

1994 Fee Schedule

Valuation	Permit	Plan Review	Surcharge	Total
\$100,000	\$887.25	\$576.71	\$50.00	\$1,513.96
\$250,000	\$1,637.25	\$1,064.21	\$125.00	\$2,826.46
\$500,000	\$2,887.25	\$1,876.71	\$250.00	\$5,013.96
\$1,000,000	\$5,012.25	\$3,257.96	\$500.00	\$8,770.21
\$2,500,000	\$9,137.25	\$5,939.21	\$1,250.00	\$16,326.46

1997 Fee Schedule

Valuation	Permit	Plan Review	Surcharge	Total
\$100,000	\$993.75	\$645.93	\$50.00	\$1,689.68
\$250,000	\$1,833.75	\$1,191.93	\$125.00	\$3,150.68
\$500,000	\$3,233.75	\$2,101.93	\$250.00	\$5,585.68
\$1,000,000	\$5,608.75	\$3,645.68	\$500.00	\$9,754.43
\$2,500,000	\$10,433.75	\$6,781.93	\$1,250.00	\$18,465.68

2003 Fee Schedule

Valuation	Permit	Plan Review	Surcharge	Total
\$100,000	\$1,057.50	\$687.37	\$50.00	\$1,794.87
\$250,000	\$1,983.50	\$1,289.27	\$125.00	\$3,397.77
\$500,000	\$3,453.50	\$2,244.77	\$250.00	\$5,948.27
\$1,000,000	\$5,927.75	\$3,853.03	\$500.00	\$10,280.78
\$2,500,000	\$11,945.25	\$7,764.41	\$1,250.00	\$20,959.66

BUILDING PERMIT COST ACCOUNTING

The following percentage represents the estimated amount of each department's budget attributable to the issuance and administration of building permits. The listed percentages were estimated in an attempt to provide a rough cost accounting for the process/service.

Planning and Development Services	60
Administration	2
Mayor and Council	2
Attorney	5
Finance	4
City Hall	5
Engineering	4
Public Works	1
Assessing	5
Clerk-Treasurer	3
Police	.5
Fire	4
IT	5

COOPERATION AGREEMENT

This Agreement entered into this 17th day of October, 1979, by and between the Housing and Redevelopment Authority In and For the City of Willmar, Minnesota (herein called the "Local Authority"), and the City of Willmar, Minnesota (herein called the "Municipality"), witnesseth:

In consideration of the mutual covenants hereinafter set forth, the parties hereto do agree as follows:

1. Whenever used in this Agreement:

a. The term "Project" shall mean any low-rent housing hereafter developed or acquired by the Local Authority with financial assistance of the United States of America acting through the Secretary of Housing and Urban Development (herein called the "Government"); excluding, however, any low-rent housing project covered by any contract for loans and annual contributions entered into between the Local Authority and the Government, or its predecessor agencies, prior to the date of this Agreement.

b. The term "Taxing Body" shall mean the State or any political subdivision or taxing unit thereof in which a Project is situated and which would have authority to assess or levy real or personal property taxes or to certify such taxes to a taxing body or public officer to be levied for its use and benefit with respect to a Project if it were not exempt from taxation.

c. The term "Shelter Rent" shall mean the total of all charges to all tenants of a Project for dwelling rents and non-dwelling rents (excluding all other income of such Project), less the cost to the Local Authority of all dwelling and non-dwelling utilities.

d. The term "Slum" shall mean any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

2. The Local Authority shall endeavor (a) to secure a contract or contracts with the Government for loans and annual contributions covering one or more Projects comprising approximately 40 units of low-rent housing and (b) to develop or acquire and administer such Project or Projects, each of which shall be located within the corporate limits of the Municipality. The obligations of the parties hereto shall apply to each such Project.

3. a. Under the constitution and statutes of the State of Minnesota, all Projects are exempt from all real and personal property taxes and special assessments levied or imposed by any Taxing Body. With respect to any Project, so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes, or (ii) any contract between the Local Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the Municipality agrees that it will not levy or impose any real or personal property taxes or special assessments upon such Project or upon the Local Authority with respect thereto. During such period, the Local Authority shall make annual payments (herein called "Payments in Lieu of Taxes") in lieu of such taxes and special assessments and in payment for the Public services and facilities furnished from time to time without other cost or charge for or with respect to such Project.

b. Each such annual Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project, and shall be in an amount equal to either (i) ten percent (10%) of the Shelter Rent charged by the Local Authority in respect to such Project during such fiscal year or (ii) the amount permitted to be paid by applicable State law in effect on the date such payment is made, whichever amount is the lower.

c. The Municipality shall distribute the Payments in Lieu of Taxes among the Taxing Bodies in the proportion which the real property taxes, which would have been paid to each Taxing Body for such year if the Project were not exempt from taxation, bears to the total real property taxes which would have been paid to all of the Taxing Bodies for such year if the Project were not exempt from taxation; provided, however, that no payment for any year shall be made to any Taxing Body in excess of the amount of the real property taxes which would have been paid to such Taxing Body for such year if the Project were not exempt from taxation.

d. Upon failure of the Local Authority to make any Payment in Lieu of Taxes, no lien against any Project or assets of the Local Authority shall attach, nor shall any interest or penalties accrue or attach on account thereof.

4. During the period commencing with the date of the acquisition of any part of the site or sites of any Project and continuing so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes, or (ii) any contract between the Local Authority and the Government for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project or any monies due to the Government in connection with such Project remain unpaid, whichever period is the longest, the Municipality without cost or charge to the Local Authority or the tenants of such Project (other than the Payments in Lieu of Taxes) shall:

a. Furnish or cause to be furnished to the Local Authority and the tenants of such Project public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Municipality;

b. Vacate such streets, roads, and alleys within the area of such Project as may be necessary in the development thereof, and convey without charge to the Local Authority such interest as the Municipality may have in such vacated areas; and, insofar as it is lawfully able to do so without cost or expense to the Local Authority or to the Municipality, cause to be removed from such vacated areas, insofar as it may be necessary, all public or private utility lines and equipment;

c. Insofar as the Municipality may lawfully do so, (i) grant such deviations from the building code of the Municipality as are reasonable and necessary to promote economy and efficiency in the development and administration of such Project, and at the same time safeguard health and safety, and (ii) make such changes in any zoning of the site and surrounding territory;

d. Accept grants of easements necessary for the development of such Project; and

e. Cooperate with the Local Authority by such other lawful action or ways as the Municipality and the Local Authority may find necessary in connection with the development and administration of such Project.

5. In respect to any Project, the Municipality further agrees that within a reasonable time after receipt of a written request, therefore, from the Local Authority:

a. It will accept the dedication of all interior streets, roads, alleys, and adjacent sidewalks within the area of such Project, together with all storm and sanitary sewer mains in such dedicated areas, after the Local Authority, at its own expense, has completed the grading, improvement, paving, and installation thereof in accordance with specifications acceptable to the Municipality;

b. It will accept necessary dedications of land for and will grade, improve, pave, and provide sidewalks for all streets bounding such Project or necessary to provide adequate access thereto (in consideration whereof, the Local Authority shall pay to the Municipality such amount as would be assessed against the Project site for such work if such site were privately owned); and

c. It will provide, or cause to be provided, watermains and storm and sanitary sewer mains leading to such Project and serving the bounding streets thereof (in consideration whereof, the Local Authority shall pay to the Municipality such amount as would be assessed against the Project site for such work if such site were privately owned).

