

PROPERTY MANAGEMENT AGREEMENT

BETWEEN

THE CITY OF MISSOULA

AND

BLUELINE PROPERTY MANAGEMENT, LLC

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THIS PROPERTY MANAGEMENT AGREEMENT ("Agreement") is made effective as of August 1, 2022 by and between the City of Missoula ("Owner") and Blueline Property Management, LLC. ("Agent"). City of Missoula is a Montana governmental entity. Blueline Property Management, LLC ("Agent") is a Montana limited liability company.

RECITALS

A. Owner owns certain real property located in Missoula, Montana as described below, together with all improvement, appurtenances, and equipment to be located thereon, including Twenty Rental Units (the "Property" or "Project").

Bridge Apartments 1205 West Broadway Street, Missoula, MT 59802

B. Agent is a limited liability company which provides housing services in accordance with federal guidelines, manages affordable housing, and has experience in the management of affordable housing projects financed in part through funds from the U.S. Department of Housing and Urban Development.

C. Owner wishes to enter into a contract with Agent for the management of the income restricted units identified herein as the Property, subject to the terms and provisions of this Agreement.

D. Agent wishes to perform those services in exchange for the management fee provided herein, subject to the terms and provisions of this Agreement.

NOW, THEREFORE, for good and valuable consideration and based on the Recitals set forth above, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1 DEFINITIONS

As used in this Agreement:

- 1.1 “Confidential Information” means all data, materials, specifications, manuals, business plans, marketing plans, financial information, and other information of Owner disclosed or submitted, orally, in writing, or by any other media, by Owner to Agent relating to the Property.
- 1.2 “Fiscal Year” means calendar year unless specifically provided to the contrary herein.
- 1.3 “Gross Collections” means all amounts actually collected by Agent as rents or other payments but excluding (i) income derived from interest or investments, (ii) discounts and dividends on insurance, and (iii) Tenant Deposits.
- 1.4 “Gross Rents” means Gross Collections plus any federal rental assistance paid to Owner with respect to the Property.
- 1.5 “Gross Potential Rents” means Gross Rents for one full years operations divided by twelve, once operations has commenced and is fully leased, as projected in the operating budget that is approved by the Owner and the Agent.
- 1.6 “Lease” means any rental agreement whereby Owner has agreed to let and Tenant has agreed to accept a Rental Unit in the Property identified in

the Lease in accordance with the terms of the Lease. The form of the Lease shall be approved by Owner.

- 1.7 “Mortgage Loans” shall mean, collectively, all mortgages from time to time encumbering the Project and all promissory notes secured thereby.
- 1.8 “Operating Account” means an account or accounts held in the Owner's name as provided in Section 9.1 hereof and used for the deposit of Gross Collections, and all other proceeds or income, as well as the payment of all expenses related to the Property as allowed herein.
- 1.9 “Operating Reserve” shall have the same meaning or definition as the term is defined in the Owners Partnership Agreement of Operating Agreement.
- 1.10 “Rent” means the monthly amount (including utilities but excluding federal rental assistance payments) that a Tenant is obligated to pay Owner pursuant to the terms of a Lease.
- 1.11 “Rental Unit” means a dwelling unit located within the Property currently rented or to be rented to residential Tenants.
- 1.12 “Replacement Reserve” shall have the same meaning or definition as the term is defined in the Owners Partnership Agreement or Operating Agreement.
- 1.13 “Tenant” means one or more persons occupying a Rental Unit pursuant to a Lease.
- 1.14 “Tenant Deposit” means any security deposit, cleaning deposit, prepaid rent deposit, or other sum advanced by a Tenant under the terms of a Lease that may require repayment by Owner or application against a future liability of a Tenant.
- 1.15 “Trust Account” means an account held in the name of the Owner for the benefit of the Owner where all security deposits, cleaning deposits, prepaid

rent deposits, or other sums advanced by a Tenant under the terms of the Lease that may require repayment by Owner shall be deposited.

ARTICLE 2 APPOINTMENT AND ACCEPTANCE

Agent shall begin said duties for the Property as of the Effective Date. Owner hereby appoints Agent to manage, operate, maintain, and otherwise be responsible for renting the Rental Units in the Property, and Agent hereby accepts the appointment, subject to the terms and conditions set forth in this Agreement.

ARTICLE 3 TERM

This Agreement becomes effective on the Effective Date and will continue in full force and effect for one year from the effective date unless terminated by Owner or Agent in accordance with the provisions for termination set forth Article 11 of this Agreement. After the expiration of the initial term of this Agreement this Agreement will automatically renew each year for a term of one year, unless terminated by Owner or Agent in accordance with the provisions for termination set forth in Article 11 of this Agreement.

