AGENDA

Mankato City Council
Regular Meeting
September 11, 2023 - 6 p.m.
IGC - Mankato Room

1. **Call Meeting to Order**

   Roll Call

   Pledge of Allegiance to our Flag

2. **Approval of Agenda**

3. **Approval of Minutes**

   Regular Meeting of August 28, 2023

4. **Public Open Forum (15 Minutes)**

   Citizens may address the Council on matters not on the agenda, and are encouraged to register with the City Clerk prior to the start of the meeting. Those wishing to speak are limited to three minutes and must state their name and address for the record.

5. **Consent Calendar**

   NOTE: All items listed under the Consent Calendar will be enacted by one motion. There will be no separate discussion of these items. If a Council Member wishes to discuss any of these items, they may ask that the item be removed from the Consent Calendar. Removed item(s) will be discussed and acted upon by separate motion.

   A. Motion approving Proclamation designating the week of September 17 through 23, 2023 as Constitution Week in the City of Mankato.

   B. Motion referring a request for Land Use Plan amendment to the Planning Commission per Section 9.02 of the Mankato City Charter; by request of Drummer Growth, LLC.

   C. Resolution approving a Joint Powers Agreement with the Minnesota River Valley Drug Task Force (MRVDTF).

D. Resolution authorizing City Manager to execute amendment to development agreement (Silos).

E. Resolution authorizing the City Manager to apply for Minnesota Highway Freight Program at Veteran's Bridge.

F. Resolution authorizing the City Manager to apply to the Minnesota Department of Natural Resources for the ReLeaf Community Forest and the Shade Tree Program Grants to provide assistance towards the Emerald Ash Borer Management Plan.

G. Resolution authorizing the City Manager to apply for Sewer Overflow and Stormwater Reuse Municipal Grant for inflow management planning at the Water Resource Recovery Facility (WRRF).

H. Resolution authorizing the City Manager to apply for a Source Water Protection Grant for water quality testing

I. Resolution authorizing the City Manager to enter into Grant Agreement Number 3-27-0055-034-2023 with the Federal Aviation Administration (FAA) for Capital Improvement Project 10905; Air Traffic Control Tower Siting Study (SP A0701-122) at the Mankato Regional Airport.

6. **Public Hearings**

A. Motion authorizing submittal of the Consolidated Annual Performance Evaluation Report (CAPER) for the Community Development Block Grant (CDBG) Program.

B. Resolution approving a Land Use Plan amendment for property described as Lots 6 & 7, Hilltop Addition (112 and 116 Dane Street); by request of Van Tol Properties.

C. Resolution amending the Land Use Plan by adopting the Jefferson Quarry Redevelopment Plan (900 Cleveland Street); by request of Pentagon Materials.

D. Resolution approving the sale of the General Obligation Improvement and Utility Bonds, Series 2023A, in the approximate amount of $4,610,000.

7. **City Manager’s Report**

8. **Reports of City Council Members**

9. **Miscellaneous Business**

View all city committee meetings by clicking on our City Calendar

Council Community Investment Plan Bus Tour, September 14, 2023, 5 p.m., departs from Intergovernmental Center

Community Investment Plan Open House, September 21, 2023, 6 p.m., Mankato Room

Regular Council Meeting, September 25, 2023, 6 p.m., Mankato Room (with Work Session to follow)

10. **Adjournment**

MINUTES

Mankato City Council
Regular Meeting
August 28, 2023 - 6 p.m.
IGC - Mankato Room

1. **Call Meeting to Order**

Roll Call

Members Present: Jessica Hatanpa, Kevin Mettler, Dennis Dieken, Michael McLaughlin, Jenn Melby-Kelley, and Mayor Pro Tem Mike Laven.

Members Excused: Mayor Najwa Massad.

Staff Present: City Manager Susan Arntz, Administrative Services Director Parker Skophammer, Community Development Director Paul Vogel, Associate Director of Planning and Development Services, Public Works Director Jeff Johnson, Assistant City Engineer Michael McCarty, and City Clerk Renae Kopischke.

Pledge of Allegiance to our Flag

2. **Approval of Agenda**

Mr. Dieken and Ms. Hatanpa seconded a motion to approve the agenda as written. The motion carried unanimously.

3. **Approval of Minutes**

Ms. Hatanpa moved and Mr. Mettler seconded a motion to approve the minutes of the Regular Meeting of August 14, 2023 minutes written. The motion carried unanimously.

4. **Public Open Forum (15 Minutes)**

A Resident from Gus Johnson Plaza, 413 North 4th Street #305, commented on littering happening in several parks as well as homelessness and suggested that more shelters be provided.

5. **Consent Calendar**

NOTE: All items listed under the Consent Calendar will be enacted by one motion. There will be no separate discussion of these items. If a Council Member wishes to discuss any of these items, they may ask that the item be removed from the Consent Calendar. Removed item(s) will be discussed and acted upon by separate motion.

Ms. Hatanpa moved and Ms. Melby-Kelley seconded a motion to approve the Consent Calendar as written. With all members voting in favor, the motion carried.

A. Motion approving Proclamation designating August 21, 2023, as Fentanyl Poisoning Awareness and Prevention Day in the City of Mankato.

B. Motion approving Proclamation designating August 31, 2023, as International Overdose Awareness Day in the City of Mankato.

C. Motion approving License to Encroach for 215 East Hickory Street.

D. Resolutions authorizing the submittal of public transit grants for 2024 and authorization to execute contracts with the Minnesota Department of Transportation

E. Resolution authorizing the City Manager to execute a multi-year (2023-2028) joint powers agreement with Minnesota State University Mankato (MSUM) for the use of Rasmussen Woods to conduct college classes that are nature based.

F. Resolution setting the date of sale of the General Obligation Improvement and Utility Bonds, Series 2023A, in the approximate amount of $4,610,000.

G. Set September 11 2023, as the date of public hearing for the Consolidated Annual Performance Evaluation Report (CAPER) for the Community Development Block Grant (CDBG) Program.

6. **City Manager's Report**

A. Report on Project and change orders for Capital Improvement Projects:
- 20170 Tourtellotte Pool
- 10460 Pauley Way Lift Station

7. **Reports of City Council Members**

None.

8. **Miscellaneous Business**

View all city committee meetings by clicking on our City Calendar

Regular Council Meeting, September 11, 2023, 6 p.m., Mankato Room (with EDA to follow if needed)

Regular Council Meeting, September 25, 2023, 6 p.m., Mankato Room (with Work Session to follow)

Regular Council Meeting, October 10, 2023, 6 p.m., Mankato Room (with EDA to follow if needed)

9. **Adjournment**

There being no further business before the Council, Ms. Hatanpa moved and Ms. Melby-Kelley seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 6:07 p.m.

Minutes Approved.

_____
Mayor Massad

ATTEST:

_____
Renae Kopischke
City Clerk

AGENDA RECOMMENDATION

City Council Regular Meeting **5. A.**

Meeting Date: 09/11/2023

Agenda Item:

Motion approving Proclamation designating the week of September 17 through 23, 2023 as Constitution Week in the City of Mankato.

Recommendation/Action(s):

Motion approving proclamation.

Summary:

See attached. Proclamation is effective upon approval of the City Council and signature of the Mayor.

Attachments

Proclamation

PROCLAMATION

WHEREAS: September 17, 2023, marks the two hundred and thirty-sixth anniversary of the drafting of the Constitution of the United States of America by the Constitutional Convention; and

WHEREAS: It is fitting and proper to accord official recognition to this magnificent document and its memorable anniversary; and to the patriotic celebrations which will commemorate the occasion; and

WHEREAS: Public Law 915 guarantees the issuing of a proclamation each year by the President of the United States of America designating September 17 through 23 as Constitution Week.

NOW, THEREFORE I, Najwa Massad, Mayor of Mankato, Minnesota do hereby proclaim the week of September 17 through 23 as

CONSTITUTION WEEK

AND ask our citizens to reaffirm the ideals of the Framers of the constitution had in 1787 by vigilantly protecting the freedoms guaranteed to us through this guardian of our liberties, remembering that lost rights may never be regained.

IN WITNESS WHEREOF, I have hereunto signed my name and caused the seal of the City of Mankato and North Mankato to be affixed this 11th day of September 2023.

Najwa Massad

Najwa Massad, Mayor



AGENDA RECOMMENDATION

Consent Calendar **5. B.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:
Motion referring a request for Land Use Plan amendment to the Planning Commission per Section 9.02 of the Mankato City Charter; by request of Drummer Growth, LLC.

Recommendation/Action(s):
Motion referring the Land Use Plan amendment for Mesenbrink Construction to the Planning Commission on September 27, 2023.

Summary:
The City of Mankato has received an application for an amendment to the Land Use Plan. Drummer Growth, LLC has requested an amendment to the Land Use Plan to allow for the development of School Sisters of Notre Dame property.

Drummer Growth, LLC is requesting a land use plan amendment to change the land use designation of three lots in the School Sisters of Notre Dame subdivision. The land use plan is the City's guiding document on future land use decisions for property. The applicant is seeking to change Outlot B from public/semi-public to office residential; to change the land use designation of Outlot C and D from public/semi-public to low density residential. If approved, additional reviews will be required prior to any development occurring on the subject parcels.

Per the Land Use Amendment process, Drummer Growth, LLC has held five neighborhood informational meetings on May 11th, May 25th, June 13th, August 10th, and August 24th.

Per the City Charter, upon receipt from the City Manager of a proposed comprehensive plan or proposed modification of the existing plan, the Council shall refer such proposal to the City Planning Commission, which shall within a time specified by the Council report its recommendations thereon.