6. If, by reason of the Municipality's failure or refusal to furnish or cause to be furnished any public services or facilities which it has agreed hereunder to furnish or to cause to be furnished to the Local Authority or to the tenants of any Project, the Local Authority incurs any expense to obtain such services or facilities, then the Local Authority may deduct the amount of such expense from any Payments in Lieu of Taxes due or to become due to the Municipality in respect to any Project or any other low-rent housing projects owned or operated by the Local Authority.

7. No Cooperation Agreement heretofore entered into between the Municipality and the Local Authority shall be construed to apply to any Project covered by this Agreement.

8. No member of the governing body of the Municipality or any other public official of the Municipality who exercises any responsibilities or functions with respect to any Project during his tenure or for one year thereafter shall have any interest, direct or indirect, in any Project or any property included or planned to be included in any project, or any contracts in connection with such Projects or property. If any such governing body member or such other public official of the Municipality involuntarily acquires or had acquired prior to the beginning of his tenure any such interest, he shall immediately disclose such interest to the Local Authority.

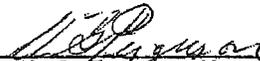
9. So long as any contract between the Local Authority and the Government for loans (including preliminary loans) or annual contributions, or both, in connection with any Project remains in force and effect, or so long as any bonds issued in connection with any Project or any monies due to the Government in connection with any Project remain unpaid, this Agreement shall not be abrogated, changed, or modified without the consent of the Government. The privileges and obligations of the Municipality hereunder shall remain in full force and effect with respect to each Project so long as the beneficial title to such Project is held by the Local Authority or by any other public body or governmental agency,

including the Government, authorized by law to engage in the development or administration of low-rent housing projects. If at any time the beneficial title to, or possession of, any Project is held by such other public body or governmental agency, including the Government, the provisions hereof shall inure to the benefit of and may be enforced by such other public body or governmental agency, including the Government.

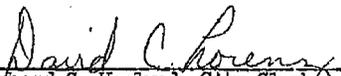
IN WITNESS WHEREOF, the Municipality and the Local Authority have respectively signed this Agreement and caused their seals to be affixed and attested as of the day and year first above written.

CITY OF WILLMAR, MINNESOTA

(S E A L)

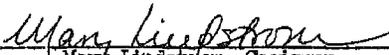
By 
W. G. Ferguson, Mayor

ATTEST:


Richard C. Hoglund, City Clerk
David C. Lorenz, Deputy Clerk

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF WILLMAR, MN

(S E A L)

By 
Mary Lindstrom, Chairman

ATTEST:


Michael Schmitt, Executive Director

TRANSFER AGREEMENT

DATE: _____, 2014

BETWEEN: **HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF WILLMAR, MINNESOTA,**
a public body corporate and politic of the State of Minnesota (“Grantor”)

AND: **KANDIYOHI COUNTY HOUSING AND REDEVELOPMENT AUTHORITY,**
a public body corporate and politic of the State of Minnesota (“Grantee”)

FOR VALUABLE CONSIDERATION, Grantor and Grantee agree as follows:

I. TRANSFER OF OWNERSHIP

1.1 Transfer of Ownership. Subject to the terms and conditions of this Transfer Agreement (“Agreement”), Grantor will transfer and convey to Grantee, and Grantee will accept from Grantor, the following (collectively, the “Property”):

- (a) the public housing projects identified and known as the Project Numbers and located at the addresses set forth in Exhibit A, City of Willmar, Minnesota (collectively, the “Public Housing Projects”);
- (b) the other housing projects identified and located at the addresses set forth in Exhibit A, City of Willmar, Minnesota (collectively, the “Other Projects” and collectively with the Public Housing Projects, the “Projects”);
- (c) the parcels of real property described in Exhibit B, together with all improvements thereon and all rights, privileges, easements, licenses, appurtenances and hereditaments relating thereto (collectively, the “Real Property”);
- (d) all fixtures, equipment and personal property owned by Grantor and used exclusively in the operation, maintenance, management or security of the Real Property (collectively, the “Personal Property”);
- (e) Grantor’s interest in all leases of the Real Property and further leases of the Real Property made after the date of this Agreement (collectively, the “Leases”) and all security deposits, escrows and prepaid rent under the Leases (collectively, the “Deposits”);
- (f) all project accounts, including but not limited to operating accounts, reserves, and investment accounts;

- (g) to the extent assignable and Grantee agrees to assume the same, Grantor's interest in all energy contracts, service contracts, leases of fixtures, equipment and personal property, licenses, permits, and similar documents related to the Real Property and Personal Property and further such documents made after the date of this Agreement (collectively, the "Contracts");
- (h) all plans, specifications, warranties, guaranties, operating manuals and business records associated with the construction and operation of the Real Property and Personal Property (collectively, the "Records");
- (i) all trade names and service marks used exclusively in the operation of the Real Property (collectively, the "Marks");
- (j) the Consolidated Annual Contributions Contract between Grantor and the United States Department of Housing and Urban Development ("HUD"), Number C-_____, dated _____, as amended (the "Annual Contributions Contract"), providing for a loan and annual contributions to be made by the United States of America to assist Grantor in financing the Public Housing Projects, which provides approximately _____ (____) dwelling units in the City of Willmar, County of Kandiyohi, State of Minnesota;
- (k) the following Declarations of Trust between HUD and Grantors related to the Public Housing Projects (collectively, the "Declarations of Trust") **[NEED TO ADD DECLARATION(S) FOR LAKEVIEW APARTMENTS UPON RECEIPT OF TITLE COMMITMENT]:**
 - (i) Declaration of Trust executed on September 22, 1981, and recorded September 28, 1981, as Document No. 19082;
 - (ii) Declaration of Trust executed November 2, 1981, and recorded November 6, 1981, as Document No. 19670;
 - (iii) Declaration of Trust executed December 8, 1981, and recorded December 21, 1981, as Document No. 20101;
 - (iv) Declaration of Trust (Modernization Grant Project) executed November 12, 1991, and recorded March 24, 1992, as Document No. 366469;
 - (v) Declaration of Trust (Modernization Grant Project) executed May 9, 1995, and recorded May 23, 1995, as Document No. 400945; and
 - (vi) Declaration of Trust (Development Grant Projects) dated May 9, 1995, filed May 23, 1995, as Document No. 400946; and
- (l) the Cooperation Agreement between Grantor and the City of Willmar, Minnesota (the "City") for the Public Housing Projects, entered into on October 17, 1979 (the "Cooperation Agreement").

- 1.2 Closing. The closing of the transfer of the Property (“Closing”) will occur:
- (a) as to the Public Housing Projects, on or before July 1, 2014, at 10:00 a.m. local time in the offices of McGrann Shea Carnival Straughn & Lamb, 800 Nicollet Avenue, Suite 2600, in Minneapolis, Minnesota, or at such other time or place as Grantee and Grantor may agree; and
 - (b) as to the Other Projects, on one or more dates and at such time and place as Grantee and Grantor may agree.

II. CONSIDERATION

- 2.1 Consideration. It is mutually desirable that the Projects be transferred from Grantor to Grantee so that Grantee will maintain and provide decent, safe, and sanitary low-rent public housing and other housing to eligible families in accordance with the Annual Contributions Contract, as to the Public Housing Projects, and all applicable statutes, executive orders and regulations. In consideration thereof, the monetary consideration for the transfer of the Property will be Zero and No/100 Dollars (\$0.00).