ARTICLE 4 DUTIES AND RESPONSIBILITIES OF AGENT

- 4.1 Standard of Conduct. Agent represents that it is experienced in professional management of property like the Property, and Agent agrees to manage the Property in accordance with appropriate business, industry and professional standards.
- 4.2 Agent Confidentiality. Agent agrees that Confidential Information is to be considered confidential and proprietary to Owner and Agent shall hold the same in confidence, shall not use the Confidential Information other than

for the purposes of its business with Owner, and shall disclose it only to its officers, directors, members, or employees as may be required to meet Agent's obligations under the terms of this Agreement. Any recipient of Confidential Information will not disclose, publish or otherwise reveal any of the Confidential Information received from Owner to any other party whatsoever except with the specific prior written authorization of Owner.

4.3 Rentals. Agent shall offer for rent and shall rent the Rental Units in the Property in accordance with all requirements set forth in: (i) Article 4.4 herein, (ii) a current rent schedule to be approved by Owner, and (iii) the leasing guidelines ("Tenant Selection Plan"). Pursuant to its rental responsibilities, Agent shall:

(a) Show Rental Units in the Property to all prospective Tenants.

(b) Take and process applications and application fees for rentals, including interviewing and screening prospective Tenants to determine whether they meet the Tenant Selection Process. If an application is rejected, the applicant must be informed in writing of the reason for the rejection. The rejected application, together with the written notice of the rejection and any other related correspondence, must be kept on file for five years following the rejection.

(c) Comply with the leasing and other requirements contained in the Fair Housing Act and the Violence Against Women Act (VAWA).

(d) Comply with the Tenant Selection Plan and use for each lease a form of Lease that complies in all respects with the Montana Landlord and Tenants Law. The Lease is subject to the approval of the Owner unless otherwise agreed to by the Owner and Agent in writing.

(e) Include in each Lease the lease provisions required by Owner which Owner indicates are necessary for Tax Credits (the "Lease").

(f) Certify or recertify Tenants covered by any Housing Assistance Payments Contract, which is in the form required by the U.S. Department

of Housing and Urban Development (“HUD”) pursuant to 24 C.F.R. § 982.451(a)(1), that may be applicable to the Property with respect to the HUD Section 8 rental assistance subsidies or housing vouchers by obtaining third-party verification of Tenant income and following procedures established by HUD.

(g) Execute all Leases in Agent’s name, identified thereon as agent for Owner, subject to prior written approval by Owner of any deviation from Owner’s approved rent schedule, Lease forms, and Tenant Selection Plan, Agent shall maintain and preserve all written records of Tenant family income and size and any other information that is necessary to comply with the Requirements set forth in Article 4.4 herein, or that is otherwise reasonably requested by Owner throughout the term of this Agreement and shall turn all such records over to Owner upon the termination or expiration of this Agreement.

(h) Negotiate and execute any commercial leases and concession agreements in Agent’s name, identified thereon as agent for Owner, subject to prior written approval by Owner of all terms and conditions.

(i) Collect, deposit, and disburse Tenant Deposits, if required, in accordance with the terms of each Lease and Section 9.2 hereof.

(j) Agent shall exercise its best efforts (including, but not limited to, placement of advertising, interviewing of prospective Tenants, assistance and counseling in completion of rental applications and execution of Leases, processing documents and credit and employment verifications, and explanation of the program and operations of Owner) to effect the leasing of Rental Units, renewal of Lease, and, in accordance with the terms of each Lease and the Requirements, so that the Property is occupied as fully as possible.

(k) Prorate the first month’s Rent collected from a Tenant if the Lease term commences on a day other than the first day of the month. If the Lease term occurs after the twentieth day of the month, the prorated amount, plus

the next month's rent, is to be collected on or before the first day of the Lease term.

(l) Participate with Tenant in the inspection of each Rental Unit identified in the Lease prior to move-in and upon move-out, and document, photograph and record in writing any damage to the Rental Unit at the time Tenant moved in and any damage occurring during Tenant's occupancy.

(m) In accordance with 4.11 Agent shall provide a written schedule of maximum rents for the Rental Units that complies with the Requirements, for Owner's approval. Without Owner's express prior written consent, Agent may not enter into any Lease on behalf of Owner at a rental amount exceeding the result of the Rent Restriction Test, meaning the gross rent charged to tenants of dedicated income restricted units cannot exceed 30 percent of qualifying income levels.

(n) If requested by Owner, Agent shall prepare reports of low-income leasing and occupancy and other matters related to Agent's obligations hereunder and to the operation of the Property.

(o) Perform whatever other reasonable, necessary, and proper acts and deeds as requested by Owner in the discharge of Agent's duties under this Agreement.

4.4 Requirements for Qualified Rental Use.

(a) None.

4.5 Collection of Rents and Other Receipts. Agent shall collect, when due, all Rents, charges, and other amounts receivable on Owner's account in connection with the management and operation of the Property. Such receipts shall be deposited in the appropriate Operating Account in accordance with Section 9.1 hereof and may not be commingled with any other funds.

