

Exhibit A  
**AGREEMENT FOR PAYMENT IN LIEU OF TAXES (PILOT)  
BY AND AMONG THE CITY OF DULUTH  
AND  
HOUSING AND REDEVELOPMENT AUTHORITY  
OF DULUTH, MINNESOTA**

**THIS AGREEMENT FOR PAYMENT IN LIEU OF TAXES** (“Agreement”), dated \_\_\_\_\_, 2021, by and among the **CITY OF DULUTH, MINNESOTA**, a municipal corporation (the “City”), and the **HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA**, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”).

**RECITALS**

- A. The Authority was created pursuant to the Housing and Redevelopment statutes, Minnesota Statutes § 469.001, et. seq., and was authorized to transact business and exercise its powers by a resolution of the City Council of the City adopted on January 7, 1948; and
- B. The Authority is, or will become, the record owner of certain real property located in the City of Duluth, County of St. Louis, State of Minnesota (the “Property”); and
- C. The Authority shall form non-profit entity(ies) under the laws of Minnesota that shall be wholly owned subsidiary(ies) of the Authority (the “Subsidiary”). The Subsidiary shall be operated by the Authority and managed by the Authority’s Board of Commissioners; and
- D. The Subsidiary is formed for the purpose of providing residential rental accommodations; and
- E. Upon the approval of the Department of Housing and Urban Development (HUD), the Authority may transfer any parcel or portion of owned Property to a Subsidiary; and
- F. The Authority and Subsidiary will continue to develop, own, rehabilitate, maintain and operate housing projects for individuals and families (the “Project”); and
- G. Pursuant to Minnesota Statutes §§ 272.026 and 469.040, property that is under the direct management or control of a housing redevelopment authority and used in a manner authorized by Minnesota Statutes §469.001 to 469.047 is exempt from all taxes of the city, county, state or any political subdivision of the state; and
- H. The parties entered into a certain Cooperation Agreement dated February 11, 1983 (the “Cooperation Agreement”). The parties have agreed to mutually terminate that Cooperation Agreement and have agreed to the terms set forth in this Agreement pursuant to Minnesota Statutes §469.040, subd. 3; and

- I. Effective January 1, 2013, City and St. Louis County, Minnesota (the “County”) entered into a Joint Exercise of Powers Agreement bearing City Contract No. 21,789 pursuant to which the County will perform all assessment powers and functions within the City of Duluth, which agreement continues to be in effect; and
- J. The City approved the execution of this Agreement on \_\_\_\_\_, 2021, by Resolution No. \_\_\_\_\_; and
- K. The Authority approved the execution of this Agreement on \_\_\_\_\_, 2021, by Resolution No. \_\_\_\_\_; and

**NOW, THEREFORE**, in consideration of the mutual covenants hereinafter set forth, the parties agree to the following:

- 1. Ownership and Control. Authority commits and agrees that all Property covered by the terms of this Agreement, whether owned by Authority or by a Subsidiary, shall, at all times claiming the benefits of this Agreement, be under the direct management and control of a public housing authority within the meaning of Minnesota Statutes § 272.026.
- 2. Exemption from Taxes. Pursuant to Minnesota Statutes §272.026, the City hereby agrees to use its good offices with the County to secure an exemption from the County of the Property from all real and personal taxes of the city, county, state or any political subdivision of the state (collectively referred to as the “Taxing Authority”).
- 3. Term. Subject to the approval of the County, any such tax exemption will commence on the date that the Authority or Subsidiary acquires fee title interest in the Property and shall continue as long as (a) the Project is owned by the Authority, Subsidiary, a public body or governmental agency and is used for low-rent, affordable, or mixed income housing purposes, or (b) any contract between the Authority, Subsidiary and a governmental agency or HUD for loans or annual contributions, or both in connection with such Project remains in full force and effect, or (c) any bonds issued in connection with such Project or any monies to a governmental agency in connection with such Project remain unpaid, whichever period is the longest. This Agreement shall not limit or restrict the Authority’s or Subsidiary’s right to apply for or obtain any other tax exemption to which it might be entitled.
- 4. PILOT. So long as the exemption hereunder continues, the fee owner of the Property, whether it is the Authority or Subsidiary, shall make semi-annual payments in lieu of taxes (“PILOT”) in the amount set forth in Section 4, which payments shall cover all taxes owed in connection with the Property and the Project, and which payments shall be shared by the Taxing Authority on the same basis as property taxes would be shared if the Property and the Project were fully taxed, provided that no payment for any year shall be made to any Taxing Authority

in excess of the amount of the real property taxes which would have been paid to such Taxing Authority for such year if the Project or Property were not exempt from taxation.