III. TITLE

- 3.1 Title Commitment. Grantor has furnished or will furnish to Grantee commitments for an owner’s policy of title insurance (ALTA Form 06/17/06) covering the Real Property (collectively, the “Commitment”), issued by Commercial Partners Title, LLC or such other title insurer as may be acceptable to Grantee (the “Title Company”), with standard exceptions for mechanic’s liens, survey and parties in possession deleted, with searches for special assessments and with an amount of coverage equal to the assessed value of the Property. The Commitment will include a copy of each instrument listed as an exception to title or referred to therein. The service charge for the commitment will be paid by Grantor, but the premium for any policy issued pursuant to such commitment will be paid by Grantee.
- 3.2 Survey. Grantor will furnish to Grantee at Grantor’s cost an “as-built” survey of the Real Property made by a registered land surveyor and certified to Grantee, the Title Company and the title insurer, showing the location of all easements, buildings, improvements, and encroachments and conforming to the current standard detail requirements established by the American Land Title Association and the American Congress on Surveying and Mapping (the “Survey”).
- 3.3 Examination of Title. Grantee will be allowed thirty (30) days after receipt of the Commitment and Survey or until Closing, whichever is earlier, for examination of title to the Real Property and making of objections. Objections will be made in writing or be deemed waived.
- 3.4 Corrections to Title. If any objections to title to the Real Property are made as provided in Section 3.3, Grantor will be allowed sixty (60) days or until Closing, whichever is earlier, in which to make title marketable. Pending correction of title, Closing will be postponed; but upon correction of title or waiver of the specified defects by Grantee, Closing will be held on

the date scheduled for Closing under Section 1.2 or, if later, ten (10) days after the objections are cured or waived. If title is not made marketable or the objections are not waived by Grantee within sixty (60) days after the date Grantee gives written objection to title to the Real Property under Section 3.3, Grantee may terminate this Agreement and neither party will have any further obligations under this Agreement.

IV. REVIEW OF THE PROPERTY

- 4.1 Documents. Within five (5) days after the date of this Agreement, Grantor will make available at its offices for review and copy by Grantee all Leases, Contracts, Records, environmental and engineering studies, reports and tests, and other documents and surveys relating to the condition, suitability and desirability of the Property that are in the possession of Grantor or otherwise reasonably available to Grantor (collectively, the “Documents”).
- 4.2 Due Diligence. Grantee will be allowed thirty (30) days after the date of this Agreement or until Closing, whichever is earlier (the “Due Diligence Period”), to review the Documents, inspect the Property, perform such inventories, observations, tests and investigations as Grantee may reasonably deem appropriate, and otherwise satisfy itself regarding the condition, suitability and desirability of the Property. If Grantee in its sole discretion is not satisfied with the Property, Grantee may on or before the expiration of the Due Diligence Period terminate this Agreement by giving written notice to Grantor. Upon such termination, neither party will have any further obligations under this Agreement.
- 4.3 Environmental Inspection. Grantee may provide its environmental consultant with a copy of any environmental report included in the Documents made available by Grantor and, pursuant to Section 10.3, may at its cost conduct additional investigations of the environmental condition of the Property. If Grantee conducts a Phase I environmental investigation and such report contains a recommendation for a Phase II investigation, Grantee will have the option of terminating this Agreement or ordering at Grantee’s cost a Phase II investigation. If a Phase II investigation is ordered, the Due Diligence Period will be extended by an additional sixty (60) days for investigation and submittal of such report.
- 4.4 Disclosure. Grantee may disclose information in the Documents or otherwise obtained by Grantee in the course of its review and inspections to its attorneys, consultants, investors, lenders and tenants.

V. HUD PROVISIONS

- 5.1 HUD’s Interest. Grantor and Grantee acknowledge that HUD has an interest in the ownership and operation of the Public Housing Projects as stated in the Annual Contributions Contract and the Declarations of Trust.
- 5.2 Consent. Grantor and Grantee acknowledge that this Agreement is subject to HUD’s consent as to the Public Housing Projects.
- 5.3 Amendments. This Agreement may not be amended as to the Public Housing Projects without prior written consent of HUD.

- 5.4 Annual Contributions Contract. Grantor will assign all the rights, title, interest and obligations under the Annual Contributions Contract to Grantee, as follows:
- (a) Grantor and Grantee will execute a Novation Agreement assigning the Annual Contributions Contract obligations for the Public Housing Projects; and
 - (b) Grantee will execute a new Annual Contributions Contract for the Public Housing Projects.
- 5.5 Declarations of Trust. Grantor agrees to release the Declarations of Trust and Grantee agrees to assume the Declarations of Trust, as follows:
- (a) Grantor and HUD will execute a release of the Declarations of Trust; and
 - (b) Grantee will file a new Declaration(s) of Trust securing HUD's interest in the Property related to the Public Housing Projects with the Kandiyohi County Recorder's Office [ADD REGISTRAR'S OFFICE IF NEC. UPON RECEIPT OF COMMITMENT(S) FOR LAKEVIEW APARTMENTS].
- 5.6 Cooperation Agreement. Grantor and Grantee will execute a Novation Agreement transferring the Cooperation Agreement from Grantor to Grantee.

VI. CONDITIONS TO CLOSING

- 6.1 Grantor Conditions. The obligation of Grantor to transfer the Property under this Agreement is subject to the reasonable satisfaction of Grantor that:
- (a) the representations and warranties of Grantee contained in Section 9.2 are true and correct in all material respects as of Closing;
 - (b) Grantee has in all material respects performed and observed all covenants, agreements and conditions of this Agreement to be performed or observed by it prior to or on Closing;
 - (c) Grantor has received a certificate or certificates dated the day of Closing and signed by a responsible officer of Grantee certifying as to the matters set forth in items (a) and (b) of this Section;
 - (d) no action or proceeding has been instituted or threatened by any third party unaffiliated with Grantor to enjoin or delay transfer or obtain material damages from Grantor with respect to the transfer which Grantor in good faith believes presents a significant risk of succeeding; and
 - (e) Grantee has delivered to Grantor all of the items required to be delivered to Grantor pursuant to Section 7.1.

6.2 Grantee Conditions. The obligation of Grantee to transfer the Property under this Agreement is subject to the reasonable satisfaction of Grantee that:

- (a) the representations and warranties of Grantor contained in Section 9.1 are true and correct in all material respects as of Closing;
- (b) Grantor has in all material respects performed and observed all covenants, agreements and conditions of this Agreement to be performed or observed by it prior to or at Closing;
- (c) Grantee has received a certificate or certificates dated the day of Closing and signed by a responsible officer of Grantor certifying as to the matters set forth in items (a) and (b) of this Section;
- (d) no action or proceeding has been instituted or threatened by any third party unaffiliated with Grantee to enjoin or delay transfer or obtain material damages from Grantee with respect to the transfer which Grantee in good faith believes presents a significant risk of succeeding;
- (e) as of two (2) days before and as of Closing, Grantor has removed from the Real Property any and all containers of motor oil, paint, solvents, petroleum products, all motor vehicle tires and batteries, except to the extent used in the ordinary operation of the Property, and all hazardous substances, pollutants, and environmental contaminants from the Property; and
- (f) Grantor has delivered to Grantee all of the items required to be delivered to Grantee pursuant to Section 7.2.

