to obtain and furnish the HRA with an undertaking by the insurance company issuing each such policy that such policy will not be canceled except after thirty (30) days written notice to the HRA of its intention to do so.

2.9.2 Contractor agrees to assume the entire responsibility and liability for all damages or injury to any and all individuals, whether employees or otherwise and to all property, including the HRA's property arising out of, resulting from, or in a manner connected with the performance of the Work or occurring or resulting from the use by Contractor, its agents or employees of materials, equipment, instrumentality's or other property, whether the same is owned by the HRA, Contractor or third parties, and Contractor agrees to indemnify, defend and save harmless the HRA, his agents and

employees from any and all such claims, including, without limiting the generality of the foregoing claims for which the HRA may be, or may be claimed to be liable and attorneys' fees and disbursements paid or incurred to enforce the provisions of this paragraph.

2.10 Contractor agrees to accept responsibility for all damage caused by Contractor to clean and repair all surfaces soiled or damaged by Contractor or its subcontractors or suppliers, and to protect the Work. If any dispute arises between Contractor and its subcontractors as to which is responsible for any time of damage, Contractor shall be responsible to timely repair or pay for the damage or repair and resolve allocated responsibilities for the damage among those responsible.

2.11 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 Documents unless they give other special instructions concerning these matters. In such case the Contractor shall evaluate the jobsite safety and shall be fully and solely responsible for the jobsite safety of such means, methods, techniques, sequences or procedures. If the Contractor determines that the Contract Documents direct means, methods, techniques, sequences or procedures that are not safe, Contractor shall give timely written notice to the HRA and shall not proceed with that portion of the Work without further written instructions from HRA.

2.12 Contractor is solely responsible for initiating, maintaining and supervising all safety precautions and measures in connection with the performance of this Agreement and agrees to take all safety precautions with respect to his work and shall comply with all applicable laws, ordinances, rules and regulations and lawful orders of any public or governmental authority for the safety of persons or property.

2.13 Contractor agrees not to assign any or all of this Agreement and not to assign any money due or to become due thereunder without first obtaining prior written consent of the HRA. Contractor shall supply the HRA with a list of all individuals or businesses to which it intends to subcontract the Work or from which it will obtain materials or equipment. Such list is attached hereto as Exhibit B and incorporated herein by reference.

2.14 Contractor agrees to furnish such shop drawings or samples as may be required by the HRA.

2.15 Contractor agrees not to employ any person who is reasonably unacceptable to the HRA. Contractor further agrees to remove any such person from the Project if the HRA reasonably requests.

2.16 Contractor agrees that the HRA, or his authorized representatives, shall have the right to order, in writing, the elimination or addition of any part or parts of work or materials as omitted from or added to the Contract Documents by Architect and/or the HRA. Fair adjustments shall be made to the Price for such omitted or added Work or materials. No extra work shall be allowed or changes made by Contractor, or paid for by the HRA, unless and until authorized by the HRA, in writing, before the work and/or changes are begun. Contractor agrees to sign attached

Exhibit A to this Agreement and waives all claims for additions or changes unless the HRA has signed a written change order.

2.17 Contractor further agrees to give prompt written notice to the HRA Contracting Officer of all claims for extras, for requests of extensions of time and for damages for delays or otherwise, and in accordance with General Conditions, if made part of the Contract Documents. Contractor agrees that any change orders for an increase in the Price and an extension to the time of performance must be consented to in writing by the HRA prior to commencing Work on the proposed change order. Further, Contractor agrees that only **Jennifer Bergman, Executive Director** is authorized to sign change orders on the HRA's behalf.

2.18 Execution of the Agreement 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 has correlated personal observations with requirements of the Contract Documents.

2.19 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 HRA. Contractor 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 HRA and Architect any errors, inconsistencies or omissions discovered by or made known to the Contractor as a request for information in such form as the HRA and 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.