- 4.6 Enforcement of Leases. Agent shall secure full compliance by each Tenant with the terms of Tenant's Lease. Agent shall counsel Tenants and make referrals to community agencies in cases of financial hardship or under other circumstances deemed appropriate by Agent, to the end that involuntary termination of tenancies may be avoided to the maximum extent consistent with sound management of the Property. Agent may lawfully terminate any tenancy when, in Agent's judgment, sufficient cause for termination occurs under the terms of Tenant's Lease, including, but not limited to, nonpayment of Rent. For this purpose, Agent is authorized to consult with legal counsel to be designated by Owner, bring actions for eviction, execute notices to vacate, and file judicial pleadings incident to such actions. Agent shall keep Owner informed of such actions and shall follow whatever instructions Owner may prescribe for the conduct with such actions, as determined by Owner, to be paid out of the Operating Account. Agent shall properly assess and collect from each Tenant or the Tenant Deposit the cost of repairing any damages to a Rental Unit arising during Tenant's occupancy.
- 4.7 Maintenance and Repairs. Agent shall maintain the Property at Owner's expense in a decent, safe, and sanitary condition and in a rentable state of repair, all in accordance with the Property rules and regulations and state and local law, and Agent shall otherwise maintain the Property at all times in a condition acceptable to Owner, including, but not limited to, cleaning, painting, decorating, plumbing, carpentry, grounds care, and whatever other maintenance and repair work may be necessary. Incident thereto, the following provisions shall apply:
- (a) Special attention is to be given to preventative maintenance and Agent shall not permit waste to occur upon the Property.
 - (b) Agent shall contract with qualified independent contractors for the maintenance and repair of major mechanical systems and for the performance of extraordinary repairs beyond the capability of regular maintenance personnel. Prior to commencement of any work, Agent shall obtain appropriate written evidence of a contractor's liability and workers' compensation insurance. Prior written approval of Owner will be required

for any capital expenditure that exceeds Five Thousand Dollars (\$5,000.00) in any one instance for labor, materials, or otherwise in connection with the maintenance and repair of the Property, except for emergency repairs requiring immediate action to protect the Property or the Tenant or except to the extent set forth in the annual operating budget approved by Owner. In the event of emergency repairs, Agent shall notify Owner of the facts promptly and in no event later than Seventy-two (72) hours after the occurrence of the event.

(c) Agent shall systematically and promptly receive and investigate all service requests from Tenants, take whatever action may be justified, and keep records of the transactions. Emergency requests are to be serviced on a 24-hour basis. Complaints of a serious nature are to be reported to Owner after investigation. At Owner's request, Owner shall receive all service requests and the reports of action thereon.

(d) Agent shall take reasonable action as necessary to comply with any and all laws, regulations, orders and requirements of federal, state, county, and municipal authorities having jurisdiction over the Property and orders of any board of fire underwriters, insurance companies, and other similar bodies pertaining to the Property; provided that all costs for compliance with the provisions of this Section 4.7(d) shall be borne by Owner.

(e) Except as otherwise provided in this Article 4.7, Agent is authorized to purchase, at Owner's expense, all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance and repair of the Property. Agent shall use best efforts to obtain bids for all contracts, materials, supplies, utilities, and services that exceed Five Thousand Dollars (\$5,000.00) and that can be obtained from more than one source. Agent shall secure and credit to Owner all discounts, rebates, or commissions obtainable with respect to purchase, service contracts, and all other transactions on Owner's behalf.

Agent shall agree to learn and use mechanical system controls located at the Property that are designed to increase efficiency of the systems.

- 4.8 Utilities and Services. Agent shall make arrangements for water, electricity, gas, sewage, and trash disposal, vermin extermination, decoration of common areas, and other necessary services in connection with the Property. Subject to Owner's prior written consent as required in Section 4.7, Agent shall make whatever contracts are necessary to secure those utilities and services.
- 4.9 Personnel. All on-site personnel must be contracted service providers or employees of Agent. They will be subject to the approval of Owner, and Owner shall reimburse Agent for reasonable wages, salary, fees, and benefits provided to such personnel which are attributable to Agent's performance of its obligations hereunder.
- 4.10 Operating Account. In no event will Agent be required to use its own funds to pay disbursements, nor will Agent be liable for any losses, costs, or damages arising out of Owner's failure to cover the deficiency only to the extent Agent has (i) provided Owner with at least Three (3) days notification of a potential deficit prior to a deficit being incurred and (ii) not directly caused the deficiency due to misuse of the Operating Account. For purposes of this Agreement, misuse does not include any disbursements either paid by the Agent on behalf of the Owner which would be customary in the ordinary course of the Owners business, or which were approved by the Owner.
- 4.11 Operating Budget. Agent shall prepare a suggested annual operating budget and projected rental rates for the Property for each Fiscal Year during the term of this Agreement and shall submit them to Owner at least Ninety (90) days before the beginning of the Fiscal Year. The annual operating budget must include a schedule of suggested rents to be charged for each Rental Unit, including suggested Rent increases with respect to Lease renewals and new Leases in similar form to the annual operating budget. Approval of rental rates shall be the sole decision of owner. In preparing each proposed annual operating budget, Agent shall consider anticipated increases in utility charges and other operating costs. To the extent feasible, Agent shall support anticipated increases in utility charges with written evidence or documentation. Proposed annual

operating budgets for the Property will be subject to approval by Owner. Owner shall inform Agent of any changes incorporated in the approved operating budget and Agent may make no expenditures in excess of the amounts set forth in the approved operating budget for each line item of operation expense itemized without the prior written approval of Owner, except as permitted pursuant to Article 4.7 hereof for emergency repairs.