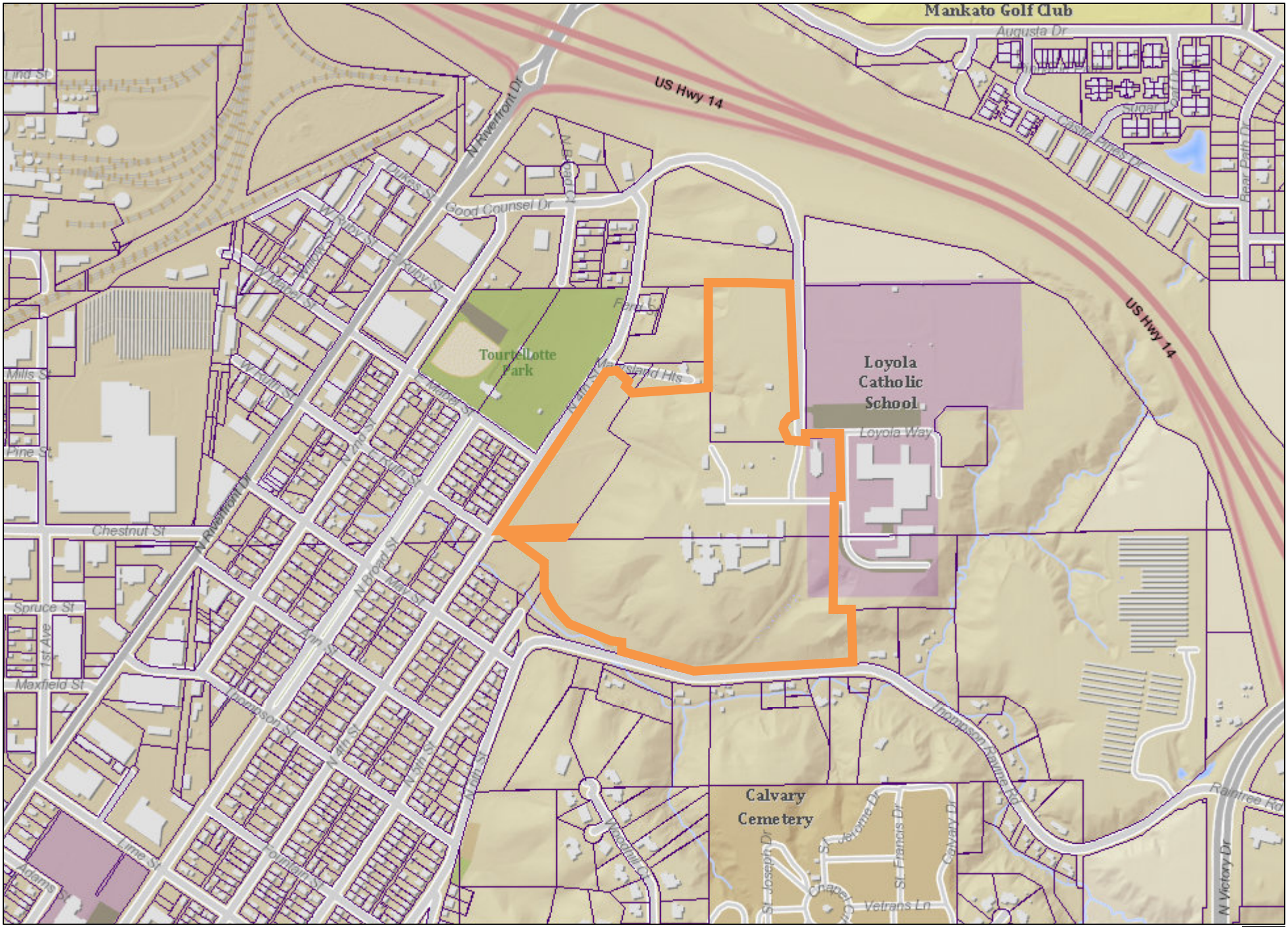
After receipt of the recommendations of the Planning Commission, the Council shall hold a public hearing on the proposed comprehensive plan or modifications thereof and shall thereafter adopt it by resolution with or without amendment.

Staff requests that the Council refer the proposal to the Planning Commission for review at their September 27, 2023 meeting and report the recommendation to the City Council for their October 10, 2023 meeting, at which time a public hearing will be established for November 13, 2023. This is assuming the Planning Commission does not postpone the request. Notices have already been sent to nearby property owners and rental properties within 350 feet of the property regarding the possible consideration by the Planning Commission and notice has been published in the designated newspaper.

Attachments

General Location Map
Aerial
Applicant's Narrative
Land Use Plan Amendment
Proposed Land Use Plan Amendment Map
Concept Site Plan

General Location Map



Date: August 2023

Author:

This information is to be used for reference purposes only. The City of Mankato does not guarantee accuracy of the material contained herein and is not responsible for misuse or misinterpretation.

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Aerial Location Map



Date: August 2023

Author:

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BOLTON & MENK
Real People. Real Solutions.

1960 Premier Drive
Mankato, MN 56001-5900

Ph: (507) 625-4171
Fax: (507) 625-4177
Bolton-Menk.com

August 29, 2023

Mark Konz
Community Development
City of Mankato
10 Civic Center Plaza
Mankato, MN 56001
mkonz@mankatomn.gov

RE: Land Use Amendment Application Narrative – SSND Re-Development Project

Dear Mr. Konz:

Enclosed is the Land Use Amendment Application and associated supporting documents for the proposed re-development of Outlots B, C, & D, School Sisters of Notre Dame Subdivision (approximately 56 acres). This area is known as the School Sisters of Notre Dame Campus in the City of Mankato. Below is a narrative describing the subject property and Land Use Amendment Request.

Project Description

The area comprising this proposed development that is being requested is located at the School Sisters of Notre Dame Campus in the City of Mankato. The parcel is currently addressed as 170 Good Counsel Drive and is platted and annexed into the City of Mankato. The parcels to have the Land Use Amendments are Outlots B, C, & D, School Sisters of Notre Dame Subdivision. This request is to amend the land shown as Public / Semi Public on the current Land Use Map. The owner of this property is SSND Central Pacific Province, Inc. and the contract purchaser is Drummer Growth, LLC. Drummer Growth, LLC, would like to develop this subject site into mixed-use development consisting of R-1 One-Family Dwelling District, R-2 One- and Two-family Dwelling District, and OR Office Residential District (consistent with the current zoning on the property.)

The Concept Plan included with this application shows the proposed 10 One or Two Family homes along Fourth Street (Outlot C), 18 cottage style single family homes (Outlot D), and 244 apartment units within the existing buildings and community center for the Chapel (Outlot B).

A wetlands delineation was completed, and the wetlands are depicted on the concept site plan. These wetlands are intended to be protected unless they are impacted with the re-construction of the private access road. If mitigation is needed, then the developer plans to purchase credits from a local wetland bank. There will be green outside play areas located on the grounds and will support community amenities and outdoor gathering spaces. A detailed landscape plan would be provided as part of other applications upon approval of this Land Use Amendment. At that time, the landscape plan will detail the perimeter landscaping and buffering required for parking lots, all of which will be thoughtfully designed to enhance the site appearance and provide a comfortable space for residents.

A Stormwater Memo and Utility Analysis will be provided in detail during future design phases and subsequent applications should the Land Use Amendment be approved.

Land Use Amendment Request

Drummer Growth, LLC. is requesting a Land Use Amendment to change the guided land use from Public/Semi Public to Low Density Residential District (Outlots C & D) and Office Residential District (Outlot B). The three parcels are currently located in the City of Mankato. The City's Land Use Plan has shown the area to be guided as Public / Semi Public due to the use of the property being a Church and Convent. The parcels have been owned by the SSND Central Pacific Province, Inc. for the past 115 years and they operated a convent for the nuns that lived on site. It has also been used as an event and meeting space for the Province of the SSND Central Pacific Provence with members meeting in the event space in Teresa Hall as well as using the chapel. There has also been a tutorial nonprofit running its business there as well as an art studio selling wood carvings. With the property not being used for the SSND campus the Public / Semi Public uses no longer fit the proposed use of the land. Drummer Growth, LLC, has been working with the SSND Central Pacific Province, Inc. to pursue re-use of the existing buildings (Outlot B) and construction of new homes on the vacant property (Outlots C & D). Therefore, Drummer Growth, LLC, is requesting a change to the Land Use Map to Low Density Residential and Office Residential to support their re-development request. Should this be approved, the next steps would be removal of the Institutional Overlay District, a Preliminary Plat, a Final Plat, and Site Plan applications will be filed. These subsequent applications will include a more detailed design for review and provide an opportunity for additional public input at the requisite public hearing.

Drummer Growth, LLC held neighborhood information meetings on May 11th, May 25th, June 13th, August 10th and August 24th, sending notice to property owners within 500-feet of the site. Below are the Goals identified in the City's Land Use Plan. The Amendment request from Public / Semi Public to Low Density Residential and Office Residential is in alignment with the Goals as demonstrated below:

1. Retain and enhance the character and quality of established areas and revitalize, rehabilitate, or redevelop areas where such improvement is required or requested.

Response: The plans are not to change any of the exterior facades of the buildings and leave as much green space as possible.

2. Promote adequate housing alternatives for all income levels and age groups.

Response: The proposed development provides different types of housing ranging from apartments to single-family to multiple family. The housing will be available for all age groups and demographics.

3. Encourage the orderly growth of the community.

Response: This re-development of the existing SSND Campus will encourage the orderly growth of the community. The vacant land located along Fourth Street will be used for single or two-family residential

homes which would be consistent with the other homes in the area. The vacant land located along Good Counsel Drive will be used for single family homes (senior cottage style homes).

4. Promote infill development for the purpose of obtaining the maximum utilization of existing infrastructure.

Response: The school sisters used to have as many as 700 sisters living at this campus and had a functioning school. The plan will have less people using the utilities than at the peak usage of the property. The property is fully served by the existing infrastructure.

5. Promote the preservation of ravines, bluff lines, wetlands, woodlands, and other environmentally sensitive areas.

Response: The bluff areas of the property will be protected. A wetland delineation was completed, and any of the existing wetlands that are impacted will be formally mitigated.

6. Encourage landscaping and the attractive design of public and private developments.

Response: A detailed landscape plan will be provided with subsequent required applications to show compliance with the City's landscaping and buffer standards. The developer also recognizes the benefit to their residents and adjacent properties by providing a nicely designed site.

7. Promote complementary land uses and minimize incompatible land uses.

Response: The proposed change of land use from Public / Semi Public to Low Density Residential and Office Residential would support the proposed single-family and multiple family re-development of the property.

8. Promote efficient use of municipal services.

Response: The site is already served by City of Mankato sanitary sewer. The currently has their own water supply.

