



HOUSING & REDEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

MONDAY, MARCH 18, 2024

6:00 PM

1. Call to Order/Approve Agenda
2. Items for Discussion
 - A. Address Payment of Flat Monthly Fee for Advanced Facilities, LLC Maintenance and Related Services
3. Adjournment



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: David Wanberg, Community and Economic Development Director
THROUGH:
MEETING DATE: March 18, 2024
SUBJECT: Address Payment of Flat Monthly Fee for Advanced Facilities, LLC Maintenance and Related Services

BACKGROUND:

At its March 11 meeting, the HRA approved its housing-related list of claims, except for two \$4,000.00 invoices associated with Advanced Facilities for property maintenance of Robinwood Manor and the scattered project-based voucher sites. Before authorizing payment, the HRA requested that Cornerstone Property Management explain its billing.

Per the HRA's request, a copy of the Agreement with Cornerstone and the maintenance invoices are attached for the HRA's review. The HRA should be prepared to act on Cornerstone's payment request and direct Cornerstone on how best to document its maintenance work and submit its maintenance invoices.

If Cornerstone or the HRA has other questions or comments related to the Agreement or payment requests, either party may raise those questions or comments for further discussion at an upcoming HRA meeting. The focus of this Special Meeting of the HRA relates specifically to the maintenance work and billing.

REQUESTED ACTION:

Take action on Cornerstone's Advanced Facilities invoices. Direct Cornerstone on how to best document its maintenance work and submit its invoices for HRA action.

ATTACHMENTS:

1. Maintenance invoices
2. 2023 Cornerstone-HRA Agreement

Advanced Facilities, LLC
3520 East River Rd NE
Rochester, MN 55906
507-718-4290
admin@afbuidingcare.com
www.afbuidingcare.com



INVOICE

BILL TO
Robinwood Manor
1324 Prairie Avenue SW
Faribault, MN 55021 US

INVOICE # Robinwood4
DATE 02/29/2024
DUE DATE 03/30/2024
TERMS Net 30

DESCRIPTION		AMOUNT
Monthly Maintenance Fee	February Maintenance Fee	4,000.00
Material and labor costs to perform work as described above, to include any additional costs and fees associated with, but not limited to, any required permitting, inspections, miscellaneous expenses, etc.		
BALANCE DUE		\$4,000.00

*Advanced Facilities is separately affiliated. Invoices are due within 30 days of the billing date. Late charges will be assessed if not paid within billing term at a rate of 1.5%.

Advanced Facilities, LLC
3520 East River Rd NE
Rochester, MN 55906
507-718-4290
admin@afbuidingcare.com
www.afbuidingcare.com



INVOICE

BILL TO
Public Housing HRA
208 1st Ave NW
Faribault, MN 55021
United States

INVOICE # PublicHRA4
DATE 02/29/2024
DUE DATE 03/30/2024
TERMS Net 30

DESCRIPTION		AMOUNT
Monthly Maintenance Fee	February Maintenance Fee	4,000.00
Material and labor costs to perform work as described above, to include any additional costs and fees associated with, but not limited to, any required permitting, inspections, miscellaneous expenses, etc.		
BALANCE DUE		\$4,000.00

*Advanced Facilities is separately affiliated. Invoices are due within 30 days of the billing date. Late charges will be assessed if not paid within billing term at a rate of 1.5%.

Payables Aging Report
Period: 03/2024
As of: 03/06/2024

Payee Name	Invoice Notes	Property	Invoice Date	Due Date	Account	Invoice #	Current Owed	0-30 Owed	31-60 Owed	61-90 Owed	Over 90 Owed	Notes
Advanced Facilities												
Advanced Facilities	Robinscood	2/29/2024	3/30/2024	0212 Repairs & Maint	Robinscood4		4,000.00	4,000.00	0.00	0.00	0.00	
	Robinscood	3/5/2024	3/5/2024	0212 Repairs & Maint	INV12630		116.05	116.05	0.00	0.00	0.00	
							4,116.05	4,116.05	0.00	0.00	0.00	
All Pro Cleaners, LLC.												
All Pro Cleaners, LLC.	Robinscood	3/1/2024	3/11/2024	0211 Contracted Labor	21427		1,247.68	1,247.68	0.00	0.00	0.00	
							1,247.68	0.00	0.00	0.00	0.00	
Cintas Corp												
Cintas Corp	Robinscood	2/8/2024	2/8/2024	7246 Housekeeping Sup	4182861396		19.74	19.74	0.00	0.00	0.00	
	Robinscood	2/22/2024	2/22/2024	7246 Housekeeping Sup	4184301610		75.57	75.57	0.00	0.00	0.00	
							95.31	95.31	0.00	0.00	0.00	
Farbo Plumbing & Heating												
Farbo Plumbing & Heating	Robinscood	2/15/2024	3/15/2024	0212 Repairs & Maint	62737		351.00	351.00	0.00	0.00	0.00	
							351.00	0.00	0.00	0.00	0.00	
Flex Comm Security												
Flex Comm Security	Robinscood	3/1/2024	3/1/2024	0211 Contracted Labor	55870		70.54	70.54	0.00	0.00	0.00	
							70.54	0.00	0.00	0.00	0.00	
FLDM Septic Service												
FLDM Septic Service	Robinscood	2/13/2024	2/13/2024	0219 Purchased Service	19045		250.00	250.00	0.00	0.00	0.00	
							250.00	0.00	0.00	0.00	0.00	
Summit Fire Protection												
Summit Fire Protection	Robinscood	2/27/2024	2/27/2024	0200 Fire Prevention &	140013837		97.89	97.89	0.00	0.00	0.00	
							97.89	0.00	0.00	0.00	0.00	
Virg's Appliances												
Virg's Appliances	Robinscood	2/20/2024	2/20/2024	0219 Purchased Service	19239		85.00	85.00	0.00	0.00	0.00	
							85.00	0.00	0.00	0.00	0.00	
Xcel Energy												
Xcel Energy	Robinscood	2/21/2024	2/21/2024	6410 Electricity	865956244		1,622.30	1,622.30	0.00	0.00	0.00	
	Robinscood	2/13/2024	2/13/2024	6410 Electricity	864924946		481.22	481.22	0.00	0.00	0.00	
	Robinscood	2/13/2024	2/13/2024	6420 Gas	864924946		958.54	958.54	0.00	0.00	0.00	
							3,062.06	3,062.06	0.00	0.00	0.00	
Yardi Systems, INC.												
Yardi Systems, INC.	Robinscood	9/15/2023	9/15/2023	6853 Computer	4235160		307.02	0.00	0.00	0.00	307.02	
	Robinscood	12/15/2023	12/15/2023	6853 Computer	4300630		310.08	0.00	0.00	0.00	0.00	
							617.10	0.00	0.00	310.08	307.02	
Grand Total							9,992.63	9,375.53	0.00	310.08	307.02	

