

**Exhibit AA**

Two Bid Policy

[See attached.]

**Effective Date: January 21, 2009**

**Policy Regarding  
Requirement of Two (2) bids**

**I. Purpose**

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") has the power to engage in development and redevelopment activities under Minnesota Law, Chapter 469. To accomplish its objectives under Chapter 469, the HRA (i) awards financial assistance and contracts to profit and not-for-profit applicants, and (ii) contracts with community development corporations and other similar entities ("Conduit Organizations") to operate programs on behalf of the HRA.

The purpose of this policy is to require two (2) written bids for construction work by all recipients of HRA or Conduit Organizations Contracts and this requirement will also apply to single family residences. This policy is effective on the Effective Date for all new and pending requests for HRA or Conduit Organizations financial assistance and HRA Contracts not approved by the HRA Board of Commissioners. This Policy applies to the contracts for the entire project even though only a portion of the improvements are being funded with public assistance.

This policy does not apply to (i) those portions of a HRA or Conduit Organizations Contract that are self-performed by the recipient of the HRA or Conduit Organizations Contract or (ii) contracts involving 'soft costs' i.e. professional services.

**II. Definitions**

Contract(s) means any HRA or Conduit Organizations agreement or City STAR (i.e. sales tax) agreement involving financial assistance with a value of \$20,000 or more in any of the following forms: grant; contribution of personal or real property; with respect to a loan given by the HRA or Conduit Organizations, the present value of the difference in the interest rate given by the HRA or Conduit Organizations and that rate commercially available to the recipient; reduction or deferral of any tax, assessment or fee; guaranty of any loan, lease or other obligation; tax increment financing; tax credits; or other HRA or Conduit Organizations financial participation. Conduit bonds and bond host approval are excluded from this definition and this policy.

**III. Minimum of 2 Bid requirement-All contracts.**

1. For all Contracts, whether for single family residence or non-single family residence, in any of the forms described in Section II above, each applicant and recipient of public financial assistance must request and obtain at least two (2) written bids for the construction work to be performed under the Contract by the general contractor/construction manager and subcontractors and award the contract or contracts to the lowest responsible bidder.

IV. **Waiver/Exemption**

1. The requirements of this Policy may be waived in whole or in part by the HRA Executive Director or his/her designee after consideration of the advantages and disadvantages of a waiver, and upon a showing by the applicant of a compelling public purpose.
2. Subcontracts with entities that are the sole providers of a product or service are exempt from the competitive bid requirements of this Policy.

Effective Date: March 5, 2009

### **Supplement to Policy Regarding Requirement of Two {2} bids**

The HRA's Policy Regarding Requirement of Two (2) bids ("Policy") requires, in part, that each applicant of public financial assistance request and obtain at least two {2} bids for the general contractor/construction manager contract and to award the contract to the lowest responsible bidder. As an alternative to fulfilling this requirement, *if* an applicant elects to negotiate a contract with a general contractor/construction manager in lieu of obtaining 2 written bids and awarding the contract to the lowest responsible bidder, then the applicant must contact at least 3 potential general contractors/construction managers and consider the following standards in making its decision to award the contract to particular general contractor/construction manager:

1. Experience in constructing the type of improvements being funded in whole or in part by the HRA.
2. Experience in the construction and management of publicly financed projects and familiarity with reporting requirements and accounting for public funds.
3. Having the licenses required by state, county and city authorities.
4. Proven track record of bringing similar projects to completion within budget, on-time and in an industry acceptable manner during the past five years.
5. Having the appropriate material, equipment, facility and personnel resources and expertise available, or the ability to obtain such resources and expertise, necessary to indicate the capability to meet all contractual responsibilities.
6. Previous and current compliance with federal laws, state statutes, and city ordinances and regulations applicable to the work of a contract.
7. Having sufficient financial resources to perform the contract.
8. Not being a debarred vendor under the City of St. Paul's debarment ordinance; or other state or federal debarment list.
9. History of complying with the HRA's requirements for affirmation action, apprenticeship training program, labor standards, vendor outreach program, project labor agreements, and other HRA requirements.
10. History of change orders on projects, including their frequency, size and percentage of total development cost.
11. Amount of proposed overhead profit and charges.
12. Amount of proposed general conditions charges.
13. Amount of proposed contingency.

Each applicant must submit to the HRA: (a) information and documents on the above described standards for each potential general contractor/construction manager, and (b) resulting rationale for selecting a particular general contractor/construction manager, before the HRA makes a decision on awarding any public assistance or executes a contract awarding public assistance.

The other provisions of the Policy remain in full force and effect including without limitation the requirement of receiving 2 bids from subcontractors.

April 14,  
2009

## Two (2) Bid Policy

### Example 1.

Developer has hired architect and has full construction drawings. Developer solicits bids for construction contract. Developer must solicit 2 or more bids from general contractor and award contract to lowest responsible bidder. No need to solicit bids from those subcontractors whose bids are included in general contractor's bid.

In the case of a subcontractor whose bid is not included in the general contractor's bid but instead contracts directly with the developer, then two (2) or more bids are required from those subcontractors and contracts must be awarded to lowest responsible bidders.

### Example 2.

Developer has no construction drawings and wants to retain general contractor/construction manager. Developer can elect to proceed under Supplement to Two (2) Bid Policy and contact at least 3 potential general contractors/construction managers. Developer must consider the 13 factors listed in Supplement and submit to HRA requested information and documents.

Full construction drawings are then prepared. Two (2) or more bids are required from the subcontractors and contracts must be awarded to lowest responsible bidders.

### Example 3.

Recipient of public financial assistance is homeowner of single family residence who acts as his own general contractor. Homeowner must solicit 2 or more bids from each subcontractor and award contracts to lowest responsible bidder.