



City of Mora  
Kanabec County, Minnesota  
Joint Meeting Agenda  
City Council/PUC



Tuesday, November 17, 2020

5:00 PM

Mora City Hall

1. **Call to Order** *(Each board will call their meeting to order.)*
2. **Roll Call** *(Each board will conduct roll call.)*
3. **Adopt Agenda** *(No item of business shall be considered unless it appears on the agenda for the meeting. Board members may add items to the agenda prior to adoption of the agenda. Each board will adopt the agenda.)*
4. **Business Items**
  - a. HRA/ Eastwood Senior Living Sustainability Discussion
5. **Reports**
  - a. City Administrator/General Manager
  - b. Public Works Director
  - c. Commissioner Baldwin
  - d. Commissioner Christianson
  - e. Chair Ardner
  - f. Councilmember Anderson
  - g. Councilmember Mathison
  - h. Councilmember Pioske
  - i. Councilmember Treiber
  - j. Mayor Skramstad
6. **Adjournment** *(Each board will adjourn their meeting.)*





# MEMORANDUM



Date: November 17, 2020  
 To: Mayor and City Council  
 Public Utilities Commission  
 From: Lindy Crawford, City Administrator/Public Utilities General Manager  
 Sara B. King, Accountant  
 RE: HRA/ Eastwood Senior Living Sustainability Discussion

## SUMMARY

The City Council and PUC will discuss the sustainability of the Mora HRA (HRA) and Eastwood Senior Living (ESL).

## BACKGROUND INFORMATION

On September 3<sup>rd</sup>, staff learned that the Mora HRA (HRA) has two urgent but separate issues:

- The HRA is unable to meet all of its financial obligations due to loss of revenue from ESL for the past two years, as well as funding \$55,000 for its new management company, Walker Methodist.
- Eastwood will be unable to meet its financial obligations in about two months. This includes general obligation (GO) bond payments involving the city for over \$3M of debt issued, pledging the city’s full faith and credit.

Beginning October 14<sup>th</sup>, the City Council has held several meetings to discuss the sustainability issues and review a proposal titled Request for City Support, attached.

At their November 5<sup>th</sup> meeting, the City Council reviewed a proposal from Walker Methodist that provided further detail regarding the proposal to change ESL to a fully memory care community. Because the existing memory care rooms at ESL are not currently fully occupied, there was also discussion of a need for a housing market study. A proposal from Maxfield Research & Consulting was received, and is attached for the City Council’s review. Lastly, it was shared by the HRA and Walker Methodist that the following CARES Act funds were received:

Grantor	Grantee	Funding	Uses
MN Dept. of Health	Walker Methodist	\$56,681.00	Salaries and fringes, PPE, telehealth equipment
CARES Act Phase 2	Walker Methodist	\$25,393.04	Lost revenue
Kanabec County EDA	HRA	\$2,500	Purchase lift for residents
Kanabec County Family Services	HRA	\$20,200	IT needs at ESL

## Memorandum

At the same November 5<sup>th</sup> meeting, City Council was informed that ESL probably has enough cash to stay open through the end of December 2020. Because of the dire financial circumstances facing ESL, City Council has, by consensus, agreed that action must be taken to keep ESL open. In summary, if ESL were to close, the entire bond and outstanding interest would become due immediately.

Accordingly, the City Council requested additional information regarding the proposed transition to memory care. Therefore, a revised proposal and pro forma are attached for the City Council's review. Mayor Skramstad and City Administrator Crawford virtually met with representatives of Walker Methodist to further understand the proposal and pro forma and to discuss the possibility of the City overseeing the management of ESL rather than the HRA. The Mayor and City Administrator will verbally share updates from the meeting.

In order to fulfill the needs of ESL and to ensure the security of the GO bond, the City Council will request a loan from the utility funds, in order to lend the borrowed funds to ESL. City Council will also discuss staffing needs that would come along with overseeing the management of ESL.

In summary, the consequences of the issues are severe, and require significant forethought.

### OPTIONS & IMPACTS

---

1. City Council decide whether or not the City should oversee the management of ESL.
  - a. Discuss the organizational structure that would result (Mora HRA must retain ownership of ESL).
  - b. Discuss the need and funding of a finance director that could come along with this.
2. City Council and PUC discuss possible conditions of the loan.
  - a. Loan amount, loan term, interest rate, deferred payments (and accruing interest) are all to-be-determined.
  - b. No prepayment penalty.
3. City Council decide whether or not ESL should be transitioned to 100% memory care or not.
  - a. Operationally the transition makes sense, however financially there is a capital investment needed that may never be recouped.
  - b. Both assisted living and memory care are needed in Mora and the area.
  - c. If transitioned, ESL would be the only 100% memory care facility in the area.
4. City Council decide whether or not to move forward with a housing market study for transitioning ESL to 100% memory care.
  - a. Walker Methodist did not conduct a study for ESL, however they recently reviewed a nearby city's study for a similar project.

### RECOMMENDATIONS

---

Review and discuss the HRA/ ESL sustainability issues and come to a conclusion, regarding all of the options and impacts listed above, that is in the best interest of the City.

#### *Attachments*

HRA Request for City Support Proposal  
Walker Methodist Change to Memory Care Proposal and 24 month Pro Forma  
Maxfield Research & Consulting Housing Market Study Proposal  
2019 Housing Revenue Agreement

# MORA HRA – EASTWOOD SENIOR LIVING

## Request for City Support

### BACKGROUND

**i** Eastwood Senior Living is a 30-unit assisted living & memory care facility owned by the Mora HRA, financed with \$3,000,000 general obligation bonds backed by the City.

The facility suffered serious financial loss under prior management of Living Services Foundation. Management was transitioned to Walker Methodist on Jan. 1, 2020 and started out the year in a stable position with the help of cash infusions from the City of Mora and Mora HRA.

Early COVID-19 precautions were mandated in March for long term care facilities and media coverage of outbreaks in those facilities created public distrust. This resulted in some families taking their loved one out of the facility and brought new move-ins to a near halt. Additionally, staffing became even more difficult to maintain, requiring more expensive pool staffing to ensure adequate care staff.

The facility requires 90% occupancy to cash flow but by August, occupancy had already dropped to 73% (22 units) when Eastwood suffered a COVID-19 outbreak affecting 13 residents and 8 staff members. Three residents were lost to COVID-19.

The facility is now COVID-free and current occupancy is 56% (17 units) and is starting to see new move-ins and calls for placement. However, due to sustained revenue losses and increased operating costs, the project will not have the funds to operate within 60 days without financial support.