Work Order Report

Filters: Public Housing HRA



Entry Date	End Date	Incident Type	Assigned To	Description
2/05/2024	2/13/2024	Maintenance	TDRAKE	16 SE 1st Street - (1 of 3) basement railing is loose
2/05/2024	2/13/2024	Plumbing	TDRAKE	16 SE 1st Street - (2 of 3) leaky pipes under kitchen sink
2/05/2024	2/13/2024	Maintenance	TDRAKE	16 SE 1st Street - (3 of 3) attic door off hinges
2/07/2024	2/12/2024	Maintenance	TDRAKE	725 Willow Street - (1 of 2) basement blinds need to be replaced
2/07/2024	2/09/2024	Maintenance	TDRAKE	725 Willow Street - (2 of 2) oven drawer is off track
2/07/2024	2/19/2024	Maintenance	TDRAKE	1532 Western Avenue - smoke detector doesn't reset
2/07/2024	2/13/2024	Maintenance	TDRAKE	1526 Western Avenue - bathroom toilet paper holder is broken
2/07/2024	2/20/2024	Maintenance	TDRAKE	1530 Western Avenue - (1 of 3) front entry door does not shut
2/07/2024	3/04/2024	Maintenance	TDRAKE	1530 Western Avenue - (2 of 3) bedroom closet door is off
2/07/2024	2/20/2024	Maintenance	TDRAKE	1530 Western Avenue - (3 of 3) tub and shower need caulk
2/07/2024	2/09/2024	Maintenance	TDRAKE	918 SW 1st Street - new smoke/CO2 detector in bedroom
2/07/2024	2/09/2024	HVAC	TDRAKE	1528 Western Avenue - (1 of 2) basement door off hinges
2/07/2024	2/09/2024	Maintenance	TDRAKE	1528 Western Avenue - (2 of 2) missing kitchen cabinet doors
2/07/2024	2/23/2024	Maintenance	TDRAKE	1524 Western Avenue - (1 of 3) bathroom cabinet missing door
2/07/2024	2/20/2024	Electrical	TDRAKE	1524 Western Avenue - (2 of 3) cabinet above stove is missing handle
2/07/2024	2/20/2024	Maintenance	TDRAKE	1524 Western Avenue - (3 of 3) entry door latch is broken
2/07/2024	2/13/2024	Plumbing	TDRAKE	1522 Western Avenue - leak under kitchen sink
2/07/2024	2/12/2024	Electrical	TDRAKE	1518 Western Avenue - (1 of 2) bedroom light switch not working
2/07/2024	3/05/2024	Maintenance	TDRAKE	1518 Western Avenue - (2 of 2) ants and mice living in unit
2/07/2024	2/14/2024	Plumbing	TDRAKE	1818 Shumway Avenue - kitchen sink is leaking
2/07/2024	3/01/2024	Maintenance	TDRAKE	1816 Shumway Avenue - (1 of 2) hallway light fixture needs to be fixed
2/07/2024	2/12/2024	Appliances	TDRAKE	1816 Shumway Avenue - (2 of 2) replace refrigerator
2/07/2024	2/19/2024	Maintenance	TDRAKE	1820 Shumway Avenue - loose door knob
2/07/2024	2/08/2024	Maintenance	TDRAKE	412 NW 13th Avenue - (1 of 3) smoke detector is expired
2/07/2024	2/08/2024	Maintenance	TDRAKE	412 NW 13th Avenue - (2 of 3) missing kitchen cabinet
2/07/2024	2/08/2024	Maintenance	TDRAKE	412 NW 13th Avenue - (3 of 3) light in fridge flickers
2/07/2024	3/05/2024	Maintenance	TDRAKE	404 NW 13th Street - (1 of 2) bathroom vent fan is broken
2/07/2024	2/08/2024	Maintenance	TDRAKE	404 NW 13th Street - (2 of 2) smoke detector needs to be replaced
2/07/2024	2/07/2024	Maintenance	TDRAKE	1536 Western Avenue - (2 of 2) fire extinguisher holder is broken
2/08/2024	2/08/2024	Maintenance	TDRAKE	914 SW 1st Street - missing smoke alarm
2/08/2024	2/08/2024	Maintenance	TDRAKE	916 SW 1st Street - (3 of 4) bathroom vent cover is missing
2/08/2024	2/14/2024	Plumbing	TDRAKE	1225 NW 2nd Street - (1 of 2) sink is leaking
2/08/2024	2/14/2024	Plumbing	TDRAKE	1225 NW 2nd Street - (2 of 2) toilet is not flushing
2/08/2024	2/19/2024	Plumbing	TDRAKE	830 SW 9th Avenue - kitchen sink isn't draining
2/08/2024	2/09/2024	Maintenance	TDRAKE	519 Lincoln Avenue - missing stove burners
2/08/2024	2/09/2024	Maintenance	TDRAKE	527 Lincoln Avenue - water leaking from bathroom vent
2/08/2024	2/09/2024	Maintenance	TDRAKE	523 Lincoln Avenue - cracked toilet seat
2/08/2024	2/20/2024	Maintenance	TDRAKE	916 SW 1st Street - (1 of 4) front window is off track
2/08/2024	2/20/2024	Maintenance	TDRAKE	916 SW 1st Street - (2 of 4) hallway ceiling needs paint touched up
2/08/2024	2/19/2024	Maintenance	TDRAKE	916 SW 1st Street - (4 of 4) smoke detector needs new battery
2/08/2024	2/12/2024	Maintenance	TDRAKE	900A Spring Road - (1 of 4) kitchen cabinet needs to be screwed back in
2/08/2024	2/12/2024	Maintenance	TDRAKE	900A Spring Road - (2 of 4) missing rods in closets in both bedrooms
2/08/2024	2/12/2024	Maintenance	TDRAKE	900A Spring Road - (3 of 4) blinds need repair and/or replacement
2/08/2024	2/13/2024	Maintenance	TDRAKE	900A Spring Road - (4 of 4) stove burner not working
2/08/2024	2/09/2024	Maintenance	TDRAKE	920 SW 1st Street - (1 of 2) missing kitchen cabinet door
2/08/2024	2/09/2024	Maintenance	TDRAKE	920 SW 1st Street - (2 of 2) kitchen light hanging from ceiling
2/09/2024	2/09/2024	Window	TDRAKE	521 Lincoln Avenue - window does not shut
2/14/2024	2/14/2024	Plumbing	TDRAKE	404 NW 13th Street - toilet does not flush
2/21/2024	2/21/2024	HVAC	TDRAKE	1814 Shumway Avenue - (1 of 2) gas leak
2/21/2024	2/21/2024	Plumbing	TDRAKE	1814 Shumway Avenue - (2 of 2) low water pressure kitchen sink
2/21/2024	2/21/2024	Plumbing	TDRAKE	830 SW 9th Avenue - kitchen sink isn't draining
2/21/2024	2/21/2024	Maintenance	TDRAKE	830 SW 9th Avenue - bathroom door doesn't latch
2/22/2024	2/22/2024	Plumbing	TDRAKE	900C Spring Road - (1 of 2) bathroom sink is plugged