2.20 If the Contractor believes that additional cost or time is involved because of clarifications or instructions the HRA or Architect issues in response to the Contractor's notices or requests for information pursuant to sections 2.18 and 2.19, the Contractor shall make Claims as provided in Section 2.17, or as required in the General Conditions if applicable. If the Contractor fails to perform the obligations of section 2.19, the Contractor shall pay such costs and damages to the HRA as would have been avoided if the Contractor had performed such obligations. If the Contractor performs those obligations, the Contractor shall not be liable to the HRA or Architect for damages resulting from errors, inconsistencies or omissions in the Contract Documents, for differences between field measurements or conditions and the Contract Documents, or for nonconformities of the Contract Documents to applicable laws, statutes, ordinances, codes, rules and regulations, and lawful orders of public authorities.

2.21 Contractor agrees to correct any and all defects in the material or Work brought to its attention by HRA for a period of two years from the substantial completion date or the date the Certificate of Occupancy is issued by the building authority for the Project, whichever is later. Contractor hereby assigns and agrees to deliver to HRA all vendor warranties given by each equipment or parts manufacturer.

2.22 Contractor warrants to the HRA that: (1) materials and equipment furnished under the Agreement will be new and of good quality unless otherwise required or permitted by the Contract Documents; (2) the Work will be free from defects not inherent in the quality required; and (3) the Work will conform to the requirements of the Contract Documents.

2.23 In the event Contractor fails to correct, replace and/or repair faulty or defective work performed and/or materials furnished under the Contract Documents, or shall fail to complete or diligently proceed with the Work within the time herein provided for, the HRA, upon ten (10) days' notice in writing to Contractor shall have the right to correct, replace and/or re-execute such faulty or defective work, or to take over the Work and complete the same either through its own employees or through a contractor or subcontractor of its choice, and to charge the costs thereof to Contractor including compensation for the Architect's services, and other costs to HRA, against the sums owed under this Agreement and to pursue any and all other remedies provided by law, which are not waived by exercising rights in this section.

2.24 Contractor agrees that in case of default on the part of Contractor, the material and equipment of Contractor shall be left at the Project for use by the HRA in completing the Work. The HRA shall be obligated to pay the Contractor for all such material and equipment, which may be an offset against costs otherwise owed to HRA by Contractor due to its default.

2.25 Contractor agrees to obtain, at its cost, all permits, all licenses, all plan approval, all inspections and all other governmental approvals relating to this work on the Project and to comply with all federal, state, county, and municipal laws, codes and regulations and to pay all costs and expenses incurred in connection with such compliance, to pay all fees and taxes, including sales and use taxes, and also pay all taxes imposed by any state or federal law for any employment insurance, pensions, retirement funds or any similar purpose, and to furnish all necessary reports and information to the appropriate federal, state and municipal agencies, with respect to all of the foregoing, the same as though Contractor was in fact the HRA and to hold the HRA and any other contractor and/or subcontractor harmless from any and all losses or damage occasioned by the failure of Contractor to comply with the terms of this paragraph.

2.26 Contractor agrees to pay all royalties, license and permit fees to defend all suits or claims for infringement of any patent rights involved in the work of Contractor under this Agreement and to save the HRA and other contractors harmless from loss, costs or expense on account of such use or infringement by Contractor.

2.27 If any part of Contractor's Work depends, for proper execution, upon the work of the HRA, or any other contractor, Contractor shall inspect and promptly report to the HRA any apparent discrepancies or defects in such work that renders it unsuitable for use on the Project. Failure of the Contractor to inspect and report shall constitute an acceptance of the work of the HRA and other contractors.

2.28 If HRA has agreed to partial payments during the Work, Contractor shall provide complete invoices, receipts and contingent lien waivers in the form required by the HRA. The HRA shall make progress payments approximately every 30 days as the work proceeds. Request for payment will be deemed accepted by the HRA on the date the HRA determines, in its sole

judgment, that the HRA has all the information required to process the payment. Acceptance by the HRA shall cause the request for payment to fall to the following payment cycle, consistent with the PPA.

2.29 In accordance with the Prompt Payment of Local Government Bills, Minnesota Statutes, Section 471.425 (“PPA”) governing payments in this Agreement, Contractor shall pay subcontractors within ten (10) days of receipt of payment from the **HRA** or pay interest to the subcontractor(s) on the obligation at a rate of 1.5% per month or any part of a month.