6.3 Unsatisfied Conditions. If any condition set out in Section 6.1 or 6.2 is unsatisfied on the date scheduled for Closing, the party for whose benefit the condition is may at its option:

- (a) waive the condition and proceed with Closing;
- (b) delay Closing for up to sixty (60) days to allow the condition to be satisfied; or
- (c) terminate this Agreement.

If this Agreement is so terminated, neither Grantor nor Grantee will have the right to specific performance or damages for default of this Agreement.

VII. CLOSING

7.1 Grantee Closing Documents. Grantee will deliver to Grantor at Closing:

- (a) an assumption of Grantor's obligations under the Leases and accepted Contracts, duly executed by Grantee;

- (b) a resolution of the board of commissioners of Grantee authorizing and approving the transaction contemplated by this Agreement, certified as true and correct by the secretary of Grantee; and
- (c) any other items required by this Agreement.

7.2 Grantor Closing Documents. Grantor will deliver to Grantee at Closing:

- (a) a warranty deed duly executed by Grantor conveying the Real Property to Grantee;
- (b) a bill of sale duly executed by Grantor conveying the Personal Property to Grantee;
- (c) an assignment of Grantor's interest in the Leases, Deposits, accepted Contracts, Records and Marks duly executed by Grantor;
- (d) original copies of all Leases, accepted Contracts and Records in Grantor's possession;
- (e) each of the Deposits held by Grantor pursuant to the Leases, including any interest accrued thereon to the extent such interest is subject to reimbursement upon expiration or termination of such Leases;
- (f) duly executed tenant estoppel certificates satisfactory to Grantee from all tenants under the Leases;
- (g) a signed original form of notice to tenants under Leases informing them of the change of ownership of the Property and the manner in which rent should thereafter be paid;
- (h) an affidavit satisfactory to Grantee that Grantor is not a foreign person under Section 1445 of the United States Internal Revenue Code;
- (i) a well disclosure statement as required under Minnesota Statutes section 103I.235, if appropriate disclaimer language is not contained in the deed delivered at Closing;
- (j) an affidavit satisfactory to Grantee that at Closing there are no outstanding, unsatisfied judgments, tax liens, or bankruptcies against Grantor, no labor, services, materials, or machinery furnished to the Property for which mechanics' liens could be filed, and no unrecorded interests in the Property which have not been fully disclosed to Grantee;
- (k) a current Uniform Commercial Code search against Grantor in the records of the Minnesota Secretary of State disclosing no valid security interests against the Personal Property;
- (l) a resolution of the board of commissioners of Grantor authorizing and approving the transaction contemplated by this Agreement, certified as true and correct by the secretary of Grantor; and

(m) any other items required by this Agreement.

7.3 HUD Closing Documents. Grantor and Grantee will deliver to HUD at the Closing related to the Public Housing Projects:

- (a) Novation Agreement assigning the Annual Contributions Contract obligations for the Public Housing Projects to Grantee from Grantor;
- (b) Annual Contributions Contract for the Public Housing Projects, executed by Grantee;
- (c) Release of the Declarations of Trust, executed by HUD;
- (d) Declaration(s) of Trust securing HUD's interest in the Property relating to the Public Housing Projects, executed by Grantee;
- (e) Novation Agreement transferring the Cooperation Agreement from Grantor to Grantee;
- (f) General Depository Agreement;
- (g) Assignment and Assumption of Leases, Deposits, Contracts, Records and Marks;
- (h) Resolutions of the Boards of Grantor and Grantee approving the above named actions; and
- (i) any further documentation HUD should reasonably require.

7.4 Delivery of Possession. Grantor will deliver possession of the Property to Grantee at Closing.

7.5 Further Actions. At Grantee's request from time to time after Closing, Grantor will at no cost to Grantor execute and deliver such further documents of conveyance and take such other action as Grantee or HUD may reasonably require to transfer and convey the Property to Grantee.

VIII. CLOSING COSTS AND PRORATIONS

8.1 Closing Costs. Grantee and Grantor will each be responsible for its legal, accounting and other expenses associated with the transaction contemplated by this Agreement up to and including the date final adjustments are made pursuant to this Agreement. However, if Grantee or Grantor defaults under this Agreement, it will be responsible for all reasonable expenses (including attorneys' fees) incurred by the other in enforcing any rights and remedies under this Agreement. Grantor will be responsible for any document recording fees required for correction of title and any state deed tax required in connection with the transaction. Grantee will pay all other document recording fees, fees associated with the transfer or obtaining of licenses and permits required to operate the Property, and any sales or use taxes required in connection with the transaction. Grantor and Grantee will each pay half

of the closing fee and any escrow fees imposed by the Title Company, title insurer or its closing agent in connection with this transaction.

- 8.2 Taxes and Assessments. Grantor represents and warrants that the Property is exempt from real estate taxes. Installments of special assessments with respect to the Property due and payable in the year in which Closing occurs will be prorated as of Closing. Grantor will pay all such assessments due and payable in years prior to the year in which Closing occurs. Grantee will pay all such assessments due and payable in years following the year in which Closing occurs.
- 8.3 Income and Expenses. Subject to Section 1.1(f) and except as set out in Section 8.2, rents (including without limitation payments for operating costs) and all other income and operating expenses relating to the Property will be prorated as of the close of business of the day before Closing. Subject to Section 1.1(f), Grantor will be responsible for the expenses and entitled to the revenues accrued or applicable to the period prior to Closing. Grantee will be responsible for the expenses and entitled to the revenues accrued or applicable to the day of Closing and thereafter.
- 8.4 Estimates. Subject to Section 1.1(f), if any amount to be apportioned under Section 8.3 cannot be calculated with precision because any item included in such calculation is not then known, such calculation will be made on the basis of reasonable estimates of Grantor of the items in question. Promptly after any such item becomes known to either party, such party will so notify the other and will include in such notice the amount of any required adjustment. If such adjustment requires an additional payment by Grantee to Grantor, Grantee will make such payment to Grantor simultaneously with its giving or within twenty (20) days of its receipt of such notice, as the case may be. If such adjustment requires a refund by Grantor to Grantee, Grantor will make such refund simultaneously with its giving or within twenty (20) days after its receipt of such notice, as the case may be.

IX. WARRANTIES AND REPRESENTATIONS

- 9.1 Grantor Warranties. Grantor warrants and represents to Grantee that:
- (a) the Leases and Contracts delivered to Grantee are true and correct copies, have not been amended or modified, and are in full force and effect and free from default or notice of default;
 - (b) no brokerage commission or other compensation is due and unpaid in connection with any of the Leases or any other lease, tenancy or occupancy of the Real Property or any renewal thereof;
 - (c) Grantor has not received any notice of a violation of any building codes, fire codes, health codes, zoning codes, environmental laws, or other laws and regulations affecting the Property or the use thereof;