9. Designate adequate vacant land to allow for the growth of residential, commercial, and industrial areas.

Response: The vacant land located along Fourth Street will be used for single or two-family residential homes which would be consistent with the other homes in the area. The vacant land located along Good Counsel Drive will be use for single family homes (senior cottage style homes).

10. Promote the orderly extension of streets and the development of pedestrian/bike corridors.

Response: N/A. Area is already annexed into the City of Mankato.

11. Stabilize property values by promoting the application of effective land use controls and development standards.

Response: The property currently is not paying property tax. It will be mostly doing that now. The new construction will be similar to the existing neighborhood whereas the buildings that are in existence will be enhanced within and left in their historically significant exterior appearances.

12. Encourage and promote innovations in development techniques in order to obtain maximum livability and excellence in planning and design for all new developments.

Response: The property is limited in this aspect as it already has buildings in place.

13. Promote, maintain, and preserve parks and open space.

Response: The property is over one hundred acres. The eastern solar farms and CRP land will be left untouched. The residential density is 5 units per acre which is very low for an office residential setting. Much of the inherent beauty of the property will not be changed. There is space on the southern portion of the property for the continuation of the community gardens if they so desire.

Conclusion

Drummer Growth, LLC, has thoughtfully considered the Mankato market, the site, and the viability of the proposed mixed-use development to ensure the site is appropriate and the demand present to pursue this development opportunity. The proposed Low Density Residential and Office Residential use would match the current zoning on the property and support the proposed re-development of the SSND Central Pacific Province, Inc. Campus. We feel the proposed Low Density Residential and Office Residential use would be better suited in this area as the Public / Semi Public land use is no longer needed as the SSND Central Pacific Province, Inc. Campus as the school sisters have moved out and are now selling the property. We ask that the City support the request to Amend the Land Use from Public / Semi Public to Low Density Residential and Office Residential to support the desired mixed-use re-development of the property. Thank you for taking the time to review the enclosed application and supporting documents. We look forward to working with the City of Mankato on this project. Please contact me at 507-625-4171 Ext. 3311 or nathan.myhra@bolton-menk.com with any questions or if there is any additional information we can provide in support of this project.

Sincerely,

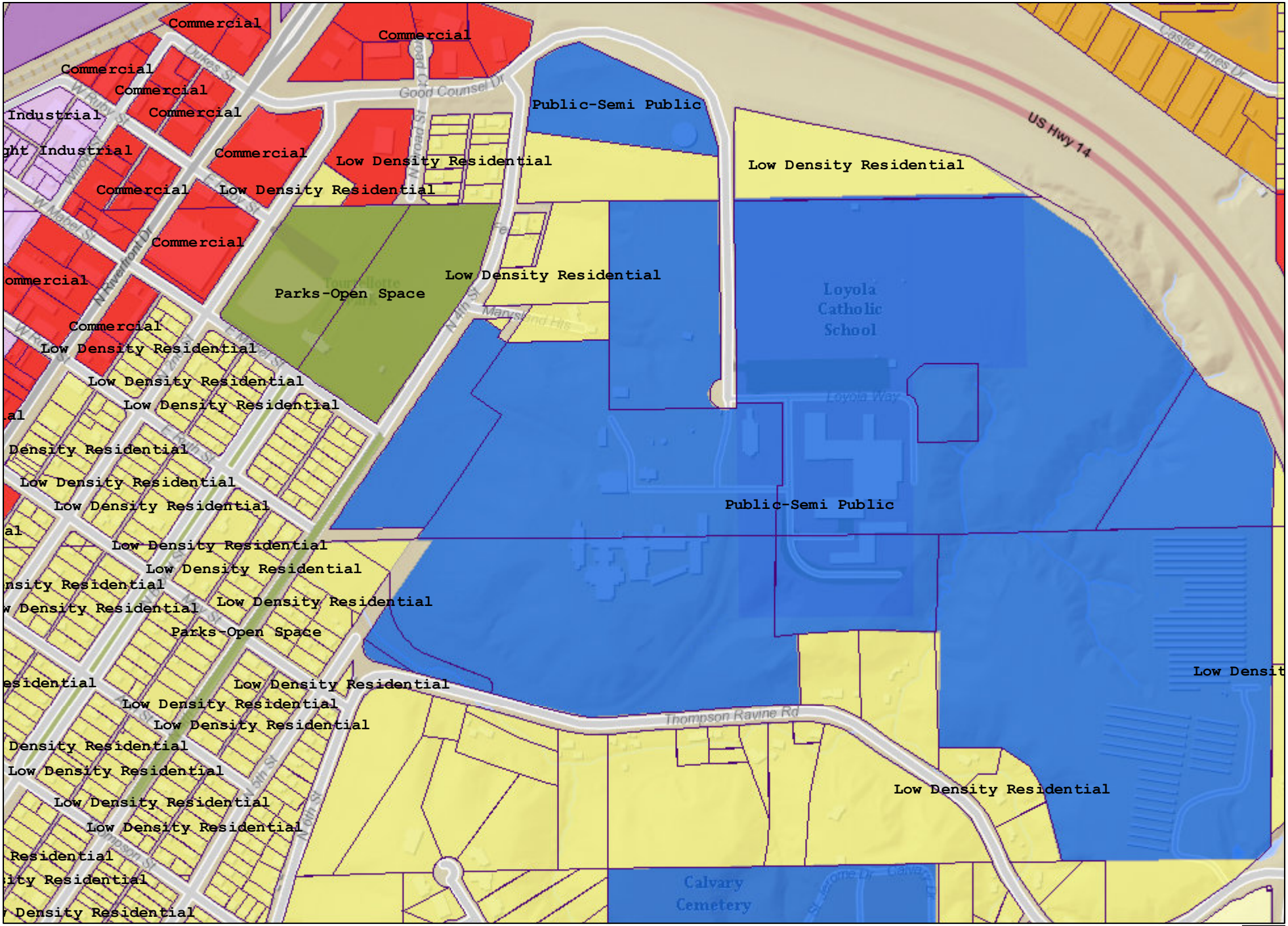
Bolton & Menk, Inc.



Nate Myhra

Survey Project Manager

Land Use Plan Map



Date: September 2023

Author:

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N

OUTLOT D
8.35 ACRES

LOW DENSITY
RESIDENTIAL

PUBLIC - SEMI PUBLIC

OUTLOT A
1.78 ACRES

LOT 1
B L O C K 1
50.18 ACRES

LOW DENSITY RESIDENTIAL

OUTLOT C
5.57 ACRES

OUTLOT B
41.96 ACRES
OFFICE RESIDENTIAL

RUBY STREET
HIGHWOOD
MABLE STREET
BROAD STREET
FOURTH STREET
RUTH STREET
MAY STREET
6TH STREET
COUNSEL DRIVE
GOOD COUNSEL DRIVE ADDITION
THOMPSON RAVINE ROAD
THOMPSON RAVINE ROAD SUBDIVISION
PROPOSED ACCESS ROAD
VACATED HIGHWOOD STREET
VACATED 6TH STREET
VACATED XL HIGHWAY
VACATED PATH
SHAWS ADDITION
DUKES ADDITION
BLOCK 13 DUKES ADDITION
OUTLOT NO. 1 DUKES ADDITION
OUTLOT NO. 2 DUKES ADDITION
AUDITORS PLAT NO. 68
LOT 1 BLOCK ONE GOOD COUNSEL SUBDIVISION
66.00
EXCEPTION

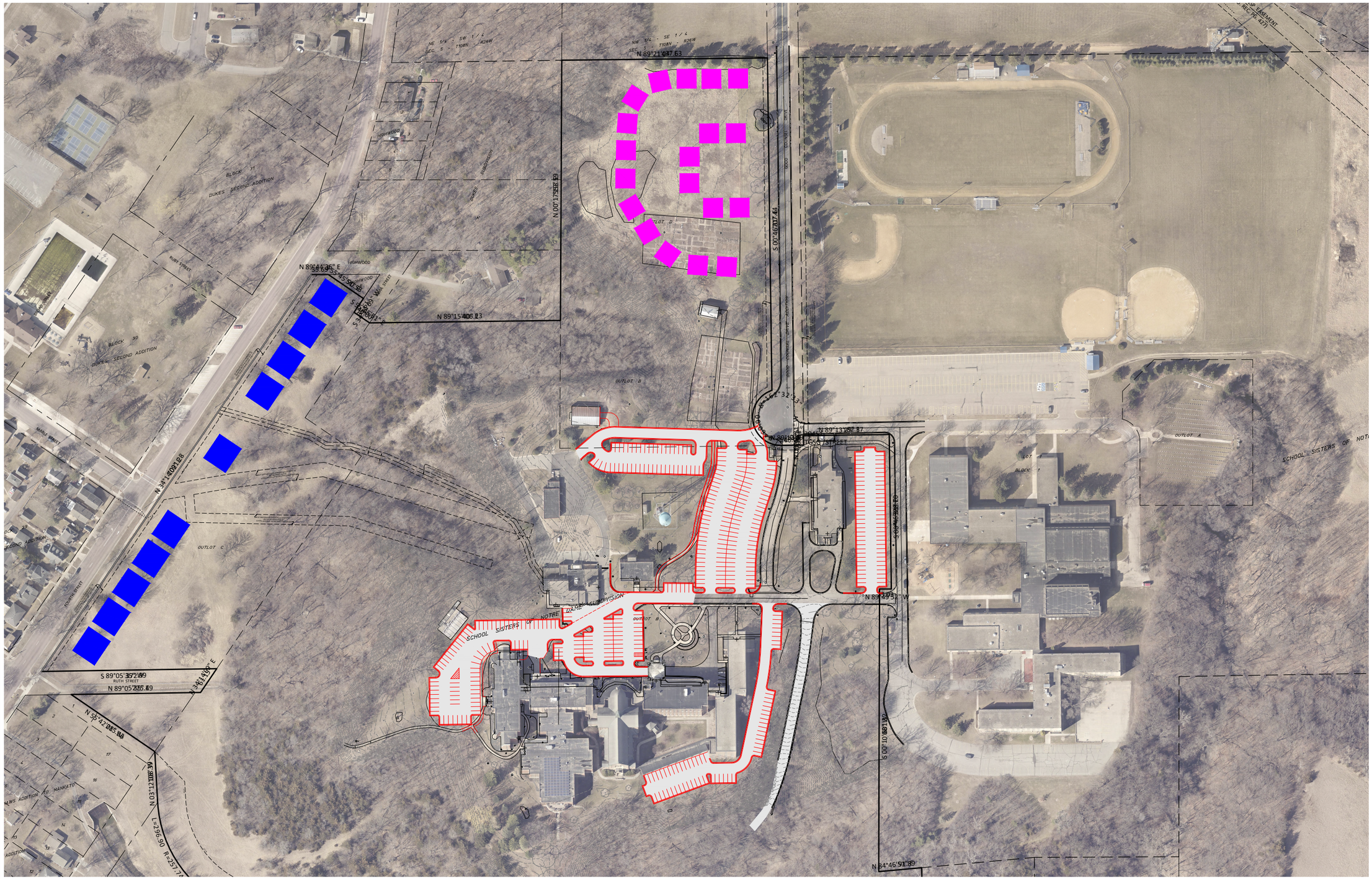
Drummer Development - SSND Re-Development

Mankato, Minnesota

Proposed Concept Plan

August, 2023

BOLTON & MENK



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AGENDA RECOMMENDATION

Consent Calendar **5. C.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:

Resolution approving a Joint Powers Agreement with the Minnesota River Valley Drug Task Force (MRVDTF).