2/22/2024	2/22/2024	Maintenance	TDRAKE	900C Spring Road - (2 of 2) cabinet needs to be replaced
2/22/2024	2/23/2024	Appliances	TDRAKE	1812 Shumway Avenue - (1 of 2) stove top is sparking
2/22/2024	2/22/2024	Appliances	TDRAKE	1812 Shumway Avenue - (2 of 2) fridge is too cold
2/22/2024	2/27/2024	Maintenance	TDRAKE	20 14th Street NE - (1 of 8) small hole in wall
2/22/2024	2/29/2024	Painting	TDRAKE	20 14th Street NE - (2 of 8) refresh paint in living room
2/22/2024	3/01/2024	Maintenance	TDRAKE	20 14th Street NE - (3 of 8) small hole in window screen
2/22/2024	2/27/2024	Appliances	TDRAKE	20 14th Street NE - (4 of 8) broken crisper drawer cover in fridge
2/22/2024	2/27/2024	Maintenance	TDRAKE	20 14th Street NE - (5 of 8) broken cabinet door and drawer
2/22/2024	2/23/2024	Maintenance	TDRAKE	20 14th Street NE - (6 of 8) smoke detectors not working
2/22/2024	2/27/2024	Appliances	TDRAKE	20 14th Street NE - (7 of 8) oven light not working
2/22/2024	2/29/2024	Painting	TDRAKE	20 14th Street NE - (8 of 8) bedroom needs to be painted
2/29/2024	2/29/2024	Plumbing	TDRAKE	1522 Western Avenue - kitchen sink is clogged

The daily services provided by Advanced Facilities, LLC at Robinwood Manor include HVAC repairs, grounds maintenance, plumbing, electric repairs, preventative maintenance tasks, and other work orders at the request of tenants.

Advanced Facilities, LLC also provides leadership, direction, and project management of capital projects, obtaining multiple bids to ensure the best contractor for each specific project. Advanced Facilities, LLC communicates project updates and work order completion with site leaders and management.