- 4.12 Loan Payments; Escrow Payments. From the funds collected and deposited by Agent in the Operating Account, Agent shall make the monthly principal and interest and escrow payments as required, if any, including Mortgage Loans, insurance, and any other escrow payments set forth in writing by Owner to Agent as part of the Requirements. Agent shall promptly present insurance premium notices to the escrow agent for payment and shall record evidence of timely payment of insurance premiums and of timely payment of principal and interest on any Mortgage Loans and other escrow payments in the monthly reports to Owner. Agent shall only be financially responsible for any penalties or late fees charged by any lender of the Mortgage Loans in the event sufficient funds are available to make said payments and Agent fails to make said payments in accordance with the Requirements.
- 4.13 Licenses and Permits. Agent shall acquire and keep in force at Owner's expense all licenses and permits required for the operation of the Property as rental housing, if applicable.
- 4.14 Records and Reports. In addition to any requirements specified in this Agreement, Agent has the following responsibilities with respect to records and reports:
- (a) Agent shall establish and maintain a system of records, books, and accounts in a manner satisfactory to Owner and consistent with the Requirements and industry practice. All records, books, and accounts are subject to examination and copying, at Owner's expense, at reasonable hours upon reasonable notice by an authorized representative of Owner.

(b) Agent shall prepare a monthly report in accordance with the Requirements as outlined in Exhibit A. Agent shall submit each report to Owner on or before the twentieth (20th) day of each month and shall send all reports that are required to be sent to any lender or to the Wyoming Community Development Authority, as applicable, to Owner for Owner's prior approval, which may not be unreasonably conditioned, withheld or delayed.

(c) Agent shall prepare, execute, and file all forms, reports, and returns required by law in connection with the employment of personnel, unemployment insurance, workers' compensation insurance, disability benefits, social security, other similar insurance, and all other benefits or taxes now in effect or hereafter imposed.

(d) Agent shall also provide monthly and annual reports pursuant to the reporting requirements set forth in the Owner's Partnership Agreement and attached as Exhibit B.

Additional reports not indicated on Exhibit A or B may be completed by Agent, in Agent's discretion, if requested by the Owner at a rate of \$75.00 per hour. Examples of Owner's responsibilities are included in Exhibit C.

- 4.15 Tenant-Management Relations. Agent shall encourage and assist Tenants of the Property to participate in a residents' organization to promote Tenants' common interests and to increase their ability and incentive to protect and maintain the Property and to contribute to its efficient management. Agent shall participate and attend annual Tenant meetings.
- 4.16 Owner Communications. Agent shall be available for communications with Owner and shall keep Owner informed of items materially affecting the Property. A meeting between Owner and Agent shall take place as needed or requested by the Owner or the Agent.

ARTICLE 5 DUTIES AND RESPONSIBILITIES OF OWNER

- 5.1 Plans and Specification. As soon as practicable and thereafter as needed, Owner shall make available to Agent a complete set of general plans and specifications for the Property and distribute such plans and specifications pertinent to each individual property on that property in a location evident and available to Agent. Owner shall provide copies of all guaranties and warranties pertinent to construction and fixtures and equipment of the Property to Agent. With the aid of this information and inspection by competent personnel, Agent shall thoroughly familiarize itself with the character, construction, layout, and plans of the Property, including the electrical, heating, plumbing, and ventilating systems and all other mechanical equipment in the Property.
- 5.2 Provision of Funds. Owner shall provide all necessary funds to Agent necessary for Agent to perform the Duties and Responsibilities set forth in Article 4 of this Agreement. In no instance shall Agent under any condition be required to use its own funds for its obligations under this Agreement. Agent shall notify Owner in writing immediately, or as soon as possible, upon discovery that there are insufficient funds to meet the current pending financial obligations or liabilities of the Property. Upon receipt of the written notification, Owner shall immediately, but no later than seven (7) days from receipt of the written notice, provide Agent with the necessary funds to meet, and keep up with, the pending financial obligations and liabilities of the Property.
- 5.3 Notification of Changes. Owner shall provide Agent notice of change of any contracting agency relating to the management and operation of the Property, including but not limited to, insurance, mortgagor or banking institution. This notice of change shall be provided within thirty (30) days of the change occurring.
- 5.4 Providing Files, Leases and Other Documents. Owner shall provide Agent with all files, forms, documentation, lease forms or other information necessary for Agent to begin its Duties and Responsibilities under this

Agreement, including, but not limited to, all files of current Tenants; any balances owed by Tenants, information regarding current contracts with vendors to maintain the Property

- 5.5 Agent Communications. Owner shall provide to Agent a list of Owner's personnel that Agent should contact to discuss specific problems or issues. Owner shall be available for communication with Agent and shall keep Agent informed of items materially affecting the Property.
- 5.6 Annual Reporting Requirement. Owner agrees to make all people, documents, or information available necessary to Agent to complete the Annual Reporting Requirements of any investor or lender in the Project. Owner further agrees to assist in the preparation and submission of the annual report.