2.30 Contractor agrees to perform all Work in accordance with and to otherwise abide in all respects with all applicable federal, state and local laws, rules and ordinances. Contractor is responsible for removing all its debris from the site at its sole expense and pay for any costs associated with fees for dumpster or landfill costs. The Contractor shall keep the premises and surrounding area free from accumulation of waste materials or 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 materials from and about the Project.

2.31 Except to the extent provided in Minnesota Statutes, Section 337.10, subd. 3, the Contractor has no right to stop Work as a consequence of non-payment. In the event of any disagreement between the Contractor and HRA involving the Contractor’s entitlement to payment, the Contractor’s only remedy is to file a Claim in accordance with Article 15 (AIA A201 as applicable). The Contractor must diligently proceed with the Work pending resolution of the Claim.

2.32 If HUD is funding all or some portion of this Project, Contractor shall include in all its subcontractor agreements, the following “Section 3” clause:

- The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-income persons, particularly persons who are recipients of HUD assistance for housing.
- The parties to this Agreement agree to comply with HUD’s regulations in 24 CFR part 135, which implemented Section 3. As evidenced by their execution of this Agreement, the parties to this contact certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers’ representative of the Contractor’s commitments under this Section 3 clause, and

will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The Contractor will not subcontract with any subcontractor where the Contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- The Contractor will certify that any vacant employment positions, including training positions, that are filled: (1) after the Contractor is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Contractor's obligations under 24 CFR part 135.
- Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

2.33 Contractor agrees to maintain for the duration of the Agreement, all requirements to comply with Minnesota Statutes, Section 16C.285 (Responsible Contractor).

### **SECTION 3. HRA TERMS AND CONDITIONS.**

3.1 The HRA contracts with Contractor to do the Work described in Paragraph 1 hereof under the terms and conditions of the Contract Documents.

3.2 Pursuant to the PPA, the HRA agrees to pay Contractor the full amount due and properly owing, less retainage and other hold backs or offsets, upon satisfactory performance of the Work under this Agreement and upon the HRA's written acceptance of the Work.

3.3 Final payment, including all retainage and other hold backs or offsets, shall become due and payable within thirty (30) days after acceptance of the Project Work in writing by the HRA. The HRA shall condition final payment upon receipt of IC 134 requirements, mechanic's lien waivers, submittals including but not limited to operation manuals and as-built drawings and upon Contractor providing to HRA any and all documents reasonably required by the HRA to assure Contractor's compliance with all federal, state and local laws.

3.4 For all Projects for which the initial Price is estimated to be \$175,000 or more, HRA shall comply with Minnesota Statutes, Section 574.26 requiring payment and performance bonds and Section 471.345 requiring competitive bidding or best value proposals as set forth therein.

3.5 The HRA may terminate the Contract if the Contractor:

3.5.1 repeatedly refuses or fails to supply enough properly skilled workers or proper materials;

3.5.2 fails to make payment to Subcontractors for materials or labor in accordance with the respective agreements between the Contractor and the Subcontractors;

3.5.3 repeatedly disregards applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority; or

3.5.4 otherwise is guilty of substantial breach of a provision of the Contract Documents.

3.6 When the HRA terminates the Contract for one of the reasons stated in Sections 3.5.1-3.5.4 above, the Contractor shall not be entitled to receive further payment until the Work is finished.

3.7 The HRA may, without cause, order the Contractor in writing to suspend, delay or interrupt the Work in whole or in part for such period of time as the HRA may determine.

3.8 The HRA may, at any time, terminate the Contract for the HRA's convenience and without cause.

3.9 Upon receipt of written notice from the HRA of such termination for the HRA's convenience the Contractor shall:

3.9.1 cease operations as directed by the HRA in the notice;

3.9.2 take actions necessary, or that the HRA may direct, for the protection and preservation of the Work; and

3.9.3 except for Work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

3.10 In case of termination for the HRA's convenience, the Contractor shall be entitled to receive payment for Work executed, and costs incurred by reason of such termination.

#### **SECTION 4. MISCELLANEOUS PROVISIONS.**

4.1 It is the HRA's policy to resolve all contract disputes informally, without litigation if possible. Contractor disputes shall not be referred to HUD until all remedies have been exhausted at the HRA level, including mediation.