Work Order Report

Filters: Robinwood Manor



Entry Date	End Date	Incident Type	Assigned To	Description
2/05/2024	2/08/2024	HVAC	Closed	#211 - unit is too warm
2/07/2024	2/12/2024	HVAC	Closed	#217 - unit is too hot
2/07/2024	2/08/2024	Plumbing	Closed	#103 - bathroom sink and tub are clogged
2/08/2024	2/13/2024	Maintenance	Closed	Main Office - window lock is broken
2/08/2024	2/13/2024	Maintenance	Closed	#117 - change shower head to handheld shower head
2/08/2024	2/08/2024	Maintenance	Invoiced	General maintenance supply order needed
2/12/2024	2/12/2024	Plumbing	Closed	#217 - temperature cannot be controlled
2/21/2024	2/21/2024	Maintenance	Closed	Trash Room - can crusher handle is loose
2/21/2024	2/27/2024	Maintenance	Closed	#115 - (1 of 2) needs assistance with toilet seat riser
2/21/2024	1/01/1900	Maintenance	Closed	#115 - (2 of 2) inquiring about installing new grab bars
2/22/2024	2/22/2024	Plumbing	Closed	#219 - water leaking out from under toilet
2/22/2024	2/23/2024	Maintenance	Closed	#206 - lightbulb burned out in kitchen
2/23/2024	2/23/2024	Maintenance	Closed	#209 - lightbulbs burned out in kitchen
2/27/2024	2/27/2024	Maintenance	Closed	900B Spring Road - bugs trying to enter home

The daily services provided by Advanced Facilities, LLC at Robinwood Manor include HVAC repairs, grounds maintenance, plumbing, electric repairs, preventative maintenance tasks, and other work orders at the request of tenants.

Advanced Facilities, LLC also provides leadership, direction, and project management of capital projects, obtaining multiple bids to ensure the best contractor for each specific project. Advanced Facilities, LLC communicates project updates and work order completion with site leaders and management.

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT (this "Agreement") is made and entered into as of May 1, 2023, by and among **Cornerstone Management Services LLC**, a Minnesota limited liability company ("Managing Agent"), and the **Housing and Redevelopment Authority of Faribault, Minnesota, a public body politic and corporate (the "HRA")**, on behalf of itself and those of its subsidiaries as may from time to time own properties or manage properties subject to this Agreement.

WITNESSETH:

WHEREAS, The HRA owns or manages properties outlined in Exhibit A of this Agreement; and

WHEREAS, The HRA own various properties and the HRA may, in the future, acquire additional properties which shall automatically become subject to this Agreement without amendment hereof, unless otherwise agreed by the Company and Managing Agent (collectively, the "Managed Premises"); and

WHEREAS, The HRA wish to engage Managing Agent to perform the services and duties set forth herein; and

WHEREAS, Managing Agent is willing to accept such engagement on the terms and conditions set forth therein.

NOW, THEREFORE, in consideration of the premises and the agreements herein contained, the HRA and Managing Agent hereby agree as follows:

1. **Engagement**. Subject to the terms and conditions hereinafter set forth, the HRA hereby continues to engage Managing Agent to provide the property management and administrative services with respect to the Managed Premises contemplated by this Agreement. Managing Agent hereby accepts such continued engagement as managing agent and agrees to devote such time, attention and effort as may be appropriate to operate and manage the Managed Premises in a diligent, orderly and efficient manner. Managing Agent, with the written permission of the HRA, may subcontract out some or all of its obligations hereunder to third parties; provided, however, that, in any such event, Managing Agent shall be and remain primarily liable to HRA for performance hereunder.

Notwithstanding anything to the contrary set forth in this Agreement, the services to be provided by Managing Agent hereunder shall exclude all services (including, without limitation, any garage management or cafeteria management services) whose performance by a manager to the HRA could give rise to the HRA's receipt of "impermissible tenant service income" as defined in §856(d)(7) of the Internal Revenue Code of 1986 (as amended or superseded hereafter, the "Code") or could in any other way jeopardize the HRA's federal or state tax qualification as a real estate investment trust.

2. **General Parameters.**

(a) Any or all services may be performed or goods purchased by Managing Agent under arrangements jointly with or for other properties owned or managed by Managing Agent and the costs shall be reasonably apportioned. Managing Agent may employ personnel who are assigned to work exclusively at the Managed Premises or partly at the Managed Premises and other buildings owned and/or managed by Managing Agent. Wages, benefits and other related costs of centralized accounting personnel and employees employed by Managing Agent and assigned to work exclusively or partly at the Managed Premises shall be fairly apportioned and reimbursed, pro rata.

(b) Managing Agent and the HRA acknowledge that the HRA has entered into an agreement with Rice County (the "County"), entitled, "Memorandum of Understanding for Management and Administration of 49 Scattered Site Affordable Housing Units" (the "MOU"), wherein the County agrees to provide certain services to the HRA as set forth in the MOU. Managing Agent acknowledges that the terms and conditions of the MOU are to be incorporated into this Agreement and affects Managing Agent's performance of its obligations and duties to the HRA under this Agreement. The relationship between the Managing Agent, the HRA and the County shall be coordinated by all parties to effectuate this Agreement.

