

RESIDENTIAL CONSTRUCTION AGREEMENT

THIS AGREEMENT is made this 10 day of May 2018, by and between Palco Construction LLC (Contractor) and Historic Saint Paul Corporation (Owner) for the reconstruction of a single-family residence located at 412 Goodrich, Saint Paul, MN.

The Contractor and Owners agree as set follows:

Contract Documents.

The terms of this contract include the conditions of this contract and by reference the provisions in the other documents specifically listed in Exhibit A.

The Work.

Unless otherwise specifically noted, Contractor shall provide and pay for all labor, materials, equipment, tools, construction equipment and machinery, transportation, and other facilities and services necessary for the proper execution and completion of the rehabilitation of the residence. The work shall be done substantially in conformance with the specifications attached to this contract and incorporated into it as Exhibit A. Where there are questions related to the intent of the plans, specifically related to the treatment of interior or exterior architectural features or details, Contractor will discuss with Owner. If necessary, additional drawings will be provided to guide work, and ensure that it complies with expectations.

Contractor shall not be responsible for any work not described in the Plans and Specifications, unless otherwise noted.

Financing.

This contract is contingent upon Owners obtaining a construction loan in the amount of, at minimum, one hundred and eighty thousand and five hundred dollars (\$180,500.00). All fees and expenses of obtaining a loan including all commissions, title charges, and credit reports shall be borne by Owners. Contractor is not required to begin construction until Owners provide Contractor with written notice from the lender that Owners have closed on said loan. If Owners cannot obtain financing within thirty (30) days from the date Contractor approves this contract, either party has ten (10) days thereafter to elect to terminate this contract by giving written notice to the other party. Contractor shall refund to Owners all money paid less costs and obligations incurred by Contractor at Owners' request.

Contract Price.

Owners agree to pay the total contract price for all labor and materials furnished and work performed by Contractor, of two hundred and fourteen thousand three hundred and forty seven dollars (\$214,347.00). The contract price includes the allowances identified in the Scope of Work Division 1.3.

The allowance is for the materials and/or equipment only. Installation is included in the appropriate division unless expressly noted otherwise. The parties agree that the allowances are not to be construed as bids by Contractor and that the allowances may vary from the actual cost based on Owners' selections. If the cost of Owner-selected materials or their installation exceeds the material or installation allowance, the amount of that excess will be added to the next progress payment or the final payment. If the amount is less than the allowance amount, that amount will be subtracted from the final amount of the contract.

Payments.

The contract price will be paid as follows:

Based on applications for payment submitted by Contractor, Owners shall make up to 4 progress payments toward the contract price as work is completed and certified by Owners' construction lender. Owners will pay the cost of up to 4 draw requests.

The Owner will retain 10% of total contract amount until all work is complete and final payment is due and payable.

Draws during the contract period will occur as follows:

Draw 1 - at 20% completion - or upon submittal of receipts for substantial materials purchases

Draw 2 - at 50% completion of rough-in

Draw 3 - at 80% completion

Draw 4 - The remaining balance including 10% retainage will be paid to Contractor upon completion of the project.

The lender receives payment applications on the 1st and 15th of each month. Contractor will submit applications for payment 5 business days prior to lender deadlines. Owners will review and approve requests for progress payments and forward to lender for processing. All draw payments are on a reimbursable basis for incurred expenses and must include invoices from contractor and sub-contractors.

Acceptance, Final Payment, and Occupancy.

Upon receipt of written notice that the work is ready for final inspection and acceptance, Owners will promptly inspect the work. When the Work receives a certificate of occupancy, Owners will promptly pay (or cause to be paid) the balance due under the contract less an amount equal to the cost to complete any missing or unfinished punch-list items.

Contractor agrees to provide Owners with a Contractor's Final Affidavit stating that all subcontractors and suppliers have been paid or showing those unpaid and the amounts thereof. The amounts withheld for punch-list items will be paid to Contractor immediately upon completion of each of the punch-list items.

Occupancy will be granted to Owners when construction is substantially completed, the certificate of occupancy is issued, and Contractor receives payment of the final draw (including payment for all change orders and overages of

allowances), less any money held for incomplete items.

Commencement and Completion.

The work will begin promptly after Owners have obtained the financing referred to above, any other contingencies are cleared, and all permits have been issued. The work will be substantially completed within One hundred and eighty days (180) from the date of the contingencies are met.

Any time lost by reason of change in plans or specifications requested by Owners, other acts of Owners, strikes, weather conditions not reasonably anticipated, or any other conditions that are not within Contractor's control shall be added to the specified time of completion and Contractor shall not be liable for such delay.

Selections.

Contractor will provide Owners with information to help them select allowance items, materials, and colors required during the construction process. All selections must be made within 15 days of request by Contractor.

Permits, Fees, and Tests.

Contractor shall secure and pay for any building permits which are required. Owners shall be responsible for all other fees and permits including any impact fees and connection fees. If necessary, Owners agree to assist Contractor in obtaining any such permits and licenses by completing all necessary applications and forms.

Taxes.