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

Four counties and six cities in our region have joined together to create a regional drug task force to focus on and improve the collective narcotics enforcement, prevention, and education efforts in the area. The Joint Powers Agreement outlines the powers, authorities and responsibilities of membership in the task force. Without a signed joint powers agreement, the Mankato Department of Public Safety would not be able to continue participating in this endeavor.

Attachments

Resolution

Joint Powers Agreement

RESOLUTION NO. _____

RESOLUTION APPROVING A JOINT POWERS AGREEMENT WITH THE MINNESOTA RIVER VALLEY DRUG TASK FORCE (MRVDTF)

WHEREAS, the City of Mankato Public Safety Department has participated for several years in the Minnesota River Valley Drug Task Force (MRVDTF), a Joint Powers Entity formed pursuant to Minnesota Statute 471.59; and

WHERAS, the City of Mankato Public Safety Department has determined that there is value and benefit to the City of Mankato and its residents through continued for narcotics law investigation and enforcement as well as shared resources within the boundaries of the Participating Members to this agreement; and

WHERAS, the Joint Powers Agreement is recommended to the City Council for consideration and approval; and

WHEREAS, this Agreement is effective as of the date all ten participating Parties Members have executed this Agreement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Mankato, Minnesota, that the Joint Powers Agreement with the Minnesota River Valley Drug Task Force and the City of Mankato, Department of Public Safety, is hereby approved and that the City Manager is authorized to sign such agreement.

This Resolution shall become effective upon its passage and without further publication.

Passed and adopted by the Mankato City Council on this 11 day of September, 2023

_____
Najwa Massad
Mayor

Attest: _____
Renae Kopischke
City Clerk

MINNESOTA RIVER VALLEY DRUG TASK FORCE
JOINT POWERS AGREEMENT

This Joint Powers Agreement is made by and between the political subdivisions organized and existing under the Constitution and laws of the State of Minnesota, hereafter collectively referred to as "Parties," and individually as "Party" which are signatories to this "Agreement." This Agreement supersedes any Joint Powers Agreements or amendments effective prior to the date of this Agreement. This Agreement is effective as of the date all ten participating Parties Members have executed this Agreement.

In consideration of the mutual promises and covenants contained herein, and subject to the provisions of Minn. Stat. § 471.59 the following Parties:

Cities	Counties
City of Mankato	Blue Earth County
City of North Mankato	Martin County
City of St. James	Watonwan County
City of St. Peter	Nicollet County
City of Madelia	
City of Fairmont	

Also referred to herein as "Participating Member(s)" hereto agree as follows:

1. PURPOSE: The purpose of this Agreement is to provide law enforcement resources for narcotics law enforcement in the jurisdictions of the Participating Members which are party to this Agreement. The Parties recognize that there are benefits for a coordinated Task Force approach for narcotics law enforcement, and to share in resources.
2. METHOD: The Minnesota River Valley Drug Task Force ("Task Force") is a group of law enforcement officers working together under the direction of the Board of Directors for the purpose of narcotics laws enforcement within the boundaries of the Participating Members to this agreement.

   Any peace officer assigned to or working with this Task Force is hereby deputized by the governing body of the Participating Member that they enter pursuant to this Agreement for the period of time that they are operating pursuant to and under the authority of this Agreement.

   Law enforcement officers may enter the territory of a Participating Member with full police powers in the following circumstances and under the following conditions:

   A. Any investigation relating to the narcotics enforcement mission of the Task Force.

   B. Any investigation relating to a crime in progress or criminals in flight observed by a peace officer assigned to or working with the Task Force.

3. BOARD OF DIRECTORS: The Minnesota River Valley Drug Task Force shall be governed by a Board of Directors. The Board of Directors shall consist of the Sheriff or Chief of Police of each Participating Member or a substitute law enforcement officer designated by the Sheriff or Chief of Police to serve in his/her place. Each board member shall have one vote. A prosecuting attorney appointed by the Blue Earth County Attorney shall also be a Board member and shall have one vote.

4. RECEIPT OF FORFEITURE ASSETS: All assets generated through seizure/forfeiture in narcotics law enforcement cases conducted by Task Force officers or Participating Members shall be forwarded to the Task Force and shall remain the property of the Task Force until such time as the entire Task Force is dissolved. Such forfeited assets shall be forwarded to the Task Force whether derived from an investigation by Task Force officer, by Task Force officers in conjunction with other law enforcement agencies, or by law enforcement agencies of Participating Members acting independently of Task Force officers.

5. DISTRIBUTION OF FORFEITURE FUNDS: Any asset seizures related to Task Force investigation that results in state court-ordered forfeitures must be disbursed according to Minnesota Statute 609.5315, Subd. 5:

> **Minnesota Statute 609.5315, Subd. 5: Distribution of Money. The money or proceeds from the sale of forfeited property, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property must be distributed as follows:**
>
> **A. 70 percent of the money proceeds must be forwarded to the appropriate property agency for deposit as a supplement to the agency's operating fund or similar fund for the use in law enforcement,**
>
> **B. 20 percent of the money or proceeds must be forwarded to the county attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to it's operating fund or similar fund for prosecutorial purposes, and**
>
> **C. the remaining ten percent of the money or proceeds must be forwarded within 60 days after resolution of the forfeiture to the state treasury and credited to the general fund. Any local police relief association organized under Chapter 423 which received or was entitled to receive the proceeds of any sale made under this section before the effective date of Laws 1988, Chapter 665, Sections 1 to 17, shall continue to receive and retain the proceeds of these sales.**

Under this section, three (3) checks shall be written. The check to the State Treasurer should be sent to:

TREASURER'S OFFICE
303 SHERBURNE AVE.
ST. PAUL, MN 55155

And contain reference to Minnesota Statute 609.5315, Subd. 5.

The remaining checks shall be written and delivered to the appropriate law enforcement and prosecuting agency.

6. DEFEND AND INDEMNIFY: The Task Force shall fully defend, indemnify and hold harmless the Parties against all claims, losses, liability, suits, damages, judgments, costs and expenses, or lawsuits for damages arising from or related to the acts of the Task Force members and their agents in the performance of the duties contemplated by this Agreement, or by reason of the action or inaction of the Board and/or employees and/or the agents of the Task Force. This Agreement to indemnify and hold harmless does not constitute a waiver by any participant of limitations on liability provided under Minnesota States Statutes, Section 466.04.

To the full extent permitted by law, actions by the parties pursuant to this Agreement are intended to be and shall be construed as a "cooperative activity" and it is the intent of the parties that they shall be deemed a "single governmental unit" for the purposes of liability, all as set forth in Minnesota Statutes, Section 471.59, subd. 1a(b).

Nothing herein shall be construed to provide insurance coverage or indemnification to an officer, employee, or volunteer of any member for any act or omission for which the officer, employee, or volunteer is guilty of malfeasance in office, willful neglect of duty or bad faith.

Each Participating Member shall be responsible for damages to or loss of its own equipment. Each Participating Member waives the right to, and agrees that it will not, bring any claim or suit against the Task Force or any other Participating Member for damages to or loss of its equipment arising out of participation in or assistance with Task Force operations or activities, even if the damages or losses were caused wholly or partially by the negligence of any other Participating Members of its officers, agents, employees, or volunteers.

The Parties of this Agreement are not liable for the acts or omissions of the other participants to this Agreement except to the extent to which they have agreed in writing to be responsible for acts or omissions of the other Parties.

However, the parties other than the appointed jurisdiction that serves as fiduciary responsibilities agree to save and hold harmless the jurisdiction and its officers, agents, employees, and members, from all claims, suits, or actions of whatsoever nature resulting from or arising out of any failure by the other parties or their subcontractors, agents, or employees to comply with any restrictions placed on use of funds by any governmental entity which are disbursed to them by the jurisdiction pursuant to this agreement.

Under no circumstances shall a Participating Member be required to pay on behalf of itself or other Participating Members, any amount in excess of the limits of liability established in Minn. Stat. Chapter 466, applicable to any third party claim or action. The

statutory limits of liability for some, or all, of the Participating Members may not be added together or stacked to increase the maximum amount of liability for any third party claim or action.

7. EXPENDITURES: Any expenditure over $1,500.00 requires approval of the Board of Directors, and any narcotics "buy" over $1,000.00 requires prior approval of the Task Force Commander.

8. FISCAL AGENT: The County of Blue Earth shall serve as fiscal agent. The Blue Earth County Sheriff will serve as the authorized signatory for any official documents, financial records, grant documents, etc., as approved by Board of Directors. The finance director for Blue Earth County shall receive and disburse funds and keep financial records. As fiscal agent, Blue Earth County is authorized to initiate civil court actions, at the request of the Board of Directors, in furthering of Task Force goals.