(c) Managing Agent shall have access to the following HRA bank accounts:

- Robinwood Manor Deposits
- Robinwood Manor Operations
- Public Housing Deposits
- Public Housing Operations

Mark Dickson shall have signatory authority associated with the following HRA bank accounts:

- Robinwood Manor Operations

- Public Housing Operations

3. **Duties.** Without limitation, Managing Agent agrees to perform the following specific duties:

(a) To seek tenants for the Managed Premises in accordance with market rents and to negotiate leases, including renewals thereof, and to lease space to tenants, at rentals, and for periods of occupancy all on market terms.

(b) To collect all rents and other income from the Managed Premises and to give receipts therefor, both on behalf of the HRA, and deposit such funds in such banks and such accounts as are named, from time to time, by the HRA, in agency accounts for and under the name of the HRA. Managing Agent shall be empowered to sign disbursement checks on these accounts. Managing Agent may also use pooled bank accounts for the benefit of the HRA and other entities for whom the Managing Agent provides services, provided separate records and accountings of such funds are maintained.

(c) To make contracts for and to supervise any repairs and/or alterations to the Managed Premises, including tenant improvements on reasonable commercial terms.

(d) For the HRA's account and at its expense, to hire, supervise and discharge employees as required for the efficient operation and maintenance of the Managed Premises.

(e) To obtain appropriate insurance for the Managed Premises protecting the HRA and Managing Agent while acting on behalf of the HRA against all normally insurable risks relating to the Managed Premises and complying with the requirements of the HRA's mortgagee, if any, and to cause the same to be provided and maintained by all tenants with respect to the Managed Premises to the extent required by the terms of such tenants' leases. Notwithstanding the foregoing, the HRA may determine to purchase insurance directly for their own account.

(f) To promptly notify the applicable HRA's insurance carriers, as required by the applicable policies, of any casualty or injury to person or property at the Managed Premises, and complete customary reports in connection therewith.

(g) To procure all supplies, other materials and services as may be necessary for the proper operation of the Managed Premises, at the HRA's expense.

(h) To pay promptly from rental receipts, other income derived from the Managed Premises, or other monies made available by the HRA for such purpose, all costs incurred in the operation of the Managed Premises which are expenses of the HRA hereunder, including wages or other payments for services rendered, invoices for supplies or other items furnished in relation to the Managed Premises, and pay over forthwith the balance of such rental receipts, income and monies to the HRA or as the HRA shall from time to time direct. In the event that the sum of the expenses to operate and the compensation due Managing Agent exceeds gross receipts in any month and no excess funds from prior months are available for payment of such excess, the HRA shall pay promptly the amount of the deficiency thereof to Managing Agent upon receipt of statements therefor.

(i) To keep the HRA apprised of any material developments in the operation of the Managed Premises.

(j) To establish reasonable rules and regulations for tenants of the Managed Premises.

(k) At the direction of the HRA, to provide assistance, as the case may be, in any and all legal actions or proceedings relating to the operation of the Managed Premises.

(l) To maintain the books and records of the HRA reflecting the management and operation of the Managed Premises, making available for reasonable inspection and examination by the HRA or its representatives all books, records and other financial data relating to the Managed Premises at the place where the same are maintained.

(m) To prepare and deliver seasonably to tenants of the Managed Premises such statements of expenses or other information as shall be required on the landlord's part to be delivered to such tenants for computation of rent, additional rent, or any other reason.

(n) To aid, assist and cooperate with the HRA in matters relating to taxes and assessments and insurance loss adjustments, notify the HRA of any tax increase or special assessments relating to the Managed Premises and to enter into contracts for tax abatements services.

(o) To provide such emergency services as may be required for the efficient management and operation of the Managed Premises on a twenty-four (24)-hour basis.

(p) To enter into contracts on commercially reasonable terms for utilities (including, without limitation, water, fuel, electricity and telephone) and for building services (including, without limitation, cleaning of windows, common areas and tenant space, ash, rubbish and garbage hauling, snow plowing, landscaping, carpet cleaning and vermin extermination), and for other services as are appropriate to the Managed Premises.

(q) To seek market terms for all items purchased or services contracted by it under this Agreement.

(r) To take such action generally consistent with the provisions of this Agreement as the HRA might with respect to the Managed Premises if personally present.

(s) To, from time to time, or at any time requested by the Board of the HRA, make reports of its performance of the foregoing services to the HRA.

4. **Authority.** The HRA gives to Managing Agent the authority and powers to perform the foregoing duties on behalf of the HRA and authorizes Managing Agent to incur such reasonable expenses, as approved by the HRA, as contemplated in Sections 2, 3 and 5 on behalf of the HRA as are necessary in the performance of those duties.

5. **Special Authority of Managing Agent.** In addition to, and not in limitation of, the duties and authority of Managing Agent contained herein, Managing Agent shall perform the following duties:

(a) At the direction of the HRA, to terminate tenancies and sign and serve in the name of the HRA such notices therefor as may be required for the proper management of the Managed Premises.

(b) At the direction of the HRA, to provide assistance, as the case may be, in any and all legal actions or proceedings relating to the operation of the Managed Premises, including, but not limited to: institute and prosecute actions to evict tenants and recover possession of rental space, and recover rents and other sums due; and when

expedient, settle, compromise and release such actions or suits or reinstate such tenancies.