ARTICLE 6 MANAGEMENT AUTHORITY

- 6.1 Authority. Agent's authority is expressly limited to the Duties and Responsibilities set forth herein and as they may be amended in writing from time to time in accordance with the provisions of this Agreement. Owner expressly withholds from Agent any power or authority to make any structural change in the Property or to make any other major alterations or additions in or to the Property or fixtures or equipment therein or to incur any expense chargeable to Owner other than expenses related to exercising the express powers granted to Agent by the terms of this Agreement, without the prior written consent of Owner.
- 6.2 Delegation of Duties. Agent has the right to engage independent contractors for performance of its duties hereunder as Agent deems necessary, provided that any fees to be charged by such independent contractors, which will be borne by Owner, are approved by Owner in the manner set forth in Articles 4.7 and 4.11 herein. Agent has the responsibility of supervising the performance of those duties. All contracts with independent contractors exceeding Five Thousand Dollars (\$5,000.00) are subject to the prior written consent of Owner as set forth in

Article 4.7, except to the extent set forth in the annual operating budget approved by Owner. No engagement of independent contractors as described in this Section shall relieve Agent of its obligations and duties to Owner described in this Agreement.

- 6.3 Compliance with Law. Agent shall comply with all federal, state, county, municipal and special district laws, ordinances, rules, regulations, and orders relative to the leasing, use, operation, repair, and maintenance of the Property. Agent shall promptly remedy any violation of any such law, ordinance, rule, or regulation that comes to its attention and shall notify Owner by the end of the next business day after Agent becomes aware of any violation for which Owner may be subject to penalty.

ARTICLE 7 INSURANCE

- 7.1 Property Insurance. Owner shall obtain and keep in force Property Insurance in whatever forms and amounts of insurance are necessary under the Requirements with insurance companies satisfactory to Owner, including, but not limited to, insurance against physical damage (e.g., fire and extended coverage endorsement, boiler and machinery, etc.) and against liability for loss, damage, or injury to property or persons that might arise out of the occupancy, management, operation, or maintenance of any part of the Property. Owner must add and name Agent as an additional insured on any and all property liability insurance maintained with respect to the Property while Agent is providing services to Owner pursuant to the terms of this Agreement. Agent shall investigate and promptly furnish to Owner full written reports of all accidents, claims, and potential claims for damages relating to the Property and shall cooperate fully with Owner's insurers, regardless of whether the insurance was arranged by Owner or others. Owner shall provide Agent with a certificate of insurance evidencing liability insurance and providing not less than ten days' notice to Agent prior to cancellation. Owner shall provide copies of all insurance information, including declarations page, and insurance premium payment notices, to Agent. Agent agrees to pay premiums as

submitted to them by Owner in accordance with Article 4 of this Agreement.

7.2 Owner's Insurance. Owner shall obtain and keep in force general commercial liability insurance against liability for loss, damage, or injury to property or persons that might arise out of the ownership, occupancy, operation or maintenance of Owner's business activities. Owner agrees to include Agent as an additional insured in Owner's general commercial liability policy with respect to the Property while Agent is providing services to Owner pursuant to the terms of this Agreement. Owner shall provide Agent with a certificate of insurance evidencing liability insurance and providing not less than thirty days' notice to Agent prior to cancellation.

7.3 Agent's Insurance. At all times during the term of this Agreement, Agent shall maintain insurance in full force and effect with an insurance company or companies that are currently rated by Best as A-7 or better and shall furnish Owner with a certificate of insurance evidencing for the following insurance:

- (a) workers' compensation insurance, in whatever amounts may be required by law from time to time;
- (b) commercial general liability insurance, in the minimum amounts of \$1million per claim and \$2 million aggregate;
- (c) crime coverage;
- (d) full coverage automobile insurance;
- (e) property management professional liability insurance in the minimum amount of \$1 million per claim and \$1 million aggregate; and

Agent must provide Owner at least Thirty (30) days' prior written notice of cancellation of or any material change in policy attached to it. Owner will not reimburse Agent for Agent's cost of the insurance or for any other coverage that Agent obtains to protect Agent's own interests.

- 7.4 Cooperation. Agent shall furnish whatever readily available information is requested by Owner for the purpose of obtaining insurance coverage and shall aid and cooperate in every reasonable way with respect to the insurance and any loss there under.

ARTICLE 8 OWNER'S RIGHT TO AUDIT

- 8.1 Owner's Right to Audit. Owner reserves the right to conduct or to appoint others to conduct examinations, at Owner's expenses upon reasonable notification to Agent, of the books and records maintained for Owner by Agent and to perform any and all additional audit tests relating to Agent's activities hereunder.
- 8.2 Correction of Discrepancies. If Owner's employees or appointees discover weaknesses in internal control or errors in recordkeeping, Agent shall correct the discrepancies either upon discovery or within a reasonable time. Agent shall inform Owner in writing of the action taken to correct the audit discrepancies.