- (d) Grantor has not received any notice of a condemnation, environmental, zoning or other regulation or proceeding being instituted or planned which would detrimentally affect the use and operation of the Property for its intended purpose;
- (e) Grantor has not received any notice of hearing of a public improvement project from any governmental assessing authority, the costs of which may be assessed against the Property;
- (f) Grantor does not know of any wells on the Property, except as may otherwise be disclosed in the Documents (this statement being made pursuant to the disclosure requirements of Minnesota Statutes section 103I.235);
- (g) Grantor does not know of any individual sewage treatment systems on the Property or serving the Property, except as may otherwise be disclosed in the Documents (this statement being made pursuant to the disclosure requirements of Minnesota Statutes section 115.55);
- (h) Grantor does not know of any underground or aboveground storage tanks currently on the Property, or any underground or aboveground storage tanks formerly on the Property that had a release for which no corrective action was taken, except as may otherwise be disclosed in the Documents or affidavit filed of record (this statement being made pursuant to the disclosure requirements of Minnesota Statutes section 116.48);
- (i) Grantor has removed, or will remove prior to Closing, all personal property (except for the Personal Property), any and all containers of motor oil, paint, solvents, petroleum products, all motor vehicle tires and batteries, except to the extent used in the ordinary operation of the Property, and all hazardous substances, pollutants, and environmental contaminants from the Real Property, including but not limited to any such hazardous substances, pollutants, and environmental contaminants identified in any environmental assessment of the Real Property;
- (j) to the best of Grantor's knowledge, no methamphetamine production has occurred on the Real Property;
- (k) Grantor is a public body corporate and politic duly organized, validly existing and in good standing under the laws of the State of Minnesota and has all requisite power and authority to carry out its business as conducted, to execute and deliver this Agreement and the documents entered into pursuant hereto, and to carry out its obligations under this Agreement and such documents;
- (l) this Agreement has been duly authorized, executed and delivered on behalf of Grantor and constitutes the valid and binding agreement of Grantor, enforceable in accordance with its terms;
- (m) the execution, delivery and performance of this Agreement by Grantor will not result in a breach or violation of Grantor or constitute a default by Grantor under any

agreement, instrument or order to which Grantor is a party or by which Grantor is bound; and

- (n) Grantor is not aware of any action, proceeding or investigation pending or threatened which might materially adversely affect the Property or the ability of Grantor to perform its obligations under this Agreement.

9.2 Grantee Warranties. Grantee warrants and represents to Grantor that:

- (a) Grantee is a public body corporate and politic duly organized, validly existing and in good standing under the laws of the State of Minnesota and has all requisite power and authority to carry on its business as conducted, to execute and deliver this Agreement and the documents entered into pursuant hereto, and to carry out its obligations under this Agreement and such documents;
- (b) this Agreement has been duly authorized, executed and delivered on behalf of Grantee and constitutes the valid and binding agreement of Grantee, enforceable in accordance with its terms;
- (c) the execution, delivery and performance of this Agreement by Grantee will not result in a breach or violation by Grantee or constitute a default by Grantee under any agreement, instrument or order to which Grantee is a party or by which Grantee is bound; and
- (d) Grantee is not aware of any action, proceeding or investigation pending or threatened which might materially adversely affect the ability of Grantee to perform its obligations under this Agreement.

X. OPERATIONS PRIOR TO CLOSING

10.1 Operation. During the period from the execution of this Agreement to Closing, Grantor will cause the Property to be operated in the manner in which it has been operated prior to the execution of this Agreement. Grantor will not without Grantee's written consent permit any new Leases or Contracts or any amendment, modification, termination, surrender, extension or assignment of any of the Leases or Contracts or any sublease of the Property or any waiver of Grantor's rights under any of the Leases or Contracts. Grantor will keep and comply with all requirements of encumbrances and will not without Grantee's written consent permit any new encumbrance or any amendment, modification or termination of any encumbrance or any waiver of Grantor's rights under any encumbrance on the Property.

10.2 Indemnification. Grantor agrees to defend, hold harmless and indemnify Grantee, its commissioners, officers, employees and agents (the "Grantee Indemnified Persons") from and against all lawsuits, claims, demands, judgments, liabilities, losses, damages, costs and expenses, including costs of investigation and defense and reasonable attorneys' fees, whether the action is for money damages, or for equitable or declaratory relief, arising from or out of any of the following on or prior to Closing: (i) the Property; (ii) the conduct of Grantor's business, or any activity, work, or thing done, permitted or suffered by Grantor, its

employees, agents, or contractors related to the Property or this Agreement; (iii) any breach or default on the part of Grantor in the performance of any covenant or agreement on the part of Grantor to be performed related to the Property or pursuant to the terms of this Agreement; or (iv) due to any other act or omission of Grantor, its employees, agents, or contractors related to the Property or this Agreement (all of the foregoing being referred to collectively and individually as a "Claim"). In the event any action or proceeding is brought against Grantee or any Grantee Indemnified Persons by reason of any such Claims, then, upon notice from Grantee or the Grantee Indemnified Persons, Grantor covenants to defend such action or proceeding by counsel reasonably satisfactory to Grantee or the Grantee Indemnified Person. Grantee or a Grantee Indemnified Person may, at Grantee or such Grantee Indemnified Person's own expense, participate in the defense of any action or proceeding defended by Grantor pursuant to this provision. In the event that Grantee or a Grantee Indemnified Person is not reasonably satisfied with the defense being provided by Grantor, Grantee or such Grantee Indemnified Person shall have the right to undertake its own defense with its own counsel, at Grantee or such Indemnified Person's own expense. All indemnification, hold harmless and defense covenants and responsibilities made and undertaken by Grantor under this Agreement shall survive the termination of this Agreement and the Closing hereunder.

- 10.3 Inspection. During the period from execution of this Agreement to Closing, Grantee and its representatives may enter the Real Property to inspect the Property and perform such inventories, observations, tests and investigations as Grantee may reasonably deem appropriate. Grantee will at Grantee's cost repair any resulting damage to the Property and will indemnify and hold harmless Grantor from any injury or damage to persons or property. Notwithstanding anything in this Agreement to the contrary, this obligation and indemnity survive termination of this Agreement.

XI. CASUALTY AND CONDEMNATION

- 11.1 Notice of Damage or Taking. Grantor will give Grantee prompt notice of any fire or other casualty occurring between the date of this Agreement and Closing which involves damage to the Property and of any actual or threatened taking in condemnation affecting the Property of which Grantor has knowledge.
- 11.2 Option to Terminate. If prior to Closing:
- (a) the Property sustains damage by fire or other casualty;
 - (b) the Property is taken in condemnation or by transfer in lieu of condemnation; or
 - (c) condemnation proceedings are commenced against the Property,

Grantee may terminate its obligations under this Agreement by written notice given to Grantor within fifteen (15) days after receipt of the notice referred to in Section 11.1. If so terminated, this Agreement will be void and of no effect and neither party will have any further rights or obligations under this Agreement.

11.3 Affect on Closing. If Grantee does not timely make the election provided for in Section 11.2, this Agreement and the obligations of Grantor and Grantee under this Agreement will remain in full force and effect except that:

- (a) Grantee will accept the Property with such damage or condemnation; and
- (b) Grantor will, at Closing, pay over to Grantee any insurance proceeds and condemnation awards received prior to Closing which have not been applied to repairs and restoration, and assign to Grantee Grantor's interest in all unpaid insurance proceeds and condemnation awards.

XII. XII. GENERAL

12.1 Notices. Any notice or other communication under this Agreement will be in writing and will be deemed given when deposited in the United States mail, registered or certified, postage prepaid, return receipt requested, addressed:

- (a) if to Grantor: Housing and Redevelopment Authority in and for the City of
 Willmar, Minnesota
 2200 23rd St. NE, Suite 2090
 Willmar, MN 56201
 Attn.: Executive Director
- (b) if to Grantee: Kandiyohi County Housing and Redevelopment Authority
 2200 23rd St. NE, Suite 2090
 Willmar, MN 56201
 Attn.: Executive Director
- (c) if to HUD: U.S. Department of Housing and Urban Development
 920 Second Avenue South, Suite 1300
 Minneapolis, MN 55402
 Attn.: Director, Public Housing

or to such other address as the party to be addressed shall specify by notice so given.