6. **Compensation.**

(a) In consideration of the services to be rendered by Managing Agent hereunder, the HRA agrees to pay and Managing Agent agrees to accept as its compensation (i) a management fee (the "Fee") equal to five percent (5%) of the gross income charges or \$6,500, whichever is greater, payable on the 1st of the month.

(b) The HRA is responsible for payment of onsite maintenance and management personnel, however, Managing Agent will manage onsite HRA personnel through its company and payments will run through the property operations, with anything not covered by the onsite HRA personnel, being performed by Managing Agent as requested by the HRA.

7. **Term of Agreement; Termination.** This Agreement shall continue in force and effect unless terminated as follows:

Notwithstanding any other provision of this Agreement to the contrary, this Agreement, or any extension thereof, may be terminated prior to the expiration of the term as follows:

(a) by the HRA, upon one hundred and twenty (120) days' prior written notice to Managing Agent; or

(b) by Managing Agent, for Good Reason, upon one hundred twenty (120) days' prior written notice to the HRA.

8. **Duties Upon Termination.** Upon termination of this Agreement with respect to any of the Managed Premises for any reason whatsoever, Managing Agent shall as soon as practicable turn over to the HRA all books, papers, funds, records, keys and other items relating to the management and operation of such Managed Premises, including, without limitation, all leases in the possession of Managing Agent and shall render to the HRA a final accounting with respect thereto through the date of termination. The HRA shall be obligated to pay all compensation for services rendered by Managing Agent hereunder prior and up to the effective time of such termination, and shall pay and reimburse to Managing Agent all expenses and costs incurred by Managing Agent prior and up to the effective time of such termination which are otherwise payable or reimbursable to Managing Agent pursuant to the terms of this Agreement.

In addition to other actions on termination of this Agreement, for up to one hundred twenty (120) days following the date of notice of a termination of this Agreement, Managing Agent shall cooperate with the HRA and use commercially reasonable efforts to facilitate the orderly transfer of management of the Managed Premises. In connection therewith Managing Agent shall assign to the HRA, or to its designee(s), as directed by the HRA, and HRA or its designee(s) shall assume, all contracts entered into by Managing Agent pursuant to this Agreement, but excluding all insurance contracts, and multi-property contracts not limited in scope to the Managed Premises and all contracts with affiliates of Managing Agent. Managing Agent shall also transfer to the HRA all proprietary information with respect to the HRA. Additionally, the HRA, or its designee(s) shall have the right to offer employment to any employee of Managing Agent whom Managing Agent proposes to terminate in connection with a termination of this Agreement and Managing Agent shall cooperate with the HRA, or its designee(s) in connection therewith.

9. **Assignment of Rights and Obligations.**

(a) Without the HRA's prior written consent, Managing Agent shall not sell, transfer, assign or otherwise dispose of or mortgage, hypothecate or otherwise encumber or permit or suffer any encumbrance of all or any part of its rights and obligations hereunder, and any transfer, encumbrance or other disposition of an interest herein made or attempted in violation of this paragraph shall be void and ineffective, and shall not be binding upon the HRA. Notwithstanding the foregoing, Managing Agent may assign its rights and delegate its obligations under this Agreement to any subsidiary of Parent so long as such subsidiary is then and remains controlled by Parent.

(b) Any assignment permitted hereunder shall not release the assignor hereunder.

10. **Indemnification.** To the fullest extent permitted by law, Managing Agent, and Managing Agent's successors or assigns, agree to protect, defend, save, and hold harmless the HRA, its officers, agents, and employees from all claims, suits, or actions of any kind, nature, or character, and the costs, disbursements, and expenses of defending the same, including but not limited to, attorneys' fees, consulting marketing and promotion services, and other technical, administrative or professional assistance resulting from or arising out of the negligence, breach of contract or willful misconduct of Managing Agent or its subcontractors, agents, or employees

under this Agreement. Nothing in this Agreement shall constitute a waiver or limitation of any immunity or limitation on liability to which the HRA is entitled.

11. **Notices.** Any notice, report or other communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, upon confirmation of receipt when transmitted by facsimile transmission, on the next business day if transmitted by a nationally recognized overnight courier or on the third (3rd) business day following mailing by first class mail, postage prepaid, in each case as follows (or at such other United States address or facsimile number for a party as shall be specified by like notice):

If to the HRA:

Housing and Redevelopment Authority of Faribault,
Minnesota
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg, Community & Economic
Development Director

If to Managing Agent:

Cornerstone Management Services LLC
206 S Broadway Ste 460
Rochester, MN 55904
Attn: Mark Dickson

12. **Acquisitions and Dispositions of Properties.** Unless the HRA and Managing Agent otherwise agree in writing, all properties from time to time acquired by the HRA or its affiliates shall automatically become subject to this Agreement without amendment hereof. Similarly, this Agreement shall automatically terminate with respect to all properties disposed of by the HRA in the ordinary course of business, effective upon such disposition.

13. **Modification of Agreement.** This Agreement may not be modified, altered or amended in any manner except by an amendment in writing, duly executed by the parties hereto.