9. SUPERVISION: The day-to-day supervision of the Task Force shall be provided by a Task Force Commander who is appointed by majority vote of the Board of Directors.

   The Task Force Commander assigned to the Minnesota River Valley Drug Task Force will act as the daily coordinator of the Task Force officers and agents assigned from Participating Members.

   Duties of the Task Force Commander will include:

   A. Provide effective leadership and administrative coordination of the Minnesota River Valley Drug Task Force.
   B. Direct officer/agent assignments and manpower as necessary on a daily basis for given investigations.
   C. Direct field operations.
   D. Strengthen communications and cooperation with other law enforcement agencies in and outside of the geographic region.
   E. Provide effective training programs for participating personnel, the costs of which shall be absorbed by the Participating Member employing the officer in question with prior approval from the officer's employer.
   F. Act as a liaison with the Command Staff as well as Investigative Divisions of all Participating Members concerning significant case developments, overtime, disciplinary problems, and other performance.

10. PERSONNEL:

    A. Each Participating Member is responsible for providing its respective personnel with salaries, benefits, and overtime in accordance with FLSA regulations and departmental policy.
    B. Each Participating Member of the Minnesota River Valley Drug Task Force shall be responsible for acts of its participating officers/agents and shall incur any liabilities arising out of the service and activities of those officers while participating in the Minnesota River Valley Drug Task Force. Personnel assigned

to the Minnesota River Valley Drug Task Force shall have the same duties, powers, privileges, responsibilities, immunities, and jurisdictions as conferred upon them as officers of their own jurisdictions.

C. Temporary recall of personnel and/or equipment by a Participating Member will be coordinated with the Task Force Commander.

D. A two-year or longer assignment of personnel is preferred.

E. All personnel assigned to the Minnesota River Valley Drug Task Force shall be coordinated by the Task Force Commander and shall be subject to the directive of that Commander regardless of position or rank in their respective agencies.

F. Management from Participating Member, with the input of the Minnesota River Valley Drug Task Force, will handle all actions of a disciplinary nature concerning law enforcement personnel from their Participating Member.

G. Each Participating Member will maintain workers' compensation insurance or self-insurance coverage, covering its own personnel while they are assigned to the Task Force or are otherwise participating in or assisting with Task Force operations or activities. Each Participating Member waives the right to, and agrees that it will not, bring any claim or suit against the Task Force or any other Participating Member for any worker's compensation benefits paid to its own employee or dependents, that arise out of participation in or assistance with Task Force operations or activities, even if the injuries were caused wholly or partially by the negligence of any other Participating Member or its officers, agents, employees, or volunteers.

11. EQUIPMENT: The Task Force or the Participating Member will provide all equipment needed for the operation of the Minnesota River Valley Drug Task Force. In the event of negligence by a Task Force employee, the individual employee and/or Participating Member may be responsible for the repair or replacement of the equipment. Vehicles assigned to the Task Force officers will be provided by the Task Force. Insurance for these vehicles will be the responsibility of the Participating Member providing the Task Force officer. Participating Members are expected to properly equip officers/agents assigned to the Minnesota River Valley Drug Task Force with equipment necessary to complete the effective investigations and safe enforcement operations.

12. REPORTS: Officers assigned to the Minnesota River Valley Drug Task Force will use Task Force specific report forms for supplemental reports. The Task Force Commander will develop an annual report that will be sent to all Participating Members in the Task Force.

13. MEDIA: All media releases concerning arrests and investigations conducted by the Minnesota River Valley Drug Task Force shall be coordinated by the Task Force Commander and the chief of police or sheriff of the Participating Members.

14. FUNDING: Each Participating Member agrees to provide whatever resources are agreed to in a yearly proposal to be set by the Board. Those resources may be personnel and/or financial in nature and are designed to assist in the operation of the Task Force. Resources may also be provided in kind (e.g. furnishing office space) at the discretion of the Board of Directors. The Task Force fiscal agent at this time is Blue Earth County.

They shall be charged with the responsibility of keeping all financial records, filing required reports in connection with any grant funding, and complying with any required or requested financial audits.

15. TERMINATION: Any Participating Member may terminate the terms of this agreement by giving thirteen (13) months' written notice to the other Participating Members. Notice of intent to terminate this Agreement must be given no later than December 1 of the year proceeding the year of designated termination.

16. DISSOLUTION: The Task Force may be dissolved by majority vote of the Board of Directors. Any Task Force assets shall be divided among the Participating Members in the Task Force at the time of dissolution. Distribution will be based on populations of Participating Members. (Simplified example: If Task Force assets are $100,000.00 and combined populations of Participating Members is 100,000, and Mankato population is 30,000 and Blue Earth County is 30,000 not counting the City of Mankato, then Mankato receives $30,000.00 and Blue Earth County receives $30,000.00, etc.) Non-liquid asset values shall be determined by the fiscal agent.

17. INSURANCE: The Task Force shall obtain and maintain liability insurance and the liability insurance must be consistent with the risk exposure of the Task Force under the state tort liability limits found in Chapter 466 of the Minnesota Statutes.

18. AMENDMENTS: This agreement may be amended only in writing and upon the consent of the governing bodies of all of the Participating Members.

19. COUNTERPARTS: This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. Counterparts shall be filed with the fiscal agent.

20. RECORDS, ACCOUNTS AND REPORTS: The books and records of the Minnesota River Valley Drug Task Force shall be subject to the provisions of Minn. Stat. Ch. 13 and Minn. Stat. § 16C.05, Subd. 5.

21. Each signer certifies that the governing body of the Participating Member which they represent has passed a resolution authorizing entry into this Joint Exercise of Powers Agreement and that the signer has the authority to execute this Agreement on behalf of the Participating Member.

Participating Cities:

_____ Date: _____
City of Mankato Director of Public Safety

_____ Date: _____
Mankato City Manager

_____ Date: _____
City of North Mankato Chief of Police

_____ Date: _____
North Mankato City Administrator

_____ Date: _____
City of St. James Chief of Police

_____ Date: _____
St. James Mayor

_____ Date: _____
City of St. Peter Chief of Police

_____ Date: _____
St. Peter City Administrator

_____ Date: _____
City of Madelia Chief of Police

_____ Date: _____
Madelia City Administrator

_____ Date: _____
City of Fairmont Chief of Police

_____ Date: _____
Fairmont City Administrator

Participating Counties:

_____ Date: _____
Blue Earth County Sheriff

_____ Date: _____
Blue Earth County Board Chair

_____ Date: _____
Martin County Sheriff

_____ Date: _____
Martin County Board Chair

_____ Date: _____
Watonwan County Sheriff

_____ Date: _____
Watonwan County Board Chair

_____ Date: _____
Nicollet County Sheriff

_____ Date: _____
Nicollet County Board Chair

AGENDA RECOMMENDATION

Consent Calendar **5. D.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:

Resolution authorizing City Manager to execute amendment to development agreement (Silos).

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

At the May 22, 2023 City Council meeting, a resolution modifying TIF District No. 36-2 was approved which also authorized the City Manager to enter into a development agreement with the Developer, including authorization for a City Center Renaissance loan (CCR). The development agreement was included as an attachment to the May 22, 2023 meeting agenda packet.

The development agreement was drafted by the City and reviewed by the developer prior to the May 22, 2023 City Council meeting. The developer has made a request for changes to the development agreement that was reviewed by the City Council. The proposed changes are redlined and included as an attachment along with a clean version reflecting the proposed changes. The City Attorney has reviewed and is comfortable with the proposed changes. Proposed changes are minor and include a revision to the Limited Liability Company name, additional language about cooperation between the two parties and corrections to the CCR loan documents regarding the job creation/retention requirement (Five FTE jobs will be required). The CCR loan program requires one FTE job to be created or retained for every $20,000 borrowed. The City Council approved a $100,000 CCR loan which requires five FTE jobs to be created or retained.

Attachments

Resolution
Redline Development Agreement
Development Agreement

RESOLUTION AUTHORIZING EXECUTION OF AN AMENDMENT TO DEVELOPMENT AGREEMENT

WHEREAS, on May 22, 2023, the Mankato City Council approved a resolution modifying TIF District No. 36-2 and authorizing the City Manager to enter into a Development Agreement with the Developer pertaining to certain property located in the City, and more particularly described as Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato (118 E. Plum Street and 304 N. 2nd Street); and

WHEREAS, the City desires to promote redevelopment of certain property within Development District No. 36-2 in the City, located at 118 E. Plum Street and 304 N. 2nd Street, Mankato, Minnesota (the "Property") and that promotion of redevelopment furthers public purposes as anticipated in Minnesota Statute 469.124 as redevelopment provides employment opportunities, improves the tax base, and improves the general economy of the state; and

WHEREAS, the Developer has requested changes to the Development Agreement that was reviewed and approved by the City Council; and

WHEREAS, the requested changes include a revision to the Limited Liability Company name, additional language about cooperation between the City of Mankato and the Developer and corrections to the City Center Renaissance loan documents regarding job creation and retention requirements; and

WHEREAS, the City has reviewed the requested changes to the Development Agreement and found such changes to be acceptable.

NOW, THEREFORE, BE IT RESOLVED by the Mankato City Council that the City Manager is hereby authorized to execute the amended Development Agreement. This Resolution shall become effective upon its passage and without publication.

