

**MINNESOTA HOUSING FINANCE AGENCY
HOUSING TAX CREDIT ADMINISTRATION
JOINT POWERS AGREEMENT**

WHEREAS, Section 42 of the Internal Revenue Code of 1986, as amended, (Section 42) provides for low-income housing tax credits (HTCs) to be allocated by Housing Credit Agencies as that term is defined in Section 42(h)(8)(A), pursuant to a Qualified Allocation Plan (QAP) as that term is defined in Section 42(m)(1); and

WHEREAS, under Minnesota law, the Minnesota Housing Finance Agency (Minnesota Housing) and certain counties and cities are authorized to allocate HTCs and the State Housing Credit Ceiling, as that term is defined in 26 CFR § 1.42-14, is divided by statutory formula and reserved for allocation by the respective entities; and

WHEREAS, the *City of Duluth* is a city which is eligible to receive a reservation of HTCs under Minn. Stat. § 462A.222, subd. 1; and

WHEREAS, Minnesota Housing and the City of Duluth wish to enter into a joint powers agreement (the “Agreement”) under Minn. Stat. § 471.59, pursuant to which, except for certain functions expressly set forth in this Agreement, Minnesota Housing will perform all of the HTC allocation, award and compliance monitoring functions on behalf of the City of Duluth with respect to HTCs allocated for the calendar year 2024 State Housing Credit Ceiling or awarded in calendar year 2024 to developments financed with volume limited tax exempt bonds; and

WHEREAS, pursuant to Section 42, Minnesota Housing adopts QAPs which include both procedures for the allocation and award of HTCs and compliance monitoring procedures and also contemplate a joint powers agreement as set forth herein; and

WHEREAS, the Minnesota Housing 2024-2025 Housing Tax Credit Qualified Allocation Plan (2024-2025 QAP), and any revisions and amendments thereto, are hereby incorporated in its entirety into this Agreement by reference.

NOW, THEREFORE, IT IS AGREED:

1. Allocation and Award.

- a. *City of Duluth* agrees to transfer its entire 2024 HTC annual tax credit distribution to Minnesota Housing using the form attached hereto. Said credits become part of the portion of the 2024 State Housing Credit Ceiling to be allocated by Minnesota Housing pursuant to Minnesota Statutes Section 462A.223.
- b. With respect to the *City of Duluth* HTCs, the parties agree that the 2024-2025 QAP will apply to all projects and that Minnesota Housing shall

perform all of the allocation duties on behalf of the *City of Duluth* using the 2024-2025 QAP. All applicants shall use the application forms included in the 2024-2025 QAP.

- c. With respect to projects financed with tax-exempt bonds located in *City of Duluth* that apply for an award of HTCs, the project must comply with the Minnesota Housing QAP in effect for the year that sufficient bonds are issued. The parties agree that Minnesota Housing shall conduct all applicable reviews under Section 42(m) and the issuer must provide documentation of its review pursuant to Section 42(m)(2)(d).
 - d. Under Rounds 1 and 2 of the 2024-2025 QAP, Minnesota Housing shall make selections according to the selection processes established by the 2024-2025 QAP and shall allocate HTCs in Round 1 and, if applicable, Round 2, pursuant to the requirements and limitations contained in the 2024-2025 QAP.
2. **Compliance Monitoring.** For all projects receiving their initial allocation of HTCs from Minnesota Housing, all compliance monitoring functions throughout the Compliance Period and Extended Use Period for each project, as those terms are defined in Section 42(i)(l)(i) and Section 42(h)(6)(D), shall be performed by Minnesota Housing. Minnesota Housing shall perform the compliance monitoring responsibilities for the projects pursuant to the compliance monitoring provisions of the 2024-2025 QAP, the Minnesota Housing Tax Credit Program Compliance Guide (Compliance Guide) and 26 CFR §1.42-5, all as may be amended from time to time.
3. **Compensation.** Only Minnesota Housing shall charge and receive compensation for the allocation and compliance duties and shall do so in accordance with the 2024-2025 QAP and the Compliance Guide. The compensation shall be paid to Minnesota Housing directly by the HTC applicant/owner at the times and in the amounts set forth therein.
4. **Term of Contract.** Subject to execution by all of the parties' herein below, this Agreement shall be effective on June 1, 2024. With respect to the allocation responsibilities herein, this Agreement shall not terminate until all allocation responsibilities under this Agreement have been completed. With respect to awards of HTCs to developments financed with tax exempt bonds, this Agreement shall not terminate until all award responsibilities have been completed. With respect to the compliance monitoring responsibilities herein, said responsibilities shall continue from the beginning of the Compliance Period through the end of the Extended Use Period, as those terms are defined under IRC Section 42.

5. **Addresses for Notices.** All notices to be given by either party to the other hereunder shall be in writing addressed as follows:

(a) To *the City of Duluth* at:

City of Duluth
Attn: Executive Director, Planning and Economic Development
411 West 1st Street, Room 160
Duluth, MN 55802

(b) To Minnesota Housing at:

Minnesota Housing Finance Agency
400 Wabasha Street North, Suite 400
St. Paul, Minnesota 55102

or addressed to any such party at such other address as such party shall hereafter furnish by notice to the other party.

6. **Records.** Both Minnesota Housing and *the City of Duluth* agree that it will make available all pertinent information, data and records under their respective control for each other's use in the performance of this Agreement, and will assist the other, whenever possible, to obtain such records, data and information.

7. **Liability.** Each party shall be responsible for its own acts and omissions, the acts and omissions of its employees, and results thereof to the extent authorized by law. The parties shall not be responsible for the acts of any others and the results thereof.

8. **Assignment.** Neither party shall assign any interest in this Agreement without prior written consent of the parties and subject to such conditions and provisions as are deemed necessary.

9. **Independent Contractors.** The parties agree that the employees of Minnesota Housing shall always be considered employees of Minnesota Housing for all purposes including workers' compensation and the employees of the *City of Duluth* shall always be considered employees of the *City of Duluth* for all purposes including workers' compensation. No employee of either party shall be entitled to any claim or benefit from the other party from any event or occurrence arising out of the performance of this Agreement. This Agreement is not intended and should not be construed in any manner as creating or establishing a relationship of co-partners between the parties hereto. Neither party under any circumstances shall be liable for any employee benefits of the other party's employees. This Agreement shall be construed in such a manner as

to not interfere with the contractual obligations of either party with its employees under any valid collective bargaining agreement.

10. **Amendments.** This Agreement may be amended only in writing signed by the parties.
11. **Authority to Enter into Agreement.** Each Party represents that the individual executing this Agreement has been authorized to do so by its governing body.

CITY OF Duluth

By: _____

Roger Reinert

Its Mayor

Date: _____

Attest: _____

Ian Johnson

Its City Clerk

Countersigned: _____

Josh Bailey

Its City Auditor

Approved: _____

Jessica Fralich

Its City Attorney

MINNESOTA HOUSING FINANCE AGENCY

By: _____

Its: _____

Date: _____

City Clerk

By: _____

Its: _____

Date: _____