### OVERVIEW

**i** Mora HRA requests the City's consideration of financial support of Eastwood Senior Living that would ensure continued housing for the residents of the facility, secure 25 jobs and avoid risk of default on city backed bonds.

Mora HRA appreciates the City's partnership in addressing local housing needs through loans, deferred payments & assessment costs, backing bond issuance, TIF and development support. At this time, the HRA's obligations to the city include:

- \$160,000 cash infusion loan (1/5 paid)
- \$3,000,000 bonds for Eastwood Sr. Living
- Special assessments on developed & undeveloped Eastwood parcels

## Efforts to Date

**i** Mora HRA and Walker Methodist have explored and exhausted all known options to resolve the issue through grant & loan programs, bond counsel, state and local advice.

- DHS Elderly Waiver Covid-19 – awarded \$156.30
- MN Dept. of Health - \$72,000 – no response
- MN Health & Human Services Phase II Covid General Distribution – no response
- MN Health & Human Services CARES – no response
- Payroll Protection Program – not eligible
- City CARES – providing ionizer units on facility's HVAC system
- County CARES – as a city housing authority it would be appropriate to request funds from city
- Sen. Klobuchar's Office – working with state to communicate our need and urgency in getting applications processed. Response on 2 applications is expected within 2-4 weeks.
- Ehlers & Taft – discussed options to supplement operating revenue and/or avoid default:
  - Raise levies and/or issue bonds to keep operations going until things get better
  - Consider selling the project
    - Could take too long
    - Market is difficult due to Covid-19
    - May not be able to sell for enough to cover bonds
  - Consider selling undeveloped land parcels at Eastwood
    - Could take too long
    - Market assessment would need to be done, no way to cover cost
    - Wouldn't produce enough revenue after cost of assessments due on property
- Mora HRA administrative budget cuts to accommodate for lost revenue to HRA from the project and ensure payment of 2019 loan to city, insurance, taxes & assessments on undeveloped land:
  - 44% staff & payroll reduction
  - Eliminated office rental – split staff using existing facilities
  - Eliminated all contracts and activities not supported by state and federally funded programs

## Emergency Plan

- i** A plan for immediate relief to fund the project through FYE 3/31/2021 must be adopted by the end of October or it will be necessary to give residents 30 days' notice of intent to close the business and assist with placement to other housing.

## Short-term Plan

- i** A plan to ensure operations through FYE 3/31/22 would include transitioning the facility to full memory care would reduce operating costs by eliminating staff dedicated to separate wings of the building and operating 2 separate dining rooms. Memory care services generate higher revenue than assisted living and Eastwood offers the only secure facility with designated memory care programming in the county. Additionally, memory care placement is generally more urgent and necessary than assisted living. This plan would require purchase of some equipment & upgrades to the facility. It is estimated that once improvements are made and occupancy is stabilized, this model could reasonably produce \$156,000/yr. profit.

- IT improvements - \$20,200 (applied to Kanabec County CARES, under consideration)
  - Point of care devices to transition from paper documentation to electronic, real time
  - Laptops for resident visits with family, care conferences, remote health screenings & bedside assessments
  - Telehealth cart – standard practice, currently not available at Eastwood to access doctors, specialists and other providers without leaving the facility
  - Wifi improvements – existing older technology is inadequate to support remote needs and transition from paper documentation to electronic
- Lifts & slings - \$11,060
  - Would allow the facility to provide higher level of care, higher reimbursements & reduce vacancies due to transfers to other facilities
- Programming - \$3,000
  - Train staff & establish full dementia/memory care programming
- Signage - \$2,500
  - Professional signage for the facility would improve visibility, curb appeal and marketability
- Marketing - \$10,000 - \$15,000
  - Aggressive professional marketing will help to fill vacancies faster and establish a solid waiting list to maintain occupancy ongoing
- Operating - \$170,000 revenue support estimated needed to continue operations and ensure bond payment while the project restabilizes occupancy. Based on the above assertions, stabilized occupancy is projected within 18 months.

## Long-term Plan

- i** State statutes provide for public housing authorities to levy taxes to support their operations. Mora HRA has raised this request multiple times in the past but in its 40+ years of operation, a levy has never been issued. As federal and state funding to support PHA operations has waned, municipalities have been advised of the need to establish a mechanism for ongoing local support to meet its affordable housing needs. (See attached 2020 HRA tax levy list)

## Request for City Support

- i** Mora HRA requests City Council consideration of the following. We invite discussion and suggestions for alternative solutions.

## Loan or Line of Credit

- \$200,000 to be held in a separate, designated account
  - Funds to be disbursed only as needed to meet to routine operating expenses & bond payment
  - Funds to be requested with documentation of expenses to be paid and proof of current project cash availability
  - Will ensure bond payments are made timely until project is stabilized
  - Includes cost of transitioning to full memory care
  - Repayment of loan deferred for a period of 12-18 months to allow project to stabilize
  - Ability to pay back early without penalty

## Alternate Option

Alternatively, the city could cover the monthly bond payments on the project for a period of one year (estimated cost \$198,000).

## Tax Levy

- Request to begin process of establishing ongoing tax levy to Mora HRA to ensure stability of existing obligations and continued improvement and addition of housing programs in the area.