Adopted this 11th day of September, 2023

_____
Najwa Massad, Mayor

ATTEST: _____
Renae Kopischke, MMC
City Clerk

DEVELOPMENT AGREEMENT

BY AND BETWEEN

CITY OF MANKATO, MINNESOTA

AND

SILOS ~~OF~~ MANKATO~~,~~ LLC

This instrument was drafted by:
The City of Mankato
Community Development
10 Civic Center Plaza
Mankato, MN 56001

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the__ day of_____, 2023, by and between the City of Mankato, Minnesota (the "**City**"), a municipal corporation existing under the laws of the State of Minnesota and Silos ~~of~~ Mankato~~,~~ LLC, a Minnesota limited liability company (the "**Developer**").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 to 469.133, the City has heretofore established Development District No. 36 (the "**Development District**") and has adopted a development program therefor (the "**Development Program**"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "**Tax Increment Act**"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 36-2 (the "**Tax Increment District**") and has adopted a modification to tax increment financing plan therefor (the "**Tax Increment Plan**") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, the City has requested the County to certify the original tax capacity of the Tax Increment District pursuant to Section 469.177 of the Tax Increment Act; and

WHEREAS, the City has authority pursuant to Minnesota Statutes, Section 469.090 through 469.108 (the "**Economic Development Act**") to provide financial assistance to projects that provide a public benefit to the City; and

WHEREAS, the City has the powers of an economic development authority established pursuant to the Economic Development Act, and pursuant to such authority, has undertaken a program to foster the successful redevelopment of vacant and underutilized commercial properties within the City; and

WHEREAS, the City provides loan funds, at a reduced interest rate, to aid redevelopment in the downtown; and

WHEREAS, the City and Brennan Properties of Minnesota, LLC, a Minnesota Limited Liability Company, entered into a development agreement dated July 29, 2019 for the construction of an approximate 68,550 ft., five-story mixed-use (commercial and residential) building on Lots 1-5 and 7-10, City of Mankato (replatted as Lot 1A, Block 1, Bridge Plaza) (201 N. Riverfront Drive), and demolishing the existing warehouse buildings on Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato (118 E. Plum Street and 304 N. 2nd Street).

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined it will assist the Developer with the financing of certain costs of the Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted;

NOW, THEREFORE, for valuable consideration and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

Certificate of Completion means the certification in the form of the certificate attached hereto as *Exhibit C* and hereby made a part of this Agreement, provided to the Developer pursuant to Section 4.1 of this Agreement;

City means the City of Mankato, Minnesota;

County means Blue Earth County, Minnesota;

Developer means Silos ~~of~~ Mankato~~,~~ LLC, its successors and assigns;

Development District means the real property included in Development District No. 36 heretofore established;

Development Program means the Development Program approved in connection with the Development District;

Development Property means the real property described in *Exhibit A* attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Note Payment Date means December 31, 2026, and each December 31 and July 31 of each year thereafter to and including December 31, 2035; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the redevelopment of a new mixed-use building containing 1,413 square feet of new commercial space and 26-units of multi-family housing.

Project Costs means the costs of correcting conditions that allow designation of the Development Property as a redevelopment district under Minnesota Statutes, Section 469.174, subdivision 10, which are more specifically described on *Exhibit E* attached hereto;

State means the State of Minnesota;

Tax Increments means 95% of the tax increments derived from the Development Property, which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 36-2, located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as a redevelopment district under the Tax Increment Act;

Tax Increment Financing Plan means the modification to the tax increment financing plan approved for the Tax Increment District by the City Council on May 22, 2023 and any future amendments thereto;

Termination Date means the earlier of (i) December 31, 2035, (ii) the date the Project Costs are paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

TIF Note means the Tax Increment Revenue Note (Silos ~~of~~ Mankato~~,~~ LLC Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the form of which is attached hereto as *Exhibit B*;

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays. Any supply or labor issues attributable to the COVID-19 pandemic shall not constitute Unavoidable Delay and COVID-19 pandemic- related effects are expressly excluded from this definition.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The Tax Increment District is a "redevelopment district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The Project contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the Project Costs incurred in connection with the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

(6) The City will reasonably cooperate with the Developer to timely process and approve any necessary permits, licenses, or approvals required from the City for the construction and occupation of the Project; provided Developer's applications for the same are complete and compliant with the applicable ordinances.

Section 2.2. Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer has the power to enter into this Agreement and to perform its obligations hereunder and is not in violation of any local, state or federal laws.

(2) The Developer is a Minnesota limited liability company and operates under the laws of this State and has full power and authority to enter into this Agreement and carry out the covenants contained herein.

(3) Upon receipt of the permits, licenses and approvals therefor, the Developer will cause the Project to be completed in accordance with the terms of this Agreement, the Development Program and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(4) The Developer will use commercially reasonable efforts to obtain or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be met before the Project may be constructed and occupied.

(5) The Developer has not received any notice or communication from any local, state or federal official that the activities of Developer or the City with respect to the Development Property may or will be in violation of any environmental law or regulation. As of the date of the execution of this Agreement, except for the removal of a used oil above ground tank, and asbestos and lead in the building, Developer is aware of no facts the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure which would give any person a valid claim under the Minnesota Environmental Rights Act.

(6) The Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(7) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(8) The Developer will fully cooperate with the City with respect to any litigation commenced with respect to the Project provided, however, that any such litigation settled by the City, which would require

payment by the Developer or any other consequence materially adverse to the Developer or the Project, would require that the City obtain the prior written consent of the Developer.

(9) The Developer agrees to pay the total amount of any reasonable costs, charges, expenses and attorneys fees reasonably incurred or paid as of the execution of this Agreement by the City because of any

Event of Default by the Developer as to any stipulation, agreement, and covenant of this Agreement, resulting in any suit or proceeding at law or in equity to which the City shall become a party in reference to the Developer's interest in the Development Property or the Project, if the Developer is found at fault and ordered to pay damages through a court trial action.

(10) The Developer will reasonably cooperate with the City to resolve any traffic, parking, trash removal or public safety problems, which may arise in connection with the construction of the Project.

(11) The Developer will participate in a Site Plan Review by the City's Planning Department and the City Planning Commission, and will comply with the City's design standards and covenants as reasonably enforced by said Planning Department and Planning Commission.

(12) Barring Unavoidable Delays, the Project will be substantially completed by December 31, 2025, such that the City will issue a Certificate of Completion on or before that date. The City has no knowledge of anything, which would prevent the Project from being completed by December 31, 2025 subject to Unavoidable Delays, including within its knowledge, an estimate of the reasonable time for review of the Project by the City and its agencies and commissions. It is anticipated construction will commence in 2023.

(13) To the Developer's knowledge, no member of the City Council, or officer of the City, has either a direct or indirect financial interest in this Agreement, nor will any member of the City Council, or officer of the City, benefit financially from this Agreement within the meaning of Minnesota Statutes, Section 471.87.

ARTICLE III
UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Project Costs. The parties agree that the Project Costs to be installed or constructed by the Developer are essential to the successful completion of the Project. Project Costs associated with the redevelopment are delineated in *Exhibit E* of this Agreement. The Project Costs shall be paid by the Developer. The City shall reimburse the Developer, for a period up to 10 years of Tax Increment, for the lesser of: (a) $582,599 (which represents a net present value of $384,300 discounted at 6.50%); or, (b) the amount of the Project Costs actually incurred and paid by the Developer, plus interest, as further provided in Sections 3.3 and 3.5. The City is not obligated to reimburse the Developer, regardless of Tax Increment received, for more than 10 years of tax increment payments. The City is not obligated for any shortfall of tax increment payments during that period. If Tax Increment is not realized in an amount to satisfy the TIF Note, the City is not liable or expected to make up the difference from any other source.

Section 3.2. Limitations on Undertaking of the City. Notwithstanding the provisions of Sections 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the Project Costs, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured. If such Event of Default is cured in accordance with the terms of this Agreement, the City will so reimburse the Developer.

Section 3.3. Reimbursement: Tax Increment Revenue Note. The City shall reimburse the payments made by the Developer under Section 3.1 for the Project Costs through the issuance of the City's TIF Note in substantially the form attached to this Agreement as *Exhibit B*, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project has been completed and that the Developer has incurred and paid all Project Costs, as described in and limited by Section 3.1 and shall have submitted paid invoices for the Project Costs, or final lien waivers for Project Costs.

(2) The principal amount of the TIF Note, and interest accrued on the TIF Note, shall be payable solely from the Tax Increments.

(3) On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal outstanding on the TIF Note, the Tax Increments received by the City during the preceding 6 months. All such payments, less the 5% administration charge, made by the City under this Note shall first be applied to accrued interest and the balance to principal reduction.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of and interest on the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an uncured Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in *Exhibit B*. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

(7) The City is not obligated to reimburse the Developer, regardless of tax increment received, for more than 10 years of tax increment payments. The City is not obligated for any shortfall of tax increment payments during that period. If tax increment is not realized in an amount to satisfy the TIF Note, the City is not liable or expected to make up the difference from any other source.

Section 3.4. Business Subsidies Act. The Developer represents that the assistance provided in this Agreement is for redevelopment purposes and therefore it does not constitute a "business subsidy" under Minnesota Statutes, Section 116J.993, Subdivision 3.

(1) Calculation for redevelopment exception to business subsidy law. Minn. Stat. Section 116J.993, subd. 3(17) provides an exception from the Business Subsidy Act for redevelopment when the recipient's investment in the purchase of the site and in site preparation is seventy percent (70%) or more of the assessor's current year's estimated market value.
(2) In order to use this exception, the developer must warrant and represent that its investment in the purchase of the development property and the site preparation on such development property (net of any portion of such costs to be reimbursed with tax increment or any other subsidies provided by the City, HRA, Port Authority, EDA, or any other subsidy from a governmental entity) will equal at least seventy percent (70%) of the County assessor's estimated market value for the development property for the 2022 assessment year, calculated as follows:

Development property cost	$181,789
Plus Estimated cost of site preparation	$394,028
Equals land cost and site preparation	$575,817
[2022 Assessor's Estimated Fair Market Value of development property	$70,600

$575,817 (acquisition and site preparation cost) *less $384,300 (amount of financial assistance provided by the City, Authority, or another government entity for acquisition and site preparation),* equals $191,517 which is 271% of $70,600 (assessor's current estimated fair market value)

Section 3.5. City Center Renaissance Revolving (CCRR) Loan. The City shall provide the Developer with a $100,000 CCRR Loan to assist the Developer in undertaking the Project Activities.

(1) Funding of the CCRR Loan will be disbursed by the City to the Developer only upon presentation of specific invoices for work performed accompanied by lien waivers for the work performed. A promissory note and mortgage will be subordinated, if required by the primary lender, to the primary lender's interest.
(2) The promissory note shall be governed by and payable pursuant to the additional terms thereof, as set forth in *Exhibit D*. In the event of any conflict between the terms of the promissory note and the terms of this Agreement, the terms of the promissory note shall govern.
(3) The issuance of the promissory note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as counsel for the City may require in connection therewith, are hereby authorized and approved by the City.
(4) The ability of the Developer to terminate this Agreement pursuant to Section 5.1 does not absolve the Developer from paying the principal of and interest on the CCRR Loan in full.