12.2 Broker Commissions. Grantee and Grantor each represents that no salesperson, broker, or agent has been retained by it in connection with this transaction. Grantee and Grantor each indemnifies the other from any real estate or other sales commissions arising out of any claim of any salesperson, broker or agent acting or claiming to have acted on behalf of the indemnifying party in connection with this transaction.

12.3 Entire Agreement. This Agreement embodies the entire agreement and understanding between Grantee and Grantor relating to the transactions contemplated by this Agreement and may not be amended, waived or discharged except by an instrument in writing executed by the party against whom enforcement of such amendment, waiver or discharge is sought. No warranties or representations have been given by either party to the other which are not

fully embodied in this Agreement. If any term or provision of this Agreement is invalid or unenforceable, the remainder of this Agreement will not be affected and will remain in full force and effect.

- 12.4 Survival. Except as may otherwise be expressly provided in this Agreement, all covenants, agreements, obligations and undertakings made by Grantor and Grantee in or pursuant to this Agreement will survive Closing for a period of six (6) years after Closing, whether or not so expressed in the immediate context of any such covenant, agreement, obligation or undertaking.
- 12.5 Construction. This Agreement will be construed and enforced in accordance with the laws of the State of Minnesota. Time is of the essence of this Agreement.
- 12.6 Binding Agreement. This Agreement will be binding upon and inure to the benefit of Grantee and Grantor and their respective representatives, successors and assigns.
- 12.7 Announcements. Prior to and at Closing, Grantee and Grantor will coordinate press releases and other public disclosures concerning the transactions contemplated by this Agreement.
- 12.8 Memorandum of Agreement. Grantee has the right to record a memorandum of this Agreement with the County Recorder, Registrar of Titles or other recording office of the County in which the Property is located and Grantor consents to and agrees to join in and sign any such memorandum.
- 12.9 Execution and Delivery. Grantor and Grantee acknowledge that each of them and their counsel has had the opportunity to review this Agreement, and that this Agreement will not be construed against Grantee merely because Grantee's counsel has prepared it. This Agreement will be effective only upon execution and delivery by both parties.
- 12.10 Counterparts. For convenience of the parties, any number of counterparts hereof may be executed and each such executed counterpart shall be deemed an original, but all such counterparts together shall constitute one and the same Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS OF this Agreement, Grantor and Grantee have duly executed it as of the date set out at its head.

GRANTOR: **HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF WILLMAR, MINNESOTA,**
a public body corporate and politic of the State of Minnesota

By: _____
Its: _____

GRANTEE: **KANDIYOHI COUNTY HOUSING AND REDEVELOPMENT AUTHORITY,**
a public body corporate and politic of the State of Minnesota

By: _____
Jill Bengtson, Executive Director

IN WITNESS OF this Agreement, the United States Department of Housing and Urban Development has duly consented to it as of the date set out at its head.

HUD:

**THE UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT,**

By: _____
Its: Director, Office of Public Housing
Minneapolis HUB/Field Office

EXHIBIT A

Description of Projects

PUBLIC HOUSING PROJECTS

Project Name	Project Number	Project Location
Lakeview Apartments		300 NW 7 th Street
Welshire Addition FPH		1708, 1710, 1800, 1802, 1804, 1806, 1808, 1810, 1812, 1814, 1816, 1818, 1820 SE 8 th Avenue 1709, 1711, 1801, 1803, 1805, 1807, 1811, 1813, 1815, 1821, 1823, 1825, 1827 SE 7 th Avenue 700, 702, 704 SE 19 th Street
Scattered Site Properties		
		505 SW 26 th Avenue
		2412 SW 6 th Street
		2101 SW 21 st Avenue
		2112 SW 21 st Avenue
		2201 SW 21 st Avenue
		1208 SW 16 th Street
		350 SE Ferring Street
		1305 SE Dana Drive
		1309 SE Dana Drive
Northside Properties		1104 Campbell Avenue
		1120 Gorton Avenue
		311 NW 8th Street
		417 NW 13th Street
		620 Russell Street
		720 NW Park
		920 Lake Avenue NW
		923 Olaf Avenue NW
		708 NW 7th Street

OTHER PROJECTS

Project Name	Project Location
Country View Place	910, 912, 914, 916, 918, 920 SE 20 th Avenue
Highland Apartments	115 E. Becker Avenue

EXHIBIT B

Legal Description

PUBLIC HOUSING PROJECTS

Lakeview Apartments

TBD

Welshire Addition

Parcel 1:

Lot 14 and the West Half of Lot 13, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 2:

Lot 3 and the West Half of Lot 4, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 3:

The West 66 feet of Lot 12 and the East Half of Lot 13, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 4:

Lot 5 and the East Half of Lot 4, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 5:

Lots 11 and 12, except the West 66 feet of said Lot 12, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 6:

Lot 6, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 7:

Lots 9 and 10, except the North 40 feet of said Lots 9 and 10, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 8:

Lots 7 and 8, except the South 40 feet of said Lots 7 and 8, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 9:

The South 40 feet of Lots 7 and 8 and the North 40 feet of Lots 9 and 10, Block 6, Welshire Addition, Kandiyohi County, Minnesota.

Abstract Property

Scattered Sites

Parcel 1:

Lot 30, Block 5, Portland Acres Third Addition to the City of Willmar, Kandiyohi County, Minnesota.

Abstract Property

Parcel 2:

Lot 16, except the North 10 feet, and the North 10 feet of Lot 17, Block 3, Portland Acres, Kandiyohi County, Minnesota.

Abstract Property

Parcel 3:

Lot 10, Block 2, Southgate, Kandiyohi County, Minnesota.

Abstract Property

Parcel 4:

Lot 7, Block 1, Ortenblad's Homesites, Kandiyohi County, Minnesota.

Abstract Property

Parcel 5:

Lot 5, Block 2, Southgate, Kandiyohi County, Minnesota.

Abstract Property

Parcel 6:

Lot 3, Block 2, West Park 1st Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 7:

Lot 7 and the North 20 feet of Lot 8, Block 8, Ferring's Addition to the City of Willmar, Kandiyohi County, Minnesota.

Abstract Property

Parcel 8:

The Southwesterly 85 feet of Lot 15, Block 1, and the Southwesterly 85 feet of Outlot Q, Dana Heights, Kandiyohi County, Minnesota.

Abstract Property

Parcel 9:

Lot 15 of Block 1, except the Southwesterly 85 feet;
Outlot Q, except the South 85 feet;
Lot 16 of Block 1, except the Northeasterly 41 feet;
and Outlot R, except the Northwesterly 41 feet;

all in Dana Heights, Kandiyohi County, Minnesota.

Abstract Property

Northside Properties

Parcel 1:

Lot 2 and the Easterly 10 feet of Lot 3, Block 133, Second Addition to the Town (now City) of Willmar, Kandiyohi County, Minnesota.

Abstract Property

Parcel 2:

The Westerly 75 feet of Lot 7 and 8 of Block 134, Second Addition to the Town (now City) of Willmar, Kandiyohi County, Minnesota.

Abstract Property

Parcel 3:

Lot 4, Block 2, Town (now City) of Willmar, Kandiyohi County, Minnesota.

Abstract Property

Parcel 4:

The North 60 feet of Lots 9 and 10, and the North 60 feet of the East half of Lot 8, all in Block 127, Second Addition to the Town (now City) of Willmar, Kandiyohi County, Minnesota.