## Certified Special Taxing District Levy Changes for CY 2020

February 27, 2020

SPECIAL TAXING DISTRICT NAME	ID	HOME COUNTY ID	Pay 2019 Final Levy	Pay 2020 Certified Levy	\$ Change Levy	% Change Levy
<b>TOTALS</b>			<b>75,967,569</b>	<b>85,093,941</b>	<b>9,126,372</b>	<b>12.0%</b>
ADRIAN HRA	037	53	5,000	5,000	0	0.0%
RICE CREEK WATERSHED DIST	038	62	4,710,392	5,181,376	470,984	10.0%
OLMSTED COUNTY HRA	039	55	2,500,000	3,538,633	1,038,633	41.5%
MONTICELLO HRA	049	86	348,000	355,000	7,000	2.0%
COLUMBUS EDA/HRA	059	02	92,000	92,000	0	0.0%
NW MN MULTI-COUNTY HRA	091	60	546,254	538,434	(7,820)	-1.4%
OTTER TAIL COUNTY HRA	092	56	1,083,600	1,191,800	108,200	10.0%
ALEXANDRIA CITY HRA	094	21	255,320	256,478	1,158	0.5%
CHISAGO COUNTY HRA	096	13	470,000	470,000	0	0.0%
SOUTH CENTRAL HRA	097	52	118,418	120,786	2,368	2.0%
HUTCHINSON HRA	098	43	186,023	192,993	6,970	3.7%
RENVILLE COUNTY HRA-EDA	099	65	254,777	260,625	5,848	2.3%
MORRISON CO HRA	100	49	32,500	40,000	7,500	23.1%
ANOKA HRA	102	02	273,380	295,814	22,434	8.2%
AUSTIN HRA	105	50	183,143	196,117	12,974	7.1%
BLAINE HRA	107	02	680,000	825,000	145,000	21.3%
BLOOMINGTON HRA	108	27	2,368,406	2,492,370	123,964	5.2%
BRAINERD HRA	110	18	126,888	130,426	3,538	2.8%
BROOKLYN CENTER HRA	112	27	380,098	405,069	24,971	6.6%
BUFFALO HRA	115	86	242,326	261,735	19,409	8.0%
CHASKA HRA	119	10	498,843	165,747	(333,096)	-66.8%
CROW WING COUNTY HRA	121	18	98,500	729,500	631,000	640.6%
COLUMBIA HGTS HRA	122	02	247,000	250,100	3,100	1.3%
COON RAPIDS HRA	123	02	725,000	725,000	0	0.0%
CRYSTAL HRA	125	27	282,744	282,744	0	0.0%
DULUTH HRA	126	69	1,115,956	1,199,343	83,387	7.5%
ELK RIVER HRA	127	71	316,450	370,250	53,800	17.0%
EDINA HRA	128	27	160,000	192,000	32,000	20.0%
FRIDLEY HRA	129	02	473,168	528,164	54,996	11.6%
FARIBAULT HRA	133	66	229,713	251,907	22,194	9.7%
HASTINGS HRA	136	19	345,660	372,196	26,536	7.7%
HIBBING HRA	138	69	50,000	50,000	0	0.0%
LITTLE FALLS HRA	139	49	87,000	90,000	3,000	3.4%
HOPKINS HRA	140	27	350,154	367,951	17,797	5.1%
LINCOLN COUNTY HRA	141	41	75,000	75,000	0	0.0%
MINNETONKA HRA	142	27	300,000	225,000	(75,000)	-25.0%
MOUND HRA	143	27	227,735	248,555	20,820	9.1%
MOWER COUNTY HRA	145	50	133,494	141,504	8,010	6.0%
MOORHEAD HRA	147	14	438,000	506,137	68,137	15.6%
CLAY CO HRA	148	14	380,000	225,000	(155,000)	-40.8%
FERGUS FALLS HRA	149	56	178,189	184,072	5,883	3.3%
EDEN PRAIRIE HRA	150	27	200,000	200,000	0	0.0%
NORTHFIELD HRA	152	66	256,476	267,504	11,028	4.3%
OWATONNA HRA	153	74	175,000	185,000	10,000	5.7%
PLYMOUTH HRA	154	27	590,528	602,339	11,811	2.0%
MAPLE GROVE HRA	155	27	150,000	150,000	0	0.0%
RED WING HRA	156	25	409,233	416,000	6,767	1.7%
OLIVIA HRA	157	65	22,616	23,894	1,278	5.7%
RICHFIELD HRA	158	27	594,781	612,650	17,869	3.0%
CHIPPEWA CO. HRA	159	12	62,500	62,500	0	0.0%
ROBBINSDALE HRA	160	27	194,078	210,717	16,639	8.6%
ITASCA CO. HRA	163	31	140,000	140,000	0	0.0%
SCOTT COUNTY HRA/CDA	164	70	3,206,361	3,452,685	246,324	7.7%
PERHAM HRA	165	56	20,000	20,000	0	0.0%
SE MN MULTI COUNTY HRA	167	79	611,690	601,130	(10,560)	-1.7%
SOUTH ST PAUL HRA	168	19	286,174	303,211	17,037	6.0%
ST CLOUD HRA	170	73	445,000	464,000	19,000	4.3%
ST LOUIS PARK HRA	172	27	1,234,601	1,332,978	98,377	8.0%
ST ANTHONY HRA	173	27	170,254	185,064	14,810	8.7%
ST PAUL HRA	174	62	4,185,264	4,547,359	362,095	8.7%
STEARNS COUNTY HRA	175	73	400,000	408,000	8,000	2.0%
ST LOUIS CO HRA	179	69	217,376	217,376	0	0.0%
VIRGINIA HRA	180	69	66,000	67,000	1,000	1.5%
WADENA HRA	186	80	23,721	25,822	2,101	8.9%
WASHINGTON COUNTY HRA	187	82	5,234,226	5,419,977	185,751	3.5%
WORTHINGTON HRA	188	53	128,000	137,000	9,000	7.0%
DOUGLAS CO HRA	189	21	700,000	835,000	135,000	19.3%
CARVER CO CDA (FKA HRA)	190	10	2,503,130	2,679,432	176,302	7.0%
PEQUOT LAKES HRA	191	18	38,250	38,250	0	0.0%
ANOKA COUNTY HRA	194	02	1,776,736	1,935,043	158,307	8.9%
KANDIYOHI COUNTY HRA	195	34	615,000	615,000	0	0.0%
GRANT COUNTY HRA	196	26	50,000	50,000	0	0.0%
STEVENS COUNTY HRA	198	75	295,659	300,093	4,434	1.5%

## Certified Special Taxing District Levy Changes for CY 2020

February 27, 2020

SPECIAL TAXING DISTRICT NAME	ID	HOME COUNTY ID	Pay 2019 Final Levy	Pay 2020 Certified Levy	\$ Change Levy	% Change Levy
<b>TOTALS</b>			<b>75,967,569</b>	<b>85,093,941</b>	<b>9,126,372</b>	<b>12.0%</b>
MORRIS HRA	199	75	0	0	0	#DIV/0!
MOUNDS VIEW HRA	200	62	0	0	0	#DIV/0!
SANDSTONE HRA	222	58	9,533	0	(9,533)	-100.0%
EAST BETHEL HRA	226	02	56,600	62,600	6,000	10.6%
NORTH BRANCH EDA/HRA	230	13	303,040	334,784	31,744	10.5%
SHOREVIEW HRA	232	62	210,000	260,000	50,000	23.8%
RICE COUNTY HRA	234	66	143,236	148,771	5,535	3.9%
HUBBARD CO HRA	237	29	170,000	170,000	0	0.0%
ALBERT LEA HRA	238	24	109,000	109,000	0	0.0%
KANABEC COUNTY EDA	239	33	139,768	147,996	8,228	5.9%
ELY HRA	302	69	30,678	32,304	1,626	5.3%
HENNEPIN COUNTY HRA	304	27	10,455,995	16,455,995	6,000,000	57.4%
YELLOW MEDICINE CNTY HRA	308	87	61,500	61,500	0	0.0%
LAKE COUNTY HRA	312	38	120,000	120,000	0	0.0%
WOODBURY HRA	316	82	250,000	250,000	0	0.0%
METRO COUNCIL	505	62	16,652,006	15,671,655	(980,351)	-5.9%
MINNEAPOLIS CHAPTER 595 (HRA)	565	27	0	0	0	#DIV/0!
ROSEVILLE HRA	579	62	0	0	0	#DIV/0!
POPE COUNTY HRA	589	61	320,000	330,000	10,000	3.1%
NORTH ST PAUL HRA	597	62	315,650	336,941	21,291	6.7%
PINE CITY HRA	617	58	38,329	56,393	18,064	47.1%
BAUDETTE HRA	618	39	10,449	11,152	703	6.7%