5. Shelter Rent. The PILOT shall be in the amount of 10% per year of the Shelter Rent. The Shelter Rent shall mean the total of all residential tenant payments for dwelling rent in a Project excluding all other income of such Project, less the cost to the Authority of all dwelling and non-dwelling utilities including heat, water, electricity, gas, sewage disposal or garbage removal. So long as the tax exemption remains in effect, tenant rental charges shall not exceed the maximum established or allowed by law, rule or regulation, and the Project shall be operated in conformance with the provisions of a ground lease between the Subsidiary and the Authority. PILOT payments shall be due on May 15 and October 15 of each year commencing in the fiscal year following the execution of this Agreement or in the case of additional Project acquired, the fiscal year following acquiring the additional Project. Payments shall be mailed via First Class mail through the United States Postal Service or personally delivered to the St. Louis County Auditor 100 North 5<sup>th</sup> avenue West, Rom 201, Duluth, MN 55802, or such other address as the City may specify in writing.
6. Failure to Pay. The failure to make the required payment will be treated as failure to make payment of taxes and will be governed by the same provisions of law as apply to the failure to make payment of taxes, including but not limited to enforcement and collection of taxes to the extent permitted by law.
7. Notices. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under the Agreement by one party to the others shall be sufficiently given or delivered if sent by registered or certified mail, postage prepaid, return receipt requested, or delivered personally as follows:
  - a. In the case of the City, is mailed to or delivered personally to 411 West First Street, Duluth, Minnesota 55802; Attention: Finance Director; and
  - b. In the case of the Authority, is mailed to or delivered personally to 222 East Second Street, Duluth, Minnesota 55805; Attention: Executive Director.
8. Binding. This Agreement shall inure to the benefit of and shall be binding upon the City, the Authority and Subsidiary and their respective successors and assigns, including the successors in interest of the Authority. There shall be no assignment of this Agreement except with consent of the other party, which consent shall not be unreasonably withheld.
9. Enforcement. If any provision of this Agreement or its application is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other persons or circumstances shall be enforced to the greatest extent permitted by law.

10. Law Governing. This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota.
11. Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all the signing parties had signed the same document.
12. Entire Agreement. This Agreement constitutes the entire agreement of the parties relating to payments in lieu of taxes with respect to the Property and supersedes all prior contracts, or agreements, whether oral or written, with respect thereto.
13. Representation. Each of the parties individually represents and warrants that the execution, delivery and performance of this Agreement, (i) has been duly authorized and does not require any other consent or approval, (ii) does not violate any article, by-law or organizational document or any law, rule, regulation, order, writ, judgment or decree by which it is bound, and (iii) will not result in or constitute a default under any indenture, credit agreement, or any other agreement or instrument to which any of them is a party. Each party represents that this Agreement shall constitute the legal, valid and binding agreement of the parties enforceable in accordance with its terms.

*[Remainder of page intentionally left blank.]*

IN WITNESS WHEREOF, the City and the Authority have caused this Agreement to be executed in their respective names by their duly authorized representatives and their respective seals to be hereunder affixed, all as of the date above-written.

CITY OF DULUTH, MINNESOTA

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Emily Larson,  
Mayor

ATTEST:

\_\_\_\_\_  
Chelsea J. Helmer  
City Clerk

\_\_\_\_\_  
Joshua Bailey  
City Auditor

Approved:

\_\_\_\_\_  
City Attorney

HOUSING AND REDEVELOPMENT  
AUTHORITY OF DULUTH, MINNESOTA

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Jill A. Keppers, MPH  
Executive Director