Owners shall pay all real property taxes and taxes imposed upon the improvements on the residence when they are due. Contractor shall pay all necessary sales, use, and similar taxes on materials used in construction that are legally enacted at the time this contract is signed.

Changes to the Work.

- A. Contractor warrants that barring reasonable unforeseen conditions, the work included under the terms of this contract contain all items in the scope of work and necessary to achieve code compliance and secure a certificate of occupancy in the City of Saint Paul.
- B. Owners may, from time to time, order changes in the work which will be authorized by a written Change Order. In the event the Contractor is required by the Owners to perform additional work for which the amount of compensation is not previously agreed upon, the Contractor shall prepare and submit to the Owners a proposal describing the estimated quantities and cost involved. No work shall proceed on such items until a written change order has been executed. The Contractor shall keep accurate, detailed and itemized records of the costs of any such change and shall report such costs to the Owners. The Contractor shall furnish to the Owners all documents required by the Owners, to evidence the expenditures of the Contractor as a result of such change.
- C. Contractor is not responsible for unknown conditions that cannot be observed in a non-destructive inspection of the premises or conditions that differ materially from those (a) indicated or referred to in the

contract documents or (b) ordinarily encountered and generally recognized as inherent in the work of the character provided for in this contract.

Insurance.

Contractor shall purchase and maintain at Contractor's own expense, all necessary workers' compensation and employer's liability insurance, commercial general liability insurance, and comprehensive automobile liability insurance to protect Contractor from claims for damages because of bodily injury, including death, and for damages to property that may arise both out of and during operations under this contract.

Owners shall purchase and maintain their own liability insurance, including fire and casualty insurance upon the residence, to the full insurable value. Each party shall issue a certificate of insurance to the other prior to construction.

Supervision. Owners agree that the supervision of the work performed under this Agreement is under the exclusive direction of the Contractor, and Contractor shall have control over construction means, methods, techniques, sequences and procedures and for coordinating all portions of the work. Owners shall not interfere with the work, nor cause additional work to be carried on without the written consent of the Contractor. All of the work shall be done by the Contractor or subcontractors in direct contract with the Contractor.

Owner's Right to Carry Out the Work.

If the Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents and fails within a seven-day period after receipt of written notice from the Owner to commence and continue correction of such default with diligence and promptness, the Owner may, without prejudice to other remedies, correct such deficiencies. In such case, the Contract Sum shall be adjusted to deduct the cost of correction from payments due the Contractor.

Owner's Right to Perform Construction and to Award Separate Contracts.

The Owner reserves the right to perform construction or operations related to the Project with the Owner's own forces and separate contractors employed by the Owner..

Termination.

If Contractor fails to supply proper materials and skilled workers; make payments for materials, labor, and subcontractors in accordance with their respective agreements; disregards ordinances, regulations, or orders of a public authority; or fails to materially comply with the provisions of the contract, Owners may give Contractor written notice to terminate. After seven (7) days if Contractor has failed to remedy the breach of contract, Owners may terminate the contract. When the Owner terminates the Contract for one of the above reasons, the Contractor shall not be entitled to receive further payment until the Work is finished. If the Unpaid balance of the Contract Sum exceeds costs of finishing the Work, such excess shall be paid to the Contractor. If such costs exceed the unpaid balance, the Contractor shall pay the difference to the Owner. This obligation for payment shall survive the

termination.

Warranties.

Contractor agrees to promptly make good, without cost to Owners, any and all defects due to faulty workmanship and/or materials which may appear within one (1) year from the date of completion and acceptance of the work by Owners.

THIS LIMITED WARRANTY IS THE ONLY EXPRESS WARRANTY PROVIDED BY CONTRACTOR. IMPLIED WARRANTIES, INCLUDING (BUT NOT LIMITED TO) WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY, AND GOOD WORKMANSHIP ARE DISCLAIMED AND LIMITED TO THIS WARRANTY.

Representations.

This Agreement constitutes the entire agreement between Owners and Contractor, and supersedes all prior negotiations, representations, understandings and agreements, either written or oral. This Agreement may be amended only by written instrument signed by both Owners and Contractor. Owners acknowledge that Contractor has made no guarantees, warranties, understandings, nor representations (nor have any been made by any representatives of Contractor) that are not included in the contract documents.

Miscellaneous.

Until Owners make the final payment and take possession, Owners agree that Contractor shall have the right to place signs on or about the property and to show the residence to other prospective clients and customers.

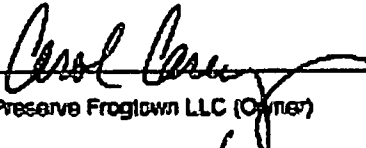
Governing Law and Assignment.

This contract will be construed, interpreted, and applied according to the law of Minnesota. This contract shall not be assigned without the written consent of all parties.

Effective Date and Signature.

This contract shall become effective on the day it is signed by both parties.


We the undersigned, have read, understand and agree to each of the provisions of this contract and hereby acknowledge receipt of a copy of this contract.



Preserve Frogdown LLC (Owner)

6/4/19

Date



Pelco Construction LLC (Contractor) *Cindy Palstrom*

6/4/19

Date

Appendix: Architectural Plans, Scope of Work and Specifications