## Eastwood Senior Living

### Proposal for Change to a Memory Care Community

#### **Purpose and Justification: Move to a single 30 apartment Memory Care**

- Assisted living apartment standards continue to change and this community has all studio apartments. Studio apartments for assisted living residents without memory loss are less desirable to seniors as more options become available, which provide larger spaces and more amenities. These assisted living studios will become increasingly more difficult to market into the future years. The units at Eastwood are an ideal size and structure for Memory care, providing private rooms and just enough space to feel comfortable, but not overwhelmed.
- Similar small, single level communities have transitioned to all memory care communities in other rural areas due to changing market demands. Additionally, as staff wages have increased in recent years, the lower assisted living fees have not kept up with staff wages in rural areas.
- Memory care is more needs driven, requiring more care than many can provide at home themselves. Whether private pay or elderly waiver/Medicaid funds, these fees better support the wages of staff needed to staff a community this size.
- Moving to all memory care will also maximize staffing, allowing us to take a slightly higher level of care because staff can move freely throughout all of the building, not limiting one person to stay just in memory care. The current structure of 10 memory care residents is too many residents for 1 caregiver, but too few for 2 caregivers due to staff wages and reimbursement levels. The ideal staffing ratio is 1 caregiver to 7-8 residents, depending on their care needs.
- One continuous memory care community with no separation allows for staff to move throughout the space, reducing the chance of overstaffing and allowing them to ebb and flow between residents as their needs change over time.

#### **Physical Changes Required to move to a single memory care community.**

- We will need to secure some additional doors in order to accomplish this. The AL side has 6 doors (1 front door, 1 side door by dining, and 2 on each end living room area). We need to secure these doors. Not all are needed for egress, but several are, we estimate that 4 will require wiring to ensure proper egress, but two of the doors are simply extra and can be simply secured.
- Additionally, some areas would need to have a lock change to secure the room away from residents: Staff room, kitchen door and closets for supplies.

- We would designate the current AL dining room as the main dining room allowing for staffing efficiencies and oversight of residents during meals. We would then make the Memory care area an activity kitchen.
- A full evaluation will need to occur, but other security measures are inexpensive to secure windows or other areas.

### **Memory Care Mix and Revenue**

- Ramp it to 96%, which is an acceptable occupancy level to achieve when doing a proforma for a future community.
- Target 60% Elderly Waiver(Medicaid program)/40% Private Pay

### **Rent and Care**

- We split out rent and care in May, per state regulation, which was not currently being followed. This required a 30-day notice to residents and was accomplished once we understand the framework of billing.
- This also allows us to evaluate market rent and care costs appropriately. In terms of long-term financial longevity of a community, it is important to ensure costs are covered by the appropriate revenue. If staff wages need to increase, care costs do need to increase as well. If food or physical building costs increase, we can increase rent appropriately.
- We also want to charge for the appropriate programming in memory care.
- These changes all lead to more transparency for the customer.

### **Care Levels vs. All-inclusive pricing or limited levels of care**

- Memory care rates can increase over time as people age in place. Their physical ADLs (activities of daily living or care needs) are going to change over time and it is appropriate to move them between care levels, which will include an increase in costs. This model is more financial feasible for the customer and maintains quality within the community vs. an all-inclusive price where everyone pays the same amount regardless of their quantity of care.
- To remain fiscally responsible for all involved, this approach is what we set up in the new structure in May, but will provide more financial stability within an all memory care community vs. a split community.
- We need to understand that there may be a few move outs of truly AL residents. We will provide good care coordination for them to move to an appropriate location, but due to the events of the last few months, this will be minimal. Most residents have some cognitive impairment and will continue to live at Eastwood.

### **High Level explanation of expense changes in the budget.**

- Over the course of time we will need to increase staff to meet acuity of residents. The staffing changes over the last few months has been tremendous due to the increase in acuity, changes in census and the fact that the two communities were separate.

November 11, 2020

- Staffing was higher at the beginning of the year due to a higher occupancy. We did cut some hours, but being split as an AL and Memory care community, we had to maintain staff on both sides, leading to overstaffing in some cases.
- In the end, when we fully ramp to a new occupancy with all memory care residents, averaging 28 residents we will be at Four 8 hour shifts for AM and Four 8 hours shifts for PM and Two 8 hour shifts on overnights, which is the current staff on overnights. We adjust this up slowly in blocks of 4 hours as needs increase.
  - The addition is 16 Hours per day from Pre-covid staffing:  $16 \text{ hours} \times \$14.40/\text{hour} \times 365 \text{ days} = \$84,096$  annually when at full capacity.
- Housekeeping is at 20 hours/week and would need to move to 40 hours per week (an additional 20 hours each week) with all memory care due to increased wear and tear and wandering. Again, we can do this gradually in blocks of 5-10 hours as census increases.
  - 40 hours per pay period new x 26 pay periods x \$12 = \$12,480 annually
- Culinary-This has shifted up and down with census, but we will keep the 3 hour person on PMs that is currently covering 7 days a week to assist with dinner.
- Currently we use Life Enrichment to cover some of the dining and we are not always staffed appropriately. Currently we are budgeted for 32 hours a week. We would need to have a full 8-hour person 7 days a week to do Life Enrichment and they will assist with breakfast and lunch. This cost is easily picked up in a future rate increase for enhanced programming.
  - 24 hours per pay period x 26 pay periods x \$12 = \$7,488 annually
- We would recommend a part time staffing position, as memory care needs to be staff properly and consistently. A person dedicated to this is more economical than the managers doing it all. We budgeted this as an LPN for flexibility.
  - 32 hours per pay period x 26 pay periods x \$23 = \$19,136 annually
- Removed guest meals now due to COVID.
- Increased Health Services supplies by \$3000 due to COVID.
- Increased Memory Care Supplies by \$2500 to enhance environment with activities or other programming.
  - Ideal Programming state in 2021 or beyond would be to implement Walker Methodist's branded Memory Care Program: Kaleidoscope, which will launch in Q1 of 2021.