ARTICLE 9 REMITTANCE OF FUNDS

- 9.1 Deposit of Funds into Operating Account. Agent shall deposit immediately upon receipt all Rents, Gross Collections, and other funds collected from the operation of the Property, including any and all advance funds, in the appropriate bank account approved by Owner established with regard to the Owner. Each such account will be held in the name of the Owner for the benefit of Owner and under the control of the Agent and designated of record as "Blueline Property Management Operating Account f/b/o Bridge Apartments." Such account shall be held at a federally insured bank separate and apart from Agent's business accounts.

- 9.2 Deposit of Funds into Tenant Deposit Account. Agent shall deposit immediately upon receipt all Tenant Deposits in the appropriate bank account approved by Owner. Each such account will be held in the name of the owner for the benefit of Owner and under the control of the Agent and designated of record as "Blueline Property Management Security Deposit Trust Account f/b/o Bridge Apartments." Agent shall maintain detailed records of all Tenant Deposits, and the records must be open for inspection by Owner's employees or appointees. Such account shall be held at a federally insured bank separate and apart from Agent's business accounts.
- 9.3 Expenditures. Owner agrees to make necessary operating funds available to Agent. Agent is not obligated to make any advance to the Operating Account or to pay any amount except out of funds in the Operating Account, other than payments of reasonable wages, salaries, benefits, and management overhead expenses which are subject to reimbursement under Article 10, and Agent is not obligated to incur any liability or obligation unless Owner furnishes Agent with the necessary funds for the discharge thereof. If Agent voluntarily advances any other amount of its own funds on behalf of Owner for the payment of any obligation or expense connected with the maintenance or operation of the Property or otherwise which has been approved by Owner in the manner set forth in Section 4.11 hereof, Owner shall reimburse Agent therefore immediately upon demand.
- 9.4 Excess Operating Funds. Any excess funds above and beyond those needed for monthly expenditures will be held in the appropriate bank account approved by Owner. Any excess funds will be disbursed at the direction of Owner, pursuant to any Partnership Agreements and/or Operating Agreements.

ARTICLE 10 COMPENSATION

- 10.1 Management Fee. Agent will be compensated for its services under this Agreement by monthly fees, to be paid by Agent to itself out of the

Operating Account and treated as Project expenses. The fees will be payable on the first day of each month during the term of the Agreement with respect to the services performed during the prior month. The monthly management fee shall be Ten percent (10%) of the combined amounts of Gross Rents and Gross Collections collected from tenants or in the case where the Project is not yet collecting Gross Rents or Gross Collections the Management Fee to be calculated off of the Gross Potential Rents.

10.2 Renegotiation of Management Fee. The management fee established in Article 10.1 shall be subject to renegotiation upon written notice provided by Agent to Owner ninety (90) days prior to the expiration of the yearly date of the contract. A written notice request to renegotiate the management fee will prevent this contract from automatically renewing without written consent of both Agent and Owner.

10.3 Additional Costs. In addition to the management fee established in Article 10.1, for purposes of clarification, the following costs will be paid by Owner as Operating Expenses and shall be reflected in the Operating Budget described in Section 4.11 hereof:

- (a) Annual Yardi Property Management Software cost, as billed to Agent from Yardi with no mark-ups;
- (b) Initial Startup fees in connection with the commencement of this Agreement which includes but which are not limited to utility set up cost, service providers and vendors set up costs, and Tenant and Property compliance and monitoring set up costs, as billed to Agent with no mark ups;
- (c) Cost of apartment for on-site staff, if needed (On-Site Manager) and subject to the existence of a “Manager Unit” at the subject property;
- (d) Site Manager(s);

- (e) Other on-site staff, such as maintenance, leasing, housekeeping, or personal care personnel;
- (f) Legal and auditing expenses, and resident rent payment receipts;
- (g) Cost of preparing annual financial audit, if any;
- (h) Bookkeeping fee for administrative expense for payables and receivables;
- (i) Transportation costs of on-site staff only to be reimbursed at the lesser of Agent's corporate policy or the Internal Revenue Service's standard mileage rate for the calendar year; and
- (j) Evictions; and

Compliance costs and fees in accordance with the Requirements.

ARTICLE 11 TERMINATION

- 11.1 Destruction of Property. This Agreement will be terminated automatically and immediately upon destruction or condemnation of all or substantially all of the Property, in Owner's sole discretion.
- 11.2 Sale of Property. This Agreement may be terminated by Owner giving Agent Thirty (30) days written notice of Owner's intent to terminate the Agreement in the event of a sale, exchange or other disposition of the Property by Owner.
- 11.3 Termination for Cause. This Agreement may also be terminated by one party providing thirty (30) days written notice to the other party for the following:

(a)The failure of either Agent or Owner to perform, keep or fulfill any of its duties hereunder or to comply with the covenants, undertakings, obligations, or conditions set forth in this Agreement and the continuance of any such default for Thirty (30) days after notice of the failure (except in the event of Agent's or Owner's willful misconduct, in which case no notice will be required); or

(b)Notwithstanding section (a) of this paragraph 11.4 Agent may be relieved of its duties and responsibilities by the Owner immediately upon giving such notice which shall be stated in such notice. The Owner shall only be obligated to continue to pay the Agent the compensation due it under the terms of this Agreement up to the termination date stated in such written notice.

