

AGREEMENT BETWEEN THE CITY OF PIPESTONE AND THE
SOUTHWEST INITIATIVE FOUNDATION

THIS AGREEMENT is entered into this ____ of ____, 20__, by The City of Pipestone, herein referred to as the "City" and Southwest Initiative Foundation, a nonprofit development organization serving the economic development needs of the community, herein referred to as the "LDO."

BE IT RESOLVED that The City was the recipient of grant(s) funded by Community Development Block Grant - Economic Development Set Aside by the Minnesota Department of Employment and Economic Development, (hereafter, "DEED"), and has recouped payments of principal and interest to utilize as revolving loan funds (hereafter, "the account"); and

BE IT RESOLVED that the City desires to grant the funds in the account and any outstanding payments of principal and interest to the LDO and engage the LDO to administer the account, and

BE IT RESOLVED that Southwest Initiative Foundation is qualified as a public or private nonprofit organization serving the development needs of the communities of non-entitlement areas as defined by §105 (a) (15) of Title I of the Housing and Community Development Act (the "Act"), and

BE IT RESOLVED that the LDO's initial use of the funds from the account must adhere to all federal and state program and reporting requirements. After the initial use, loan repayments paid back to a LDO are considered miscellaneous revenue and are, therefore, not subject to federal program income or reporting requirements, and

BE IT RESOLVED that the LDO is subject to audit by the local unit of government until all funds in the account are considered miscellaneous revenue and must provide access to all account and loan records to the City upon request.

NOW, THEREFORE, BE IT RESOLVED the parties agree as follows:

The City of Pipestone designates the Southwest Initiative Foundation as the Local Development Organization (hereafter "LDO");

The LDO will administer the full \$19,268.16 account and all outstanding loan repayments of \$0

THE LDO will provide all staff needed to perform services under this Agreement. The LDO will appoint a liaison person who will be responsible for communication with the City;

The LDO will retain in its possession the principal and interest from the repayment of the federal portion of all loans made from the account;

With the funds transferred and all outstanding repayments from the account, the LDO will establish and retain a revolving loan fund for the benefit of all eligible businesses located within the City of Pipestone territory;

The City may not recall the funds from the LDO unless:

1. The LDO fails to carry out its obligations to administer the account, and or
2. The LDO ceases to exist;

The City will remain responsible for compliance reporting for the account until the funds are considered miscellaneous revenue.

The City of Pipestone and Southwest Initiative Foundation Board of Directors have approved this Agreement.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed.

City of Pipestone

Southwest Initiative Foundation

Mayor

Executive Director

Date

Date