14. **Independent Contractor.** This Agreement is not one of general agency by Managing Agent for the HRA, but Managing Agent is being engaged as an independent contractor. Nothing in this Agreement is intended to create a joint venture, partnership, tenancy-in-common or other similar relationship between the HRA and Managing Agent for any purposes

whatsoever, and, without limiting the generality of the foregoing, neither the terms of this Agreement nor the fact that the HRA and Managing Agent have joint interests in any one or more investments, ownership or other interests in any one or more entities or may have common officers or employees or a tenancy relationship shall be construed so as to make them such partners or joint venturers or impose any liability as such on either of them.

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

16. **Successors and Assigns.** This Agreement shall be binding upon, and inure to the benefit of, any successors or permitted assigns of the parties hereto as provided herein.

17. **No Third Party Beneficiary.** No person or entity other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

18. **Disputes.** Any disputes, claims or controversies arising out of or relating to this Agreement, the provision of services by Managing Agent pursuant to this Agreement or the transactions contemplated hereby, including any disputes, claims or controversies brought by or on behalf of the HRA, Managing Agent or any holder of equity interests (which, for purposes of this Section 18, shall mean any holder of record or any beneficial owner of equity interests or any former holder of record or beneficial owner of equity interests) of the HRA or Managing Agent, either on his, her or its own behalf, on behalf of the HRA, Managing Agent or on behalf of any series or class of equity interests of the HRA or Managing Agent or holders of any equity interests of the HRA or Managing Agent against the HRA or Managing Agent or any of their respective directors, members, officers, managers (including Managing Agent or its successor), agents or employees, including any disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance, application or enforcement of this Agreement (all of which are referred to as "Disputes"), or relating in any way to such a Dispute or Disputes shall, on the demand of any party to such Dispute or Disputes, be resolved through the exercise of any one or more legal or equitable remedies available to the HRA or Managing Agent.

19. **Severability.** In the invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability.

20. **Survivability.** All covenants, indemnities, guarantees, releases, representations, and warranties of either party or the parties and any undischarged obligations of the parties arising prior to the expiration or termination of this Agreement, shall survive such expiration or termination.

21. **Consent to Jurisdiction and Forum.** The exclusive jurisdiction and venue in any action brought by any party hereto pursuant to this Agreement shall lie in any federal or state court located in Minnesota. By execution and delivery of this Agreement, each party hereto irrevocably submits to the jurisdiction of such courts for itself and in respect of its property with respect to such action. The parties irrevocably agree that venue would be proper in such court, and hereby waive any objection that such court is an improper or inconvenient forum for the resolution of such action. The parties further agree and consent to the service of any process required by any such court by delivery of a copy thereof in accordance with Section 11 and that any such delivery shall constitute valid and lawful service of process against it, without necessity for service by any other means provided by statute or rule of court.

22. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes any pre-existing agreements with respect to such subject matter.

23. **Records/Inspection.** This Agreement is subject to the requirements of Minnesota Statutes, Section 16C.05, subd. 5. Managing Agent agrees that HRA or any authorized representatives may have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, or other materials during normal business hours and as often as deemed necessary. Managing Company agrees to maintain these materials, records, and documents for six years from the date of the termination of this Agreement.

24. **HRA and Managing Agent Liaisons.** The Community and Economic Development Director or his/her designee shall serve as the liaison and primary contact to Managing Agent and representative of the HRA with

respect to services rendered pursuant to this Agreement. The HRA's representative has the authority to instruct, interpret, and define the HRA's policies with respect to the Services. Managing Agent shall designate a person or its designee to serve as the liaison and primary contact to the HRA and representative of Managing Agent with respect to services rendered pursuant to this Agreement. Managing Agent's representative has the authority to instruct, interpret, and define Managing Agent's policies with respect to the Services.

25. Insurance and Bonds.

(a) Managing Agent will maintain at Managing Agent's sole expense, insurance coverage for itself, including the following: Workers Compensation, General Liability, and Directors and Officers Liability in an amount of not less than \$1 million per occurrence (except only statutory limits for workers compensation coverage) and at least \$2 million aggregate coverage and an umbrella policy with limits of at least \$1 million, and will provide information as to specific limits upon receipt of signed Agreement. Such insurance must cover all losses related to this Agreement. Managing Agent shall provide the HRA with a current certificate(s) of liability insurance for all insurance coverage referenced above. Such certificate(s) of General Liability insurance shall list the HRA as an additional insured and all certificate(s) of liability insurance shall contain a statement that such policies of insurance shall not be canceled or amended unless sixty (60) days written notice is provided to the HRA (ten (10) days written notice in the event of non-payment of premium).

In addition to the insurance requirements set forth above, Managing Agent shall obtain a fidelity bond in the minimum amount of \$10,000 covering the person or persons on a position or name-scheduled basis that handles any money pursuant to this Agreement. The amount of such bond shall be reviewed annually and modified to be consistent with the compensation paid to Managing Agent pursuant to this Agreement.

(b) The HRA shall maintain such commercially reasonable insurance as shall from time to time be determined by the HRA.

26. Compliance with Laws. Managing Agent shall exercise due professional care to comply with applicable federal, state and local laws, rules, ordinances and regulations in effect as of the date Managing Agent agrees to provide the applicable services detailed this Agreement or any supplemental letter agreement.

27. **Attorney Fees.** In the event of any action to enforce or interpret this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorney fees incurred in the proceeding, as set by the court, at trial, on appeal or upon review.