Section 3.6. Use of Project. The Developer agrees that for itself, its successors and assigns it shall devote the Development Property and Project to, and in accordance with, the uses specified in this Agreement and as approved by the Mankato City Council.

Section 3.7. Reimbursement to Developer. The Developer shall make payment to the City in the amount of $4,400 for the costs to create the Tax Increment District within 30 days of receiving an invoice. Developer shall be reimbursed for such $4,400 by the City out of the 5% administrative charge retained by the City at the time tax increment administrative revenue is received. The reimbursement will occur when full tax increment revenue and administrative costs contemplated in the tax increment plan are received by the City and only after the City reimburses itself for administrative expenses. The reimbursement may occur over several periods of receipt of tax increment and administrative revenue.

Section 3.8. Prohibition against Transfer of Development Property and Assignment of Agreement. The Developer represents and agrees that prior to the termination date of this Agreement, the Developer shall not transfer in any form the Development Property or any part thereof or any interest therein, or enter into any contract or agreement to do any of the same without the prior written approval of the City. If the City consents

to the transfer, said consent shall be delivered to the Developer in writing no later than 45 business days from that date the City receives notice of such assignment or transfer. Consent to transfer shall not be unreasonably withheld, conditioned or delayed by the City. The Developer may also grant liens on the Development Property to construct or rehabilitate the Development Property, or to subsequently refinance such debt or obtain new debt to finance additional improvements to the Development Property, without the City's consent. The City shall be entitled to require as conditions to any such approval that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer.

(2) Any proposed transferee, by instrument in writing satisfactory to the City and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject.

(3) There shall be submitted to the City for review and prior written approval all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property.

Section ~~3.8~~3.9. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the Project through reimbursement of Public Development Costs. To that end, the Developer agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement, to pay before delinquency all real estate taxes assessed against the Development Property and the Project. The Developer acknowledges that this obligation creates a contractual right on behalf of the City through the Termination Date to sue the Developer or its successors and assigns, to collect delinquent real estate taxes related to the Development Property and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the City is the prevailing party, the City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section ~~3.9~~3.10. Review of Taxes.

(1) The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (i) willful destruction of the Development Property or any part thereof; or (ii) willful refusal to reconstruct damaged or destroyed property. The Developer also agrees that it will not, prior to the Termination Date, apply for an exemption from or a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real property taxes under State law.

(2) The Developer shall notify the City within 10 days of filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law (referred to as a "Tax Appeal"). If as of any Payment Date, any Tax Appeal is then pending, the City will withhold the Pledged Tax Increment related to property taxes paid with respect to the market value of the Development Property being challenged as part of the Tax Appeal as determined by the City in its sole discretion. The City will apply any withheld amount to the extent not reduced as a result of the Tax Appeal promptly after the Tax Appeal is fully resolved and the amount of Pledged Tax Increment, as applicable, attributable to the disputed tax payments is finalized.

Section ~~3.10~~3.11 Insurance. The Developer or its general contractor will provide and maintain, at all times during the process of constructing the Improvements, a Special Form Basis Insurance Policy and, from time to time during that period, at the request of the City no more frequently than once annually, furnish the City with proof of payment of premiums on policies covering the following:

(1) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the applicable portion of the Minimum Improvements at the date of completion, and with coverage available in reporting form on the so-called "special" form of policy;

(2) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than $1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(3) Workers' compensation insurance, with statutory coverage.

Section ~~3.11~~3.12 Evidence of Insurance. All insurance required in this Article of the Agreement must be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of Minnesota to assume the risks covered thereby. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. Upon written request by the City, the Developer agrees to deposit with the City a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect.

ARTICLE IV
EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to pay timely any ad valorem real property taxes assessed with respect to the Development Property, within 5 days of the due date.

(2) Failure by the Developer to cause the Project to be substantially completed pursuant to the terms, conditions and limitations of this Agreement. Upon completion of the Project contemplated by this Agreement, the City shall deliver to the Developer a Certificate of Completion in substantially the form as attached as *Exhibit C*.

(3) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(4) Failure by the Developer to substantially observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, and fails to correct such failure within thirty days of its receipt of written notice of such failure from the City.

(5) If the Developer:

(a) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(b) makes an assignment for the benefit of its creditors in lieu of formal bankruptcy proceedings; or

(c) admits in writing its inability to pay its debts generally as they become due; or

(d) is adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer, as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within ninety (90) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days (or if cure is not reasonably possible within 30 days, Developer has commenced cure within such 30 day period, and diligently prosecutes cure in a reasonable manner, and keeps City informed of such cure).

(1) The City may suspend its performance under this Agreement until it receives assurances from the Developer, deemed reasonably adequate by the City, that the Developer will cure the default and continue their performance under this Agreement.

(2) The City may cancel and terminate this Agreement, except that no cancellation may be effective at any time that the Developer is proceeding in good faith to cure the defect and/or reasonable assurances to the City as required in (1) above, or if there exists a good faith dispute with the City, mortgagee or creditor as to an event of default as defined above, and the Developer post a bond or other security as reasonably adequate to cure the alleged default.

(3) The City may take any action, including legal or administrative action, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular

breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that they shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Indemnification of City.

(1) The Developer covenants and agrees that the City, its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the "**Indemnified Parties**") shall not be liable for, and agrees to indemnify and hold harmless the Indemnified Parties against, any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement including any losses, damages, or injuries occurring as a result of any gross negligence or willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties.

(2) Except for any losses, damages, or injuries occurring as a result of any gross negligence or willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as a "redevelopment tax increment district" under Minnesota Statutes, Section 469.174, Subdivision 10.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City, as the case may be.

ARTICLE V
DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1. The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if the Project does not proceed.

Section 5.2. Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City.

Section 5.3. Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.3, or to make any further payments on the TIF Note.

ARTICLE VI
ADDITIONAL PROVISIONS

Section 6.1. Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

Section 6.2. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(1) in the case of the Developer is addressed to or delivered ~~personallyto~~personally to: Silos ~~of~~ Mankato~~,~~ LLC
Attention: Joe Brennan
3255 Garfield Ave, Suite 200
Minneapolis, MN 55408

(2) in the case of the City is addressed to or delivered personally to the City at:
City of Mankato, Minnesota
Attention: City Manager
10 Civic Center Plaza
P.O. Box 3368
Mankato, Minnesota 56002-3368

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.5. Governing Law and Venue. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota. Any lawsuits regarding or arising out of this Agreement shall be instituted and venued in Blue Earth County state district court.

Section 6.6. Expiration. This Agreement shall expire on the Termination Date.

Section 6.7. Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.8. Assignability of Agreement. This Agreement may be assigned only with the consent of the City pursuant to Section 3.7.

Section 6.9. Relationship of Parties. Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture among or between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

Section 6.10. ~~Termination~~Release of Agreement. After completion of the Developer's obligations hereunder and full payment of the TIF Note, upon the request of the Developer, the City will execute and deliver to the Developer a ~~termination~~release of this Agreement, in recordable form.

[Signatures contained on following page]

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and its seal to be hereunto duly affixed on or as of the date first above written.

THE CITY OF MANKATO

By _____
Susan MH Arntz

Its City Manager

STATE OF MINNESOTA)
) : ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this_____day of_____, 202_, by Susan MH Arntz the City Manager of the City of Mankato, Minnesota, a municipal corporation.

_____
Notary Public

IN WITNESS WHEREOF, the Developer has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

Silos ~~of~~ Mankato~~,~~ LLC

By _____
Joseph Brennan
Its Manager

STATE OF MINNESOTA)
) : ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this_____day of_____, 2023 by Joseph Brennan, in his capacity as Manager of Silos Mankato LLC
_____~~, the~~ _____~~of Silos of Mankato, LLC~~

_____
Notary Public

This instrument was drafted by:
The City of Mankato
Community Development
10 Civic Center Plaza
Mankato, MN 56001

EXHIBIT A

Description of Development Property

Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato

Subject Property Address: 118 E. Plum Street and 304 N. 2nd Street, Mankato, MN 56001

EXHIBIT B

Form of TIF Note

No. R-1 $384,300

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF BLUE EARTH
CITY OF MANKATO

TAX INCREMENT REVENUE NOTE

(Silos ~~of~~ Mankato~~,~~ LLC)

The City of Mankato, Minnesota (the "**City**"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "**Payment Amounts**") to Silos ~~of~~ Mankato~~,~~ LLC (the "**Developer**") or its registered assigns (the "**Registered Owner**"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall be the lesser of (1) $384,300 or (2) the aggregate amounts entered on the Ledger which is attached to and made a part of this Note, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed $384,300 as provided in that certain Development Agreement, dated as of_____, 2023, as the same may be amended from time to time (the "**Development Agreement**"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple, non-compounded rate of 6.5 percent (6.5%) per annum. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-daymonths.

The amounts due under this Note shall be payable on July 31, 202_, and on December 31, 20__and on each July 31 and December 31 thereafter to and including December 31, 203_, or, if any of the preceding dates should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "**Payment Dates**"). However, in no event shall the City be obligated to make a payment to the Developer during the occurrence and continuance of an Event of Default under the Development Agreement. On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date Tax Increment received by the City. All payments made by the City under this Note shall be applied to accrued interest and the balance to principal reduction.

The Payment Amounts due hereon shall be payable solely from 95% of tax increments (the "**Tax Increments**") from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing District No. 36-2 (the "**Tax Increment District**") within its Development District No. ~~26~~36 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "**Tax Increment Act**"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the Development Agreement under Section 4.2(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal

payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.2 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional, charter or statutory limitation thereon.

IN WITNESS WHEREOF, City of Mankato, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and Manager and has caused this Note to be dated as of _____, 20___.

City Manager

Mayor

DO NOT EXECUTE UNTIL PAID INVOICES FOR PROJECT COSTS ARE GIVEN TO THE CITY – REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of _____, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated inthe registration blank below, on the books kept by the undersigned for such purposes.

Name and Address of Registered Owner	Date of Registration	Signature of City Executive
	_____, 20___	_____

LEDGER

Pursuant to Section 3.3 of this Agreement, the City shall reimburse the Developer an amount not to exceed $384,300 for items listed on this Ledger.