11.4 Bankruptcy or Insolvency. This Agreement will terminate immediately upon written notice by either party for any of the following:

(a)The filing by either Owner or Agent of voluntary petition of bankruptcy or insolvency or a petition for reorganization under any bankruptcy law;

(b)The consent by either Owner or Agent to an involuntary petition in bankruptcy or the failure by either Owner or Agent to vacate any order approving an involuntary petition within Ninety (90) days of its date of entry;

(c)The entering of an order, judgment, or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either Owner or Agent bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee, or liquidator of all or a substantial part of the party's assets, if the order, judgment, or decree continues unstayed and in effect for One Hundred Twenty (120) consecutive days;

11.5 Termination without cause. Either party may terminate this Agreement without cause by providing the other party a written notice of its intent to terminate the Agreement. The Owner may terminate with thirty (30) day written notice and the Agent may terminate with a thirty (30) day written

notice. It is the intent of the Owner and Agent that the effective termination date should occur on a business day. In the event the thirty (30) day notice period expires on a weekend or a banking holiday, the effective termination date will be extended to the close of the next business day.

- 11.6 Duties upon Termination. Upon any such event of termination, the non-terminating party may, without prejudice to any other recourse at law that it may have, give appropriate timely notice to the other party of its intention to terminate this Agreement. The term of this Agreement will then expire once the appropriate time period has passed. Immediately on the effective termination date, Agent shall transfer and/or close all bank accounts and provide Owner with an accounting of those accounts and return all access keys to the Property. Agent shall also provide Owner with a copy of all files, records, invoices, payroll records, tenant ledgers, other filed pertaining to the Property and contracts in order for Owner to begin transitioning to a new management company. Within five days after the effective termination date of this Agreement, Agent shall close all accounts and pay the balances or assign all certificates of deposit regarding the Property to Owner. Within ten days after the effective termination date of this Agreement, Agent shall deliver to Owner all plans and surveys of the Property in its possession and all books and records, keys, reports, files, Leases, contracts, and all other written material and property concerning the Property. Within 30 days after the effective termination date of this Agreement, Agent shall submit to Owner all reports required under Section 4.4 hereof to the date of the termination, and Agent and Owner shall account to each other with respect to all matters outstanding as of the effective date of termination. No later than 30 days after the effective termination date, Agent shall also return to Owner, or Owner's designee, all copies of materials retained for the accounting purposes. Upon Owner's written request, Agent shall assign to Owner all contracts requested by Owner concerning the Property, to the extent permitted by the contracts, and shall cooperate (at no expense to Agent) with Owner in connection with the transition to a new manager.

ARTICLE 11 COOPERATION

If any claims, demands, suits, or other legal proceedings that arise out of any of the matters relating to this Agreement are made or instituted by any person against either Owner or Agent, Owner or Agent shall give to the other all pertinent information and reasonable assistance in the defense or other disposition thereof. Agent shall be reimbursed for its expenses incurred in providing such information and assistance.

ARTICLE 12 CONSENT

Whenever in this Agreement the consent or approval of Agent or Owner is required, that consent or approval shall not be unreasonably withheld or delayed. Consent must be given in writing and must be duly executed by an authorized officer or agent for the party granting consent or approval; notwithstanding anything in this Agreement to the contrary, however, if consent or approval would be required for Agent to comply with the Requirements, Agent will not be responsible for a failure to comply with the Requirements as a result of Owner's refusal or unreasonable delay to so consent or approve.

ARTICLE 13 NOTICES

All notices, demands, consents, and reports provided for in this Agreement must be given in writing and will be deemed received by the addresses on the third day after mailing if mailed by United States certified or registered mail, postage prepaid, or on the day delivered if personally delivered at the following addresses:

If to Owner:
City of Missoula Montana
Attn: Eran Pehan
435 Ryman
Missoula, MT 59802

If to Agent:

Blueline Property Management, LLC
Attn: Kelly Gill
1004 South Ave W
Missoula, MT 59801

ARTICLE 14 MISCELLANEOUS

- 14.1 Special Power of Attorney. Owner authorizes Agent as attorney-in-fact for Owner to enter into and execute Leases and rental agreements with respect to the Property on forms approved by Owner, to collect rents and other funds due Owner in Agent's name on Owner's behalf, and to establish and make deposits into and withdrawals from the Tenant Deposit Account and the Operating Account in accordance with the terms of this Agreement.
- 14.2 Amendments. This Agreement constitutes the entire agreement between Agent and Owner, and no amendment, alteration, modification, or addition to this Agreement will be valid or enforceable unless expressed in writing and signed by the Agent and Owner.
- 14.3 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provisions of this Agreement.
- 14.4 Waiver. The waiver of any of the terms and conditions of this Agreement on any occasion or occasions is not to be deemed as waiver of those terms and conditions on any future occasion.
- 14.5 Legality. If any provision of this Agreement proves to be illegal, invalid, or unenforceable, the remainder of this Agreement will not be affected thereby.
- 14.6 Relationship. Nothing contained in this Agreement is to be construed as creating a relationship of employer and employees between Owner and

Agent, it being the intent of the parties hereto that Agent's relationship to Owner is that of an independent contractor. Nothing contained herein is to be deemed as constituting Owner and Agent as partners or joint ventures.