November 11, 2020

## **Investments**

- IT – WiFi \$10,800; Laptops and Telehealth Cart \$9,400; Total \$20,200
- Security - \$3000 per door x 4 doors = \$12,000
  - Assumes Fire Marshall will require 4 to be egress and 2 doors not to be egressed that can simply be locked
  - Does not include wander guard system
- NEED: Lifts – Purchase EZ way lift \$4794.85; Slings \$871.64; Shipping \$432.50;
- WANT: EZ way stand \$3884.50; Slings \$875 Shipping: \$432.50
- Programming - \$3000 – if funds start rolling in we would like closer to \$8000 over next 2 years. This can be achieved by grants and fundraising.
- Signage – Way finding outside and inside: \$2500 estimate
- Marketing - \$10,000-\$15,000 due to dip in occupancy since original proposal









**Maxfield**  
Research & Consulting

November 12, 2020

Ms. Lindy Crawford  
City Administrator  
City of Mora  
18 North Vine Street  
Mora, MN 55051

Ms. Crawford:

Thank you for contacting Maxfield Research and Consulting, LLC regarding your research and consulting needs to determine the potential demand for assisted living and memory care senior housing in Mora, Minnesota. As requested, Maxfield Research and Consulting, LLC has developed a work program and associated costs to examine the potential demand for the senior housing products mentioned above.

This proposal outlines a work program for a **Preliminary Demand Estimate (PDE)** which would be completed to assess whether there is sufficient demand for the proposed service levels over the next five years at the existing Eastwood Senior Living development in Mora. The cost to conduct the PDE is \$4,000.00, including all out-of-pocket expenses. We can complete the PDE within 30 days of receiving a signed contract and initial payment.

Please review the enclosed proposal. If you have any comments or questions, please do not hesitate to call or email me at [mmullins@maxfieldresearch.com](mailto:mmullins@maxfieldresearch.com). If the proposal meets with your approval, please date and sign one copy and return it to our offices along with the initial payment.

Sincerely,

**MAXFIELD RESEARCH AND CONSULTING, LLC**

Matt Mullins  
Vice President  
Enclosure



November 12, 2020

Ms. Lindy Crawford  
City Administrator  
City of Mora  
18 North Vine Street  
Mora, MN 55051

### **PROPOSAL/CONTRACT FOR PROFESSIONAL SERVICES**

Maxfield Research & Consulting proposes to provide research and consulting services to the City of Mora (the “Client”) to assess the potential demand for assisted living and memory care senior housing in Mora, Minnesota. We understand the existing Eastwood Senior Living complex has experienced high vacancies resulting from the pandemic and you are considering repositioning the building to memory care.

This proposal presents a Scope of Services for a Preliminary Demand Estimate (PDE) that will identify future demand for assisted living and memory care over the next five years.

#### **SCOPE AND COST OF SERVICES – Preliminary Demand Estimate**

1. Identify an appropriate draw area (“Market Area”) for assisted living, and memory care senior housing in Mora, Minnesota.
2. Analyze senior population and household growth trends, senior household income estimates, senior homeownership rates and home sale trends to assess the potential income/asset-qualified market base in the Market Area.
3. Define the various types of senior housing.
4. Inventory existing and pending assisted living and memory care senior housing properties in and near the Market Area; provide data on year built, number of units, and services available (if any).
5. Calculate unmet demand for assisted living, and memory care senior housing in the Market Area. Estimate the proportion of demand that would be capturable on the subject property.

**Total Cost for Preliminary Demand Estimate:**

**\$4,000.00**

### **COST OF SERVICES**

The above work program for the **Preliminary Demand Estimate** will be completed for a total of Four Thousand Dollars (\$4,000.00), including all expenses. An initial payment in the amount of Two Thousand Dollars (\$2,000.00) will be required along with an executed copy of this agreement prior to us beginning work.

Any meeting time or additional research requested by the Client beyond that outlined in the above Scope of Services will be billed in addition at our standard hourly rates for staff time which range from \$55.00 to \$160.00 per hour.

### **WORK PRODUCT**

The Preliminary Demand Estimate will be completed in memorandum format.

### **COMPLETION TIME**

The Preliminary Demand Estimate will be completed within thirty (30) days of receipt of an executed contract and initial payment in the offices of Maxfield Research and Consulting, LLC, unless delayed by unexpected emergencies, forces beyond the control of one or both parties or by written agreement of the parties.

### **PAYMENT**

All invoices are payable to Maxfield Research and Consulting, LLC within fifteen (15) days of receipt of an invoice showing the work completed and the direct costs for expenses. A finance charge of one and one-half percent (1.5%) per month will be added to the unpaid balance of each invoice not paid within thirty (30) days.

### **DISCLAIMER**

The objective of this research assignment is to gather and analyze as many market components as is reasonable within the time limits and projected staff hours set forth in this agreement. We assume no responsibility for matters legal in character.

The property/land is assumed to be free and clear of any indebtedness, liens or encumbrances; and good and marketable title and competent management are assumed, unless otherwise stated.

If building plans or site plans are included in the report, they are to be considered only approximate and are submitted to assist the reader in visualizing the property. We assume no responsibility for the accuracy of any building or site plans.

Certain information and statistics contained in the report, which are the basis for conclusions contained in the report, will be furnished by other independent sources. While we believe this information is reliable, it has not been independently verified by us and we assume no responsibility for its accuracy.

The conclusions in the report are based on our best judgments as market research consultants. Maxfield Research and Consulting, LLC disclaims any express or implied warranty of assurance of representation that the projections or conclusions will be realized as stated.

The result of the proposed project may be achieved, but also may vary due to changing market conditions characteristic of the real estate industry, changes in facts that were the basis of conclusions in this report, or other unforeseen circumstances.

This agreement will be construed according to the laws of the State of Minnesota.

## **TERMINATION**

This agreement may be terminated upon written notification of either party to the other. In the event of termination, the Client will pay Maxfield Research and Consulting, LLC for staff hours performed at the firm's normal hourly rates, plus all expenses incurred through the date of termination. The costs outlined in the Scope of Services shall remain in effect for a period of 90 days from the date listed at the top of this contract.