4.2 This Agreement shall not be modified except in writing signed by both the HRA and Contractor.

4.3 This Agreement shall be construed and governed by the substantive laws of Minnesota, without regard to choice of law principles.

4.4 Pursuant to Minnesota Statutes, Section 13.05, subd. 11, all of the data created, collected, received, stored, used, maintained, or disseminated by Contractor in performing this contract is subject to the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, and Contractor must comply with those requirements as if it were a government entity. The remedies in Minnesota Statutes, Section 13.08 apply to Contractor. Contractor does not have a duty to provide access to public data to the public if the public data are available from the HRA.

4.5 Pursuant to Minnesota Statutes, Section 16C.05, subd. 5, Contractor agrees that the books, records, documents and accounting procedures and practices of Contractor, that are relevant to the Contract or transaction, are subject to examination by the HRA and the state auditor for a minimum of six (6) years. Contractor shall maintain such records for a minimum of six (6) years after final payment.

4.6 Pursuant to Minnesota Statutes, Section 181.59, the Contractor will take affirmative action to ensure that applicants are selected, and that employees are treated during employment, without regard to their race, color, creed, religion, national origin, sex, sexual orientation, marital status, status with regard to public assistance, membership or activity in a local civil rights commission, disability or age. The Contractor agrees to be bound by the provisions of Minnesota Statutes, Section 181.59, that prohibits certain discriminatory practices and the terms of said section are incorporated into this contract.

IN WITNESS WHEREOF, the undersigned parties represent that they have caused this Agreement to be executed by the parties below.

*[Signature page to follow]*

CROSBY HOUSING AND  
REDEVELOPMENT AUTHORITY

Date: \_\_\_\_\_

By \_\_\_\_\_  
Its: Executive Director

CONTRACTOR:

Date: \_\_\_\_\_

By \_\_\_\_\_  
Its: Owner

**ARE YOU A CORPORATION? \_\_\_\_\_**  
**PLEASE PROVIDE ONE OF THE FOLLOWING:**

**FEDERAL ID # \_\_\_\_\_**  
**OR    SOCIAL SECURITY # \_\_\_\_\_**

## EXHIBIT A

TO: All Contractors and Suppliers

RE: Extras, Change Orders and Waiver

Any and all additional work which deviates from the original contract price shall be at your own risk unless authorized in writing by the HRA prior to said work occurring.

Any and all changes must be documented by a written change order signed by the HRA/Representative. Other employees of the HRA do not have express, implied or apparent authority to authorize additional work for the HRA. Verbal agreements or orders shall not constitute authorization and any work done pursuant to a verbal agreement or order shall be at your peril. This notice also constitutes your written waiver of any benefits conferred under a claim based on a quasi contract if and when work occurs pursuant to a verbal agreement or order.

Please sign and return this to:

THE CROSBY HOUSING AND  
REDEVELOPMENT AUTHORITY

CONTRACTOR

By \_\_\_\_\_  
Its: Executive Director

By \_\_\_\_\_  
Its: Owner

300 Third Avenue N.E.  
Crosby, MN 56441  
(218) 824-3425  
(218) 828-8817 Fax

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT B

### **VERIFICATION OF SUB-SUBCONTRACTORS AND SUPPLIERS**

Please list all of your subcontractors and/or suppliers you anticipate using for the Project on this form and return to the HRA at least 10 days prior to commencing your work. This form must be returned to us before your first pay request will be processed and it must be updated before all other pay requests are processed.

If you will not be using any subcontractors or suppliers, please state that on this form, sign the bottom and return it to the HRA.

I, the undersigned, hereby certify and swear that the following list of subcontractors and or suppliers, is complete, including any and all suppliers of labor and material to and for the Project.

Firm	Amount	Contact Person/Phone
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Firm	Amount	Contact Person/Phone
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Firm	Amount	Contact Person/Phone
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Firm	Amount	Contact Person/Phone
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\_\_\_\_\_  
Firm \_\_\_\_\_ By \_\_\_\_\_  
\_\_\_\_\_  
Its \_\_\_\_\_  
(Print Name)  
(Print Title)