- 14.7 Governing Law. This Agreement is to be governed by and interpreted in accordance with the laws of the state of Montana.
- 14.8 Enforceability. The invalidity of any clause, part or provision of this Agreement will not affect the validity of the remaining portions thereof. Owner's and Agent's remedies under this Agreement are cumulative, and the exercise of one remedy is not to be deemed an election of remedies or a foreclosure of the exercise of the Owner's or Agent's other remedies. No waiver by Owner or Agent of any breach of this Agreement is to be deemed a waiver of any other or subsequent breach. Owner or Agent may apply to any state or federal court for specific performance of this Agreement, for an injunction against any violations of this Agreement, or for whatever other relief may be inappropriate if the injury arising from default under any of the terms of this Agreement would be irreparable and the amount of damage difficult to ascertain.
- 14.9 Attorneys Fees. In the event of a breach of the terms of this Agreement, the prevailing party shall be entitled to attorney fees incurred in the enforcement of the terms of this Agreement, including, without limitation, reasonable attorneys' fees and expenses incurred before such action is commenced, before trial, after trial and on appeal, whether the action is at law in equity or in a bankruptcy case or proceeding including efforts to modify any automatic stay or judgment, or state receivership action.
- 14.10 Indemnification; Limitation of Liability. To the extent permitted by law, Owner agrees to defend, indemnify and save harmless Agent from all claims and suits in connection with the Property, except to the extent attributable to the intentional misconduct or fraud of Agent. With respect to litigation related to the Property in which Agent is named as a party, Owner agrees to reimburse Agent for reasonable attorneys' fees. Notwithstanding any provision to the contrary in this Agreement, the liability of Agent shall in no event exceed the annual compensation paid to Agent. The

provisions of this Section 14.10 shall survive the termination of this Agreement.

14.11 Successors and Assigns. This Agreement inures to the benefit of and constitutes a binding obligation on Owner and Agent and their respective successors and assigns; but Agent may not assign this Agreement or any of its duties hereunder without the prior written consent of Owner. If Owner's current Managing Partner or Member or any successor managing partner or Member of Owner is removed as a general partner or Member in accordance with the Partnership Agreement or Operating Agreement, any successor Managing Partner or Member selected in accordance with the Partnership Agreement or Operating Agreement will have authority to act hereunder on behalf of Owner.

14.12 Drafting. The Parties have had legal counsel with respect to this Agreement, and each Party enters into this Agreement as a voluntary act. It is agreed that any claim of ambiguity in this Agreement shall not be construed for or against any Party as a result of the drafting of this Agreement.

SIGNATURES TO FOLLOW ON NEXT PAGE

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement by their officers duly authorized as of the _____ day of _____, 2022

BlueLine Development, Inc.

City of Missoula

By:

Its:

Date:_____

By: John Engen

Mayor, City of Missoula

Date:_____

Attest:

By: Martha Rehbein

City Clerk

Exhibit A											
1	a statement of income and expenses and accounts receivable and payable for the preceding month, including an itemized list of all delinquent rents as of the twentieth (20th) day of the month and report of action taken on										
2	a rent roll/cash receipts form for the previous month;										
3	a disbursements summary for the previous month;										
	a	current bank statements with reconciliation of the Operating Account and Tenant Deposit Accounts, Operating Reserves, Replacement Reserves;									
	b	a narrative of any unusual actions taken or emergencies responded to;									
	c	a full report of any accidents, claims, and potential claims for the previous month;									
4	a unit vacancy report showing the rent ready status of vacant unit, the date it became available and anticipated move in date										
5	Agent will maintain an Owner approved vendors list annually										
Supporting Documentation for Exhibit A items											
Provided upon request											
1	All bank statements, bank deposit slips, and bank reconciliations;										
2	Detailed cash receipts and disbursements records;										
3	Detailed trial balance;										
4	Paid invoices;										
5	Summaries of adjusting journal entries; and										
6	Documentation and calculation supporting the amount of the Management Fee paid for the prior period.										
7	Unit Status Report										
Exhibit B											
NOT APPLICABLE											
To be prepared by the development team prior to execution of the document and will list out all the reporting expected in the development.											
State Agency											
Funding Source											
Limited Partner											
Exhibit C											
Insurance - Owner is responsible for obtaining and maintaining property insurance.											
Property Taxes - Owner is responsible for all property tax submissions to the State, County and City as applicable for the property and for making sure											
Owner Reporting for Funding Sources - Agent will not be responsible for submission of any documents required by the Owner's operations funding sources.											
Service Provider - Owner is responsible for maintaining the services and all data submission required by and for the Service Provider.											