If this proposal meets with your approval, please sign and return one copy to the offices of Maxfield Research and Consulting, LLC.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

**MAXFIELD RESEARCH AND CONSULTING, LLC**

**CITY OF MORA**



---

Matt Mullins  
Vice President

---

Lindy Crawford  
City Administrator

**AMENDED AND RESTATED HOUSING REVENUE AGREEMENT**

**BETWEEN**

**HOUSING AND REDEVELOPMENT AUTHORITY  
OF THE CITY OF MORA,**

**AND**

**CITY OF MORA, MINNESOTA**

This document was drafted by:

Briggs and Morgan, Professional Association (MLI)  
2200 IDS Center, 80 South 8<sup>th</sup> Street  
Minneapolis, MN 55402

**TABLE OF CONTENTS**

	<u>Page</u>
ARTICLE I DEFINITIONS.....	2
Section 1.1 Definitions.....	2
ARTICLE II REPRESENTATIONS .....	5
Section 2.1 Representations by the HRA.....	5
Section 2.2 Representations by the City .....	5
ARTICLE III PROJECT; PROJECT FINANCING.....	6
Section 3.1 Project Construction.....	6
Section 3.2 HRA Pledge of Project Revenues .....	6
Section 3.3 HRA Additional Covenants .....	7
ARTICLE IV INSURANCE; PILOT .....	9
Section 4.1 Insurance .....	9
Section 4.2 PILOT .....	10
ARTICLE V EVENTS OF DEFAULT .....	11
Section 5.1 Events of Default Defined .....	11
Section 5.2 Remedies on Default.....	11
Section 5.3 No Remedy Exclusive.....	11
Section 5.4 No Additional Waiver Implied by One Waiver.....	11
ARTICLE VI ADDITIONAL PROVISIONS .....	12
Section 6.1 Conflict of Interests; Representatives Not Individually Liable .....	12
Section 6.2 Restrictions on Use .....	12
Section 6.3 Titles of Articles and Sections .....	12
Section 6.4 Notices and Demands .....	12
Section 6.5 Counterparts .....	12

## AMENDED AND RESTATED HOUSING REVENUE AGREEMENT

THIS AMENDED AN RESTATED HOUSING REVENUE AGREEMENT (this "Agreement"), is made as of \_\_\_\_\_, 2019, by and between the HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF MORA, MINNESOTA (the "HRA"), a public body corporate and politic and political subdivision of the State of Minnesota (the "State") and the CITY OF MORA, MINNESOTA (the "City"), a municipal corporation and political subdivision of the State.

### RECITALS:

A. Pursuant to the authority to undertake a housing development project granted under Minnesota Statutes, Sections 469.001 to 469.047 (the "Act"), the HRA acquired, constructed and equipped a senior housing facility consisting of approximately 20 assisted living and 10 memory care housing units in the City (the "Project").

B. The Project was financed by the HRA's issuance of its \$3,000,000 Taxable Housing Development Bonds, Series 2009A (City of Mora, Minnesota, General Obligation) (Build America Bonds - Direct Payment) (the "Series 2009A Bonds") and its \$525,000 Housing Revenue Bonds, Series 2009B (the "Series 2009B Bonds"), pursuant to certain resolutions of the HRA and the City adopted December 1, 2009 (the "2009 Resolutions").

C. The HRA is refunding the Series 2009A Bonds with the issuance of its \$3,095,000 Housing Development Refunding Bonds, Series 2019A (City of Mora, Minnesota, General Obligation) (the "Series 2019A Bonds", and together with the Series 2009B Bonds, the "Bonds"), pursuant to certain resolutions of the City and the HRA adopted October 15, 2019 and October 16, 2019, respectively (the "2019 Resolutions", and together with the 2009 Resolutions, the "Bond Resolutions").

D. Capitalized terms used, but not defined herein, shall have the meanings assigned to them under the Bond Resolutions.

E. The net revenues of the Project will be pledged first to the payment of the Series 2009B Bonds and thereafter to the payment of the Series 2019A Bonds.

F. In consideration of the City's pledge of its full faith and credit and taxing power to the payment of the Series 2019A Bonds, the HRA shall deposit the gross revenues of the Project in the Revenue Account of the City established hereunder.

F. The parties hereto desire to more specifically detail certain rights and obligations of each of them with respect to the Project.

NOW, THEREFORE, in consideration of the mutual covenants and obligations of the HRA and the City, each party does hereby represent, covenant and agree with the other as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 Definitions. In this Agreement, all capitalized terms not herein defined shall have the meaning set forth in the Bond Resolutions, and unless a different meaning clearly appears from the context:

"Act" means Minnesota Statutes, Sections 469.001 to 469.047, as amended.

"Agreement" means this Housing Revenue Agreement, as the same may be from time to time modified, amended, or supplemented.

"Bond Fund" means the account of the City on behalf of the HRA for the benefit of the holders from time to time of the Bonds established pursuant to Section 3.2 of this Agreement to pay principal of and interest on the Bonds.

"Bond Resolutions" means the Series 2019A Bond Resolution and the Series 2009B Bond Resolution.

"Bonds" means the HRA's Series 2019A Bonds and its Series 2009B Bonds.

"Budget" for any period means the budget for the Project for such period prepared by the HRA or by the Manger on behalf of the HRA pursuant to the Management Agreement and presented by the HRA to the City, provided that the revenues in such Budget shall exceed or equal the expenses and payments in such Budget for each month covered by such Budget. Any Budget may be amended by the HRA and shall be and remain the Budget, provided that the revenues in such Budget as amended shall exceed or equal the expenses and payments in such Budget as amended. A Budget shall in no event cover any period in excess of one year.

"City" means the City of Mora, Minnesota, a municipal corporation and political subdivision of the State and its successors and assigns.

"City Resolutions" means the resolutions adopted by the City on December 1, 2009, approving the Series 2009B Bonds, and October 15, 2019, approving the issuance of the Series 2019A Bonds.

"Closing" means the closing of the Series 2019A Bonds.

"County" means Kanabec County, Minnesota.

"Event of Default" means an action described listed in Article VI of this Agreement.

"Financing Documents" means the Bond Resolutions, this Agreement and other documents relating to the issuance of the Bonds.

"HRA" means the Housing and Redevelopment Authority of the City of Mora, a public body corporate and politic and political subdivision of the State, and its successors and assigns.



"Management Agreement" means the management agreement for the Project between the HRA and the Manager.

"Manager" means Walker ElderCare Services, Inc., a Minnesota limited liability company, or any established, experienced professional management company selected by the HRA and approved by the City performing management services for the Project under one or more qualified management contracts.