Abstract Property

Parcel 5:

The North Half of Lots 8 and 9, Estrem's Subdivision of Lots 1 and 2, Block 5 in Thorpe and Lien's Addition to Willmar.

Abstract Property

Parcel 6:

Lot 5, Block 1, Seminary Addition, Kandiyohi County, Minnesota.

Abstract Property

Parcel 7:

The West half of Lots 4 and 5, Block 137, Second Addition to the Town (now City) of Willmar, Kandiyohi County, Minnesota.

Abstract Property

Parcel 8:

Lots 6 and 7, except the Westerly 48 feet of said Lot 7, Estrem's Subdivision of Lots 1 and 2, Block 5 in Thorpe and Lien's Addition to Willmar.

Abstract Property

Parcel 9:

The North 50 feet of Lots 1, 2 and 3, Block 2, Seminary Addition, Kandiyohi County, Minnesota.

Abstract Property

OTHER PROJECTS

Country View Place

Lots 3, 4, 5 and 6, Block 2, Countryside Addition, Kandiyohi County, Minnesota.

Abstract Property

Highland Apartments

Lots 1, 2 and 10, Block C, Third Addition to Willmar, according to the plat on file and of record in the office of the County Recorder in and for Kandiyohi County, Minnesota.

AND

That part of Lot 7, Highland Addition, described as follows: Beginning at the Southwest corner of said Lot 7; thence on an assumed bearing of N 79°08'50" E, along the South line of said Lot 7, a distance of 90.00 feet; thence on a bearing of N 10°51'10" W, to last said line, 150.69 feet to a line 200.00 South of and parallel with the North line of said Lot 7; thence on a bearing of N 79°12' E, along last said line, 167.37 feet; thence on a bearing of N 10°53'30" W, 200.00 feet to the North line of said Lot 7; thence on a bearing of S 79°12' W, along last said line, 190.00 feet to the West line of said Highland Addition, thence Southerly and parallel with First Street in said Village 165 feet, thence Westerly and parallel with Litchfield Avenue 30 feet to the Section line between Sections 14 and 15, Township 119, Range 35; thence South along said Section line to the point of beginning, according to the plat on file and of record in the office of the County Recorder in and for Kandiyohi County, Minnesota.

AND

That part of the vacated alley designated on the official plat of Highland Addition more particularly described as follows: Beginning on the Section line between Sections 14 and 15, Township 119, Range 35 at the Northeast corner of Lot 1, Block "C", Village of Willmar, Minnesota according to the recorded plat thereof, thence Southerly and parallel with First Street in said Village 165 feet, thence Westerly and parallel with Litchfield Avenue 30 feet to said Section line; thence North on said Section line to the place of beginning.

**NOVATION AGREEMENT
TRANSFERRING
COOPERATION AGREEMENT**

THIS NOVATION AGREEMENT TRANSFERRING COOPERATION AGREEMENT (this "Agreement") is entered into this ____ day of _____, 2014, by and among the Housing and Redevelopment Authority in and for the City of Willmar, Minnesota, a public body corporate and politic of the State of Minnesota (the "Willmar HRA"), the Kandiyohi County Housing and Redevelopment Authority, a public body corporate and politic of the State of Minnesota (the "Authority"), and the City of Willmar, a Minnesota municipal corporation (the "City").

WITNESSETH:

WHEREAS, the Willmar HRA and the City entered into that certain Cooperation Agreement dated October 17, 1979 (the "Cooperation Agreement"), for Public Housing Project No(s). _____ (the "Project"); and

WHEREAS, the Cooperation Agreement provides for annual Payments in Lieu of Taxes ("PILOTS") to Taxing Bodies, as that term is defined in the Cooperation Agreement; and

WHEREAS, the Willmar HRA has transferred the Project to the Authority; and

WHEREAS, the parties desire that the Cooperation Agreement be transferred from the Willmar HRA to the Authority.

NOW, THEREFORE, the parties hereby agree as follows:

1. Recitals. The foregoing recitals are hereby incorporated into this Agreement as if fully set forth herein.
2. Assignment by Willmar HRA. The Willmar HRA hereby assigns to the Authority all of the rights, interest and obligations of the Willmar HRA under the Cooperation Agreement.
3. Acceptance by Authority. The Authority hereby accepts the assignment of the rights, interest and obligations of the Willmar HRA under the Cooperation Agreement.
4. Consent of City. The City hereby consents to said transfer and agrees that hereafter the Authority shall be substituted for the Willmar HRA under the Cooperation Agreement.
5. Indemnification of the Authority.
 - a. The Willmar HRA hereby agrees to defend, hold harmless and indemnify the Authority, its commissioners, officers, employees and agents (the "Authority Indemnified Persons") from and against all lawsuits, claims, demands, judgments, liabilities, losses, damages, costs and expenses, including costs of investigation and

defense and reasonable attorneys' fees, whether the action is for money damages, or for equitable or declaratory relief, incurred in connection with the Cooperation Agreement (all of the foregoing being referred to collectively and individually as a "Claim"), to the extent such Claim arises out of the failure of the Willmar HRA to comply with or perform any of the obligations required by the Cooperation Agreement accruing prior to the date of closing of the Authority's acquisition of the Project.

b. In the event any action or proceeding is brought against the Authority or any Authority Indemnified Persons by reason of any such Claim, then, upon notice from the Authority or the Authority Indemnified Persons, the Willmar HRA covenants to defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Authority Indemnified Person. The Authority or an Authority Indemnified Person may, at the Authority or such Authority Indemnified Person's own expense, participate in the defense of any action or proceeding defended by the Willmar HRA pursuant to this provision. In the event that the Authority or an Authority Indemnified Person is not reasonably satisfied with the defense being provided by the Willmar HRA, the Authority or such Authority Indemnified Person shall have the right to undertake its own defense with its own counsel, at the Authority or such Authority Indemnified Person's own expense. All indemnification, hold harmless and defense covenants and responsibilities made and undertaken by the Willmar HRA under this Agreement shall survive the closing of the Authority's acquisition of the Project.

6. Indemnification of HUD. Nothing in this Agreement shall be construed as creating any right of any third party to enforce any provision of this Agreement or to assert any Claim against HUD. The Willmar HRA and the Authority hereby acknowledge and agree that HUD is not providing any guaranties or indemnifications involving the assets of the Project or the assets of Willmar HRA and that public housing operating subsidies, or other receipts generated by the Project, may not be expended by the Willmar HRA, the Authority, or the Authority Indemnified Persons in any Claim without HUD's consent.

7. Binding Agreement. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the Willmar HRA and the Authority and their respective successors and assigns.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which is deemed an original and all of which together constitute one document.

The Agreement shall be effective from and after the _____ day of _____, 2014.

[Remainder of this page intentionally left blank]

CITY OF WILLMAR,
a Minnesota municipal corporation

By: _____
Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by _____, the _____ of the City of Willmar, a Minnesota municipal corporation, on behalf of the City.

Notary Public

FIRST AMENDMENT TO COOPERATION AGREEMENT

THIS FIRST AMENDMENT TO COOPERATION AGREEMENT (this “First Amendment”) is entered into this _____ day of _____, 2014, by and between the Kandiyohi County Housing and Redevelopment Authority, a public body corporate and politic of the State of Minnesota (the “Authority”), and the City of Willmar, a Minnesota municipal corporation (the “City”).