28. **Entire Agreement; Amendments.** This Agreement, any attached exhibits and any addenda or amendments signed by the parties shall constitute the entire agreement between the HRA and Managing Agent, and supersedes any other written or oral agreements between the HRA and Managing Agent. This Agreement can only be modified or amended in writing signed by the HRA and Managing Agent.

29. **Conflict of Interest.** In the execution of services outlined in this Agreement, Managing Agent shall use reasonable care to avoid conflicts of interest and appearances of impropriety in providing its services for the HRA. In the event of a conflict of interest, Managing Agent shall advise the HRA and either secure a waiver of the conflict or advise the HRA that it will be unable to provide requested services. It is the intent of Managing Agent to refrain from handling matters for any other person or entity that may pose a conflict of interest.

30. **Work Products and Ownership of Documents.** All records, information, materials and other work products, including, but not limited to the completed reports, drawings, plans, and specifications prepared and developed in connection with the provision of services pursuant to this Agreement shall become the property of the HRA, but reproductions of such records, information, materials and other work products in whole or in part may be retained by Managing Agent.

31. **Data Practices Act Compliance.** Any and all data provided to Managing Agent, received from Managing Agent, created, collected, received, stored, used, maintained, or disseminated by Managing Agent pursuant to this Agreement shall be administered in accordance with, and is subject to the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13. This paragraph does not create a duty on the part of Managing Agent to provide access to public data to the public if the public data are available from the HRA, except as required by the terms of this Agreement.

32. **No Discrimination.** Managing Agent agrees not to discriminate in providing products and services under this Agreement on the basis of race, color, sex, creed, national origin, disability, age, sexual orientation, status with

regard to public assistance, or religion. Violation of any part of this provision may lead to immediate termination of this Agreement.

33. **Review of Agreement.** The Managing Agent and the HRA intend that this Agreement be an initial attempt at reaching an agreement on the relationship between the parties while certain terms, conditions and responsibilities may still need to be further reviewed and resolved. As such, Managing Agent and the HRA agree to review, discuss and renegotiate the terms of this Agreement after a period of six (6) months to determine if further revisions to this Agreement are necessary.

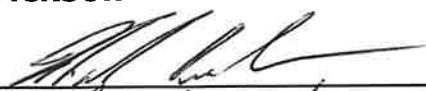
34. **Office Access.** The HRA agrees to provide access to an office at Robinwood Manor, located at 1324 Prairie Ave SW, Faribault, MN 55021 to allow the Managing Agent to perform its duties and responsibilities as set forth in this Agreement. The office location shall also provide access to internet service to allow the Managing Agent to perform its duties and responsibilities as set forth in this Agreement.

[Signature Page To Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Property Management Agreement as a sealed instrument as of the date above first written.

MANAGING AGENT:

**Cornerstone Management Services
LLC
Mark Dickson**

By: 
Its: President / Owner

**HRA:
Housing and Redevelopment
Authority of Faribault, Minnesota**

By: 
Matt Speckhals
Its: Chair

By: 
Brendan Kennedy
Its: Secretary

EXHIBIT A

LIST OF PROPERTIES

Robinwood Manor – 1324 Prairie Avenue, Faribault, MN 55021

- Fifty (50) subsidized units
- One (1) market rate unit

Public Housing (Section 8 Project-Based Voucher Program)

1319 7th Street NW, Faribault, MN 55021
1323 7th Street NW, Faribault, MN 55021
1522 Western Avenue, Faribault, MN 55021
1524 Western Avenue, Faribault, MN 55021
1526 Western Avenue, Faribault, MN 55021
1528 Western Avenue, Faribault, MN 55021
1530 Western Avenue, Faribault, MN 55021
1532 Western Avenue, Faribault, MN 55021
1534 Western Avenue, Faribault, MN 55021
910 SW 1st Street, Faribault, MN 55021
912 SW 1st Street, Faribault, MN 55021
918 SW 1st Street, Faribault, MN 55021
920 SW 1st Street, Faribault, MN 55021
20 14th Street NE, Faribault, MN 55021
404 13th Street NW, Faribault, MN 55021
408 13th Street NW, Faribault, MN 55021
412 13th Street NW, Faribault, MN 55021
621 Hulet Avenue, Faribault, MN 55021
519 Lincoln Avenue, Faribault, MN 55021
521 Lincoln Avenue, Faribault, MN 55021
523 Lincoln Avenue, Faribault, MN 55021
527 Lincoln Avenue, Faribault, MN 55021

(Properties continued on the following page)

1812 Shumway Avenue, Faribault, MN 55021
1816 Shumway Avenue, Faribault, MN 55021
1820 Shumway Avenue, Faribault, MN 55021
1225 2nd Street NW, Faribault, MN 55021
830 9th Avenue NW, Faribault, MN 55021
725 Willow Street, Faribault, MN 55021
523 Division Street W, Faribault, MN 55021
900 A Spring Road SW, Faribault, MN 55021
900 B Spring Road SW, Faribault, MN 55021
900 C Spring Road SW, Faribault, MN 55021
900 D Spring Road SW, Faribault, MN 55021
902 A Spring Road SW, Faribault, MN 55021
902 B Spring Road SW, Faribault, MN 55021
904 A Spring Road SW, Faribault, MN 55021
904 B Spring Road SW, Faribault, MN 55021
904 C Spring Road SW, Faribault, MN 55021
904 D Spring Road SW, Faribault, MN 55021