"Maturity Date" means the date that the Bonds, and any debt of the HRA issued to refund the Bonds, have been paid in full in accordance with the terms thereof, and the City has been repaid in full any amounts advanced by the City to pay debt service on the Series 2019A Bonds as provided in Section 3.2 hereof.

"Operating Expenses" means all normal and reasonable expenses of current operation and maintenance of, and periodic repairs and replacements with respect to, the Project, including the amount of fees owing to any paying agent for the Bonds.

"Payment Obligation" shall have the meaning given such term under Section 3.8.

"Payment Date" means January 1 and July 1 of each year.

"Project" means the acquisition, construction and equipping of a senior housing facility consisting of approximately 20 assisted living and 10 memory care housing units in the City to be owned by the HRA, and all related improvements.

"Project Revenues" means (i) all revenues and receipts derived by the HRA from the operation of the Project including tenant rentals and all other moneys as may be paid to or on behalf of the HRA or to which the HRA may be entitled with respect to the Project (excluding security deposits), (ii) all proceeds from use and occupancy insurance and rental loss insurance, and (iii) investment earnings on the foregoing and on the Operation and Maintenance Fund.

"Series 2019A Bond Resolution" means the resolution adopted by the HRA on October 16, 2019 authorizing the issuance of the Series 2019A Bonds.

"Series 2019A Bonds" means the HRA's \$3,095,000 Housing Development Refunding Bonds, Series 2019A (City of Mora, Minnesota, General Obligation).

"Series 2019A Bonds Debt Service Account" means the account of the City established within the Bond Fund pursuant to Section 3.2 of this Agreement to pay principal of and interest on the Series 2019A Bonds.

"Series 2009B Bond Resolution" means the resolution adopted by the HRA on December 1, 2009 authorizing the issuance of the Series 2009B Bonds.

"Series 2009B Bonds" means the HRA's \$525,000 Housing Revenue Bonds, Series 2009B.

"Series 2009B Bonds Debt Service Account" means the account of the City established within the Bond Fund pursuant to Section 3.2 of this Agreement to pay principal of and interest on the Series 2009B Bonds.

"State" means the State of Minnesota.

## ARTICLE II

### REPRESENTATIONS

Section 2.1 Representations by the HRA. The HRA makes the following representations as the basis for the undertaking on its part herein contained:

(a) The HRA is a public body corporate and politic and political subdivision of the State of Minnesota with the power to enter into this Agreement and carry out its obligations hereunder.

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

Section 2.2 Representations by the City. The City makes the following representations as the basis for the undertaking on its part herein contained:

(a) The City is a municipal corporation and a political subdivision of the State of Minnesota with the power to enter into this Agreement and carry out its obligations hereunder.

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

## ARTICLE III

### PROJECT; PROJECT FINANCING

Section 3.1 Project Construction. The HRA has constructed the Project.

Section 3.2 HRA Pledge of Project Revenues.

(a) All Project Revenues received by the HRA, or received by any property manager for the Project for the account of the HRA, shall be deposited by the HRA or the Manager within three (3) Business Days following receipt in the Operations and Maintenance Fund established by the HRA pursuant to the Series 2019A Bond Resolution. On or before the 15<sup>th</sup> day of each month the HRA or the Manager shall pay the amounts described in the then current Budget for the payment of Operating Expenses (excluding depreciation, allowance for doubtful accounts, amortization and interest expense and the management fee to the Manager) for the Project for the current month.

(b) The City hereby establishes the Bond Fund, and a Series 2019A Bonds Debt Service Account and a Series 2009B Bonds Debt Service Account therein, which is to be used only to pay principal of and interest on the Bonds, and any other bonds similarly authorized and made payable from the Bond Fund but only with the written advice of Bond Counsel, and shall be designated as the "Bond Fund", and which shall be held in trust by the City on behalf of the HRA for the benefit of the holders from time to time of the Bonds, and to which the HRA shall transfer funds from the Operation and Maintenance Fund, after paying Operating Expenses as provided in (a), to City on or before the 15<sup>th</sup> day of each month as follows:

(i) first, to the Series 2009B Bonds Debt Service Account on behalf of the HRA pursuant to the Series 2009B Bond Resolution, beginning January 15, 2010, (i) an amount equal to one-sixth of the interest due on the Series 2009B Bonds on the next semi-annual Payment Date, provided that no such payment need be made, or a partial payment may be made, if the amount on deposit in the Series 2009B Bonds Debt Service Account is, or with such partial payment shall be, sufficient to pay the interest due on the Series 2009B Bonds on the next Payment Date; plus (ii) a sum equal to 1/12th of the aggregate amount of principal payable on the then outstanding Series 2009B Bonds on the next succeeding January 1, taking into account amounts on deposit in the Series 2009B Bonds Debt Service Account to be applied to such principal payment.

(ii) second, to the Series 2019A Bonds Debt Service Account on behalf of the HRA pursuant to the Series 2019A Bond Resolution, beginning January 1, 2020, (i) an amount equal to one-sixth of the interest due on the Series 2019A Bonds on the next semi-annual Payment Date, provided that no such payment need be made, or a partial payment may be made, if the amount on deposit in the Series 2019A Bonds Debt Service Account is, or with such partial payment shall be, sufficient to pay the interest due on the Series 2019A Bonds on the next Payment Date; plus (ii) a sum equal to 1/12th of the aggregate amount of principal payable on the then outstanding Series 2019A Bonds on the next

succeeding January 1, taking into account amounts on deposit in such Debt Service Account to be applied to such principal payment;

(iii) third, to the City to repay any amounts advanced by the City to pay debt service on the Series 2019A Bonds.

(c) Thereafter, the HRA shall transfer funds from the Operations and Maintenance Fund on the 15th day of each month in the following order of priority:

(i) first, to the Manager, an amount equal to the monthly management fee as set forth in the Management Agreement;

(ii) second, if in any prior month the amounts to be deposited in the funds set forth above have not been deposited, then to such funds the amounts to be deposited in any prior month to such funds but not so deposited, in the priority set forth above, including reimbursement to the Manager for any Operating Expenses advanced in any prior month and not previously paid from the Operations and Maintenance Fund;

(iii) third, to the Debt Service Reserve Fund established by the HRA pursuant to the Series 2019A Bond Resolution if the total amount in the Reserve Fund is less than the \$250,000 Reserve Requirement, an amount equal to 1/6 of the amount necessary to restore the Reserve Fund to the Reserve Requirement;

(iv) finally, any remaining amounts shall be paid to the HRA semi-annually on each January 15 and July 15.