RECITALS:

WHEREAS, the Housing and Redevelopment Authority in and for the City of Willmar, Minnesota, a public body corporate and politic of the State of Minnesota (the “Willmar HRA”), and the City entered into that certain Cooperation Agreement dated October 17, 1979 (the “Cooperation Agreement”), for Public Housing Project No(s). _____ (the “Project”); and

WHEREAS, the Willmar HRA, the Authority, and the City entered into that certain Novation Agreement Transferring Cooperation Agreement dated _____, 2014, whereby the Willmar HRA assigned, with the City’s consent, the Cooperation Agreement to the Authority; and

WHEREAS, the Cooperation Agreement provides for annual Payments in Lieu of Taxes (“PILOTS”) to Taxing Bodies, as that term is defined in the Cooperation Agreement; and

WHEREAS, the Authority is statutorily obligated to pay PILOTS payable with respect to its projects to Kandiyohi County; and

WHEREAS, the Authority and the City desire to amend the Cooperation Agreement to reflect the foregoing.

NOW, THEREFORE, the parties hereby agree as follows:

1. **Recitals.** The foregoing recitals are hereby incorporated into this First Amendment as if fully set forth herein.
2. **PILOTS.** The Authority and the City hereby agree that the Authority is statutorily obligated to pay the PILOTS to Kandiyohi County and the Cooperation Agreement is hereby amended to permit the payment of PILOTS by the Authority to Kandiyohi County.
3. **Integration.** This First Amendment, together with the Cooperation Agreement, constitutes the entire agreement between the parties.
4. **Ratification.** Except as provided in this First Amendment, all of the provisions of the Cooperation Agreement are hereby ratified and confirmed, and continue in full force and effect without change.

5. Binding Effect. This First Amendment is binding on and inures to the benefit of the Authority and the City and their respective successors and assigns.

6. Governing Law. This First Amendment shall be governed by and construed in accordance with the laws of the State of Minnesota.

7. Counterparts. This First Amendment may be executed in any number of counterparts, each of which is an original and all of which together constitute one document.

This First Amendment shall be effective from and after the _____ day of _____, 2014.

[Remainder of this page is intentionally left blank]

CITY OF WILLMAR,
a Minnesota municipal corporation

By: _____
Its: _____

STATE OF MINNESOTA)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by _____, the _____ of the City of Willmar, a Minnesota municipal corporation, on behalf of the City.

Notary Public

Council Member _____ introduced the following resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

CITY OF WILLMAR
COUNTY OF KANDIYOHI
STATE OF MINNESOTA

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING EXECUTION OF NOVATION AGREEMENT TRANSFERRING COOPERATION AGREEMENT, FIRST AMENDMENT TO COOPERATION AGREEMENT, AND ALL DOCUMENTS NECESSARY FOR TRANSFER OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF WILLMAR PUBLIC HOUSING PROJECTS AND OTHER PROJECTS; APPROVING TRANSFER OF OWNERSHIP AND OPERATION OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF WILLMAR PUBLIC HOUSING PROJECTS AND OTHER PROJECTS; AND AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF WILLMAR TO PREPARE A PLAN OF DISSOLUTION

BE IT RESOLVED by the City Council (the "Council") of the City of Willmar, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. The Housing and Redevelopment Authority in and for the City of Willmar (the "Willmar HRA") has requested that the Kandiyohi County Housing and Redevelopment Authority (the "Authority") own and operate: (a) the Willmar HRA federally assisted public housing projects identified and known as the Project Numbers and located at addresses set forth in Exhibit A of the Transfer Agreement in the City of Willmar, Minnesota (collectively, the "Public Housing Projects"); and (b) all other Willmar HRA housing projects identified and located at the addresses set forth in Exhibit A of the Transfer Agreement in the City of Willmar, Minnesota (collectively, the "Other Projects" and collectively with the Public Housing Projects, the "Projects").

1.02. The Public Housing Projects are subject to a Cooperation Agreement between the Willmar HRA and the City (the "Cooperation Agreement") regarding, among other things, the payment of PILOTS to the City.

1.03. The Department of Housing and Urban Development ("HUD") is requiring that the Cooperation Agreement be transferred from the Willmar HRA to the Authority.

1.04. By statute, the Authority is required to pay PILOTS to Kandiyohi County, and the

City is willing to acknowledge such requirement in an amendment to the Cooperation Agreement.

1.05. The Public Housing Projects serve low income households.

1.06. The Authority owns and operates other income restricted housing developments aimed at providing affordable housing for low income households.

1.07. The Authority has drafted a Transfer Agreement outlining the transaction and the responsibilities of each party and has prepared and/or reviewed other documents necessary to transfer the Projects from the Willmar HRA to the Authority, and provisions requested by HUD have been included in the Transfer Agreement and other documents.

1.08. The Willmar HRA, at a meeting currently scheduled for June 26, 2014, plans to authorize execution of the Transfer Agreement, finalization and closing of the transaction contemplated by the Transfer Agreement, and execution, acceptance and/or delivery of such other documents as are necessary to transfer the Projects to the Authority and carry out the transaction.

1.09. The Willmar HRA and the Authority have recommended to the Council that the Council authorize the Willmar HRA to transfer the Projects to the Authority and authorize the Authority's ownership and operation of the Projects.

1.10. The Projects are the only properties and projects owned and operated by the Willmar HRA and, accordingly, upon transfer of the Projects to the Authority, the Willmar HRA desires to dissolve pursuant to an approved plan.

Section 2. Findings.

2.01. The Council hereby finds that the Cooperation Agreement should be transferred from the Willmar HRA to the Authority, and that the Cooperation Agreement should be amended to acknowledge the Authority's statutory obligation to pay PILOTS to Kandiyohi County.

2.02. The Council hereby finds that there is a need for the Willmar HRA to transfer the Projects to the Authority and that there is a need for the Authority to own and operate the Projects.

2.03. The Council hereby finds that the Projects are the only properties owned and operated by the Willmar HRA and, accordingly, upon transfer of the Projects to the Authority, the Willmar HRA desires to dissolve pursuant to an approved plan.

Section 3. Approval.

3.01. The Council hereby authorizes and approves the transfer of the Cooperation Agreement from the Willmar HRA to the Authority, and hereby authorizes and approves the

amendment of the Cooperation Agreement to acknowledge the Authority's statutory obligation to pay PILOTS to Kandiyohi County.

3.02 The Council hereby approves, ratifies, confirms and directs the Mayor and the City Clerk to finalize, execute, accept and/or deliver the following documents and all other documents as may be required by HUD:

- a. Novation Agreement Transferring Cooperation Agreement to be entered into among the Authority, the Willmar HRA and the City; and
- b. First Amendment to Cooperation Agreement to be entered into between the Authority and the City.

3.03 The Council hereby authorizes and approves the transfer of the Projects from the Willmar HRA to the Authority and the Authority's ownership and operation of the Projects.

3.03 The Council hereby authorizes and approves the Willmar HRA's preparation of a plan of dissolution.

Adopted by the Council of the City this _____ day of _____, 2014.

The motion for the adoption of the foregoing resolution was duly seconded by Council Member _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted, and was signed by the Mayor and attested to by the City Clerk.

MAYOR

ATTEST:

CITY CLERK

CERTIFICATION

I, _____, the duly qualified City Clerk of the City of Willmar, County of Kandiyohi, State of Minnesota, hereby certify that the foregoing is a true and correct copy of Resolution No. _____ passed by the City Council on the _____ day of _____, 2014.

City Clerk

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