Section 3.3 HRA Additional Covenants. The HRA covenants with the City that, while any Bonds are Outstanding:

(a) The HRA neither has nor will encumber, assign, or pledge the Project Revenues or sell, transfer, assign, pledge or otherwise dispose of or encumber any interest in the Project, except on a subordinate basis to the pledge of the HRA under the Bond Resolutions;

(b) The HRA will not terminate, surrender, or otherwise delegate its existence and authority as an independent governmental agency, if such action would have a material impact on the HRA's obligations under the Bond Resolutions, except if required by applicable law or judicial determination.

(c) The HRA will cause the Project to be managed only by an established, experienced professional management company. Notwithstanding the foregoing, at any time when (i) any amounts other than Project Revenues have been advanced by the City to pay debt service on the Series 2019A Bonds or (ii) there has been a draw on the Debt Service Reserve Fund, the City shall have the right upon 60 days' prior written notice to the HRA to direct the control, management and operation of the Project. In such event the City may in its sole discretion, operate and manage the Project itself or retain a professional management company.

(d) All units in the Project will be occupied or available for occupancy by seniors.

(e) The HRA will: (i) not take or permit any action to be taken on its behalf which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code (ii) continue to own the Project for the entire term of the Bonds, (iii) ensure that the Project is both a "housing development project" and a "qualified housing development project" pursuant to Sections 469.017 and 469.034, Subd. 2 of the Act, (iv) not allow the Project to be used for a private business use as defined in Section 141 of the Code, and (v) not take or permit any action to be taken on its behalf which would cause interest on the Bonds to become includable in gross income for purposes of federal income taxation under the Code;

(f) The HRA will prepare or cause to be prepared all annual audits, budgets and cash flow projections of its funds and accounts requested by the City.

(g) The HRA will collect monthly rents when due, but in any event not later than the 15<sup>th</sup> day of each month, and to ensure payment of these rents into the receipts account, pursuant to Section 3.2 of this Agreement. The City acknowledges that a portion of the Project Revenues are paid by third party payors and such amounts may not be paid by the 15<sup>th</sup> day of each month; however, the HRA shall cause the Manager to pursue collection of such amounts with due diligence until received.

## ARTICLE IV

### INSURANCE; PILOT

#### Section 4.1 Insurance.

(a) Upon completion of construction of the Project and while the Bonds remain outstanding, the HRA shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City shall furnish proof of the payment of premiums on, insurance as follows:

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

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000, and shall be endorsed to show the City as an additional insured; and

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

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

Section 4.2 PILOT. Pursuant to the provisions of the Act, including without limitation Section 469.012, Subdivision 1k and Section 469.040, thereof and Section 272.01, the City and the HRA confirm and ratify their understanding and agreement that the Project is exempt from all property taxes while owned and operated by the HRA but is instead subject to a 5% payment in lieu of taxes (PILOT) described in Section 469.040, Subdivision 3, of the Act. The Project will be subject to a PILOT based on actual shelter rents charged for units in the Project (regardless of any subsidies provided to individual tenants) until the Maturity Date. The City reserves the right to require the HRA to increase the percentage of shelter rentals after review of Project cashflow every

5 years and the HRA will provide information requested by the City in order to make its determination regarding the applicable percentage.



## ARTICLE V

### EVENTS OF DEFAULT

Section 5.1 Events of Default Defined. The term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any failure by any party to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed hereunder.

Section 5.2 Remedies on Default. Whenever any Event of Default referred to in Section 5.1 of this Agreement occurs, the non-defaulting party, after providing 30 days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said 30 days or, if the Event of Default is by its nature incurable within thirty days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible, may take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 5.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to any party in this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any party to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article V.

Section 5.4 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

## ARTICLE VI

### ADDITIONAL PROVISIONS

Section 6.1 Conflict of Interests; Representatives Not Individually Liable. The HRA, the City, and the City HRA and, to the best of their respective knowledge, each represent and agree that no member, official or employee of their respective bodies shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested. No member, official or employee of the HRA, the City, or the City HRA shall be personally liable with respect to any other party, or any successor in interest, in the event of any default or breach by the HRA, the City, or the City HRA or for any amount which may become due to the other party or successor or on any obligations under the terms of this Agreement.

Section 6.2 Restrictions on Use. The City HRA agrees for itself and its successors and assigns: (a) it shall use the Project as a "qualified housing development project" for elderly persons, pursuant to Section 469.034, Subd. 2 of the Act, as long as any Bonds remain outstanding; and (b) it shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease or rental, or in the use or occupancy of the Project or any improvements erected or to be erected thereon, or any part thereof.

Section 6.3 Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested or delivered personally; and

(a) in the case of the HRA, is addressed to or delivered personally to the HRA at 101 Lake Street South, Mora, MN 55051-1538; and

(b) in the case of the City, is addressed to or delivered personally to the City at 101 Lake Street South, Mora, MN 55051-1538;

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section 6.5.

Section 6.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the City and the HRA have each caused this Agreement to be duly executed in their respective names and behalf and their respective seals to be hereunto duly affixed as of the date first above written, with actual execution on the dates set forth below.

HOUSING AND REDEVELOPMENT  
AUTHORITY OF THE  
CITY OF MORA, MINNESOTA

By Barbara Fredrickson  
Its Chair

By Rose Dunn  
Its Executive Director

STATE OF MINNESOTA )  
  )  
COUNTY OF KANABEC )

The foregoing instrument was acknowledged before me this day of October 16<sup>th</sup>, 2019 by Barbara Fredrickson and Rose Dunn, the Chair and Executive Director, respectively, of the Housing and Redevelopment Authority of the City of Mora, Minnesota, a public body corporate and politic, on behalf of the HRA.



Tory Handy  
Notary Public

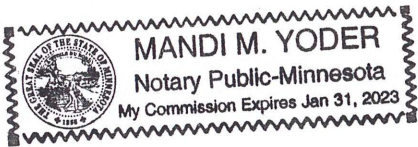
CITY OF MORA, MINNESOTA

By [Signature]  
Its Mayor

By [Signature]  
Its City Clerk-Treasurer

STATE OF MINNESOTA )  
  )  
COUNTY OF KANABEC )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of October, 2019 by Alan Kramstad and Lindy Crawford, the Chair and City Clerk-Treasurer, respectively, of the City of Mora, Minnesota, a municipal corporation and political subdivision of the State of Minnesota, on behalf of the City.



[Signature]  
Notary Public