Description of Activity	Date	Amount	Signature of Representative of the City

Additional pages may be added to this Ledger, as may be needed.

EXHIBIT C

CERTIFICATE OF COMPLETION

The City of Mankato, Minnesota (the "**City**"), a municipal corporation hereby certifies that all building construction and other physical improvements specified to be done and made by the Developer have been completed and the above covenants and conditions in said Development Agreement have been performed by the Developer therein and that the provisions for breach of condition subsequent by the City, contained therein, are hereby released absolutely and forever insofar as they apply.

THE CITY OF MANKATO

By _____

Its _____

STATE OF MINNESOTA)
): ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this_____day of_____, 20__, by_____the_____of the City of Mankato, Minnesota, a municipal corporation.

_____
Notary Public

EXHIBIT D
MORTGAGE

This City Center Renaissance Revolving ("**CCRR**") Loan Mortgage ("**Mortgage**") is made on this ____day of _____, 20___between Silos ~~of~~ Mankato~~,~~ LLC, a Minnesota Limited Liability Company, 3255 Garfield Avenue, Suite 200, Minneapolis, Minnesota, 55408 ("**Mortgagor**"), and the City of Mankato, a Minnesota Municipal Corporation, 10 Civic Center Plaza, Post Office Box 3368, Mankato, MN 56002-3368 ("**Mortgagee**").

Witnesseth, that to secure payment of the principal sum of One Hundred Thousand and 00/100 Dollars ($100,000.00), evidenced by a Promissory Note dated _____, 20__, for eligible tenant improvements, which provides for payment starting on _____, 20___. Monthly payments will be made for a term of fifteen (15) years, and for interest at the rate of three percent (3.0%). Mortgagor hereby mortgages to Mortgagee the tract of land lying in Blue Earth County, Minnesota, described as follows:

Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato

Subject Property Address: 118 E. Plum Street and 304 N. 2nd Street, Mankato, MN 56001

(hereinafter the "Premises").

Subject to the following encumbrances:

1. _____

In addition to making and including in this Mortgage the covenants and other provisions set forth in Minnesota Statutes or in any future Minnesota Statute providing for a form of real estate mortgage, Mortgagor makes the following covenants and agreements with Mortgagee:

A) All unpaid principal and interest shall become due and payable prior to any transfer of ownership of the Premises during the term of the loan; and
B) All unpaid principal and interest shall become due and payable prior to any sale of ownership of the Premises during the term of the loan; and
C) All unpaid principal and interest shall become due and payable prior to any refinance of the premises during the term of the loan unless written consent is provided by Mortgagee; and

Mortgagor covenants with Mortgagee the following statutory covenants:

1. To warrant the title to the Premises.
2. To pay the indebtedness herein provided.
3. To pay all taxes.
4. To keep the buildings comprising the Premises insured against fire and other hazards in the amount equal to the fair market value of the Premises for the protection of Mortgagee, such other hazards being lightning, such other hazards under the usual extended coverage endorsements and all other hazards and risks of direct physical loss occasioned by any cause whatever, subject only to the exceptions and exclusion, if any, agreed to by Mortgagee.
5. The Premises shall be kept in repair and no waste shall be committed.
6. The whole of the principal sum shall become due after default in the payment of any installment of principal or interest, or of any tax, or in the performance of any other covenant, at the option of Mortgagee.

7. To pay principal and interest on prior mortgages.
8. To create a minimum of five full-time equivalent ("**FTE**") positions within two years of the loan closing date, which date is _____, 20__(one position for each $20,000 of loan amount). ~~The twenty FTE positions required represent a combination of this loan to Mortgagor for the Premises.~~ Mortgagor agrees to maintain a minimum of five FTE positions for the life of the loan (15 years). Wage stipulations for the ~~twenty~~five positions shall comply with Section 8.02 of the Economic Development Policy Guidelines as adopted by the EDA. Mortgagor agrees to report annually the number of jobs created and retained, as well as wage information necessary to ensure compliance with CCRR loans and Economic Development Policy Guidelines.
9. Mortgagor covenants and agrees that CCRR funds will be disbursed upon submittal of invoices for eligible building improvements that total $133,333.33.
10. Mortgagor covenants and agrees that all proposed funding will be used for eligible improvements which conform to all applicable building codes and the design will conform to the submitted exterior building elevations and specifications as reviewed by the EDA at their April 10, 2023 meeting.
11. Mortgagee covenants and agrees that this Mortgage document will not be recorded against the property until Mortgagor has received the first tax increment payment as stated in the Development Agreement between Mortgagor and Mortgagee. Regardless of Mortgage recording date, Mortgagor covenants and agrees to begin repaying CCRR loan in accordance with the Mortgage and acknowledges that CCRR loan proceeds will be only disbursed upon submittal of appropriate documentation of qualifying costs and agrees to begin repaying CCRR loan approximately 30 days after all loan funds have been disbursed.

If default is made in any payment or covenant herein, mortgagee shall have the statutory power of sale, and on foreclosure may retain statutory costs and attorney's fees.

In witness whereof, Mortgagor has duly executed this Mortgage on this _____day of _____, 20__.

Silos ~~of~~ Mankato~~,~~ LLC

By: _____

Its: _____

STATE OF MINNESOTA)
) : ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this _____day of _____, 20_____by _____, the _____of Silos ~~of~~ Mankato~~,~~ LLC a Minnesota Limited Liability Company.

_____
Notary Public

PROMISSORY NOTE

1. In return for a City Center Renaissance Revolving ("**CCRR**") Loan received from the City of Mankato, a Minnesota Municipal Corporation, 10 Civic Center Plaza, Mankato, MN 56002-3368 ("**Lender**"), Silos ~~of~~ Mankato~~,~~ LLC, a Minnesota Limited Liability Company, 3255 Garfield Avenue, Suite 200, Minneapolis, Minnesota, 55408 ("**Borrower**") promises to pay the principal sum of One Hundred Thousand and 00/100 Dollars ($100,000.00), plus interest, to the order of the Lender. Monthly payments will be made for a term of one hundred eighty (180) months and all outstanding principal and interest shall be due and payable prior to any transfer of ownership or any sale of ownership of the Premises during the term of the loan. Interest will be charged on the unpaid balance from the date of disbursement of the loan proceeds by Lender, at the rate of three percent (3.0%) until the full amount of the principal has been paid.

2. Borrower's promise to pay is secured by a mortgage that is dated _____, 20___.

3. Borrower covenants and agrees with the Lender that if the real estate described as:

   Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato

   Subject Property Address: 118 E. Plum Street and 304 N. 2nd Street, Mankato, MN 56001

   (hereinafter the "**Premises**") is sold, transferred or otherwise conveyed, voluntarily or involuntarily, Borrower shall repay to the Lender a sum equal to the remaining principle and any accrued interest. Any such repayment shall be made to Lender no later than the 10th day following such sale, transfer, or other conveyance, or on such later date or dates as Lender, in its sole discretion, may designate. Payments shall be made to the City of Mankato, 10 Civic Center Plaza, PO Box 3368, Mankato, MN 56002-3368, or at such place as Lender may designate by written notice to Borrower.

4. Promptly after the date of any sale, transfer, or other conveyance of the Premises (or, in the event of a sale by contract for deed at least ten (10) days prior to such date of sale), Borrower shall give the Lender notice thereof.

5. If Lender has not received the full payment required by the Mortgage described in paragraph 2 of this Note, by the end of ten (10) calendar days after the payment is due, Lender may collect a late charge in the amount of four percent (4.0%) of the overdue amount of such payment.

6. This Note shall inure to the benefit of and be binding upon the parties hereto and their respective representatives, successors, and assigns.

7. If Borrower defaults by failing to pay in full any payment, then Lender may, except as limited by regulations of the Minnesota Secretary of State in the case of payments defaults, require immediate payment in full of the principle balance remaining due and all accrued interest. Lender may choose not to exercise this option without waiving its rights in the event of any subsequent default.

8. If Lender has required immediate payment in full, as described above, Lender may require Borrower to pay costs and expenses including reasonable and customary attorneys' fees for enforcing this Note to the extent not prohibited by applicable law. Such fees and costs shall bear interest from the date of disbursement at the same rate as the principal of this Note.

9. Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of

Dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

10. Any notice that must be given under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the address stated in Paragraph 1, or at a different address if the Borrower has given Lender notice of Borrower's different address. Any notice that must be given to Lender under this Note will be given by first class mail to Lender at the address stated in Paragraph 3 of this Note or at a different address if Borrower is given a notice of Lender's different address.

11. Borrower covenants and agrees to create a minimum of five full-time equivalent ("FTE") positions within two years of the loan closing date, which date is _____, 20__, (one position for each $20,000 of loan amount). ~~The five FTE positions required represent a combination of this loan to Borrower for the Premises.~~ Borrower agrees to maintain a minimum of five FTE positions for the life of the loan (15 years). Wage stipulations for the ~~seventeen~~five positions shall comply with Section 8.02 of the Economic Development Policy Guidelines as adopted by the EDA. Borrower agrees to report annually the number of jobs created and retained, as well as wage information necessary to ensure compliance with CCRR loans and Economic Development Policy Guidelines.

12. Borrower covenants and agrees that all proposed funding will be used for eligible improvements which conform to all applicable building codes and the design will conform to the submitted exterior building elevations and specifications as reviewed by the EDA at their April 10, 2023 meeting.

13. Borrower covenants and agrees that CCRR funds will be disbursed to Borrower after Lender confirms completion of eligible building improvements pursuant to an inspection of the Premises by Lender and upon submittal of invoices by Borrower for eligible building improvements that total $133,333.33.

14. Borrower covenants and agrees to enroll in automatic monthly payments using Automated Clearing House (ACH).

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

Silos ~~of~~ Mankato~~,~~ LLC

By: _____

Its: _____

EXHIBIT E

PROJECT COSTS – REIMBURSABLE

The table below illustrates the proposed tax increment reimbursable budget. Developer shall submit proof of incurring TIF eligible expenditures.

Modified Budget: TIF Eligible Expenditures	**TIF Funds**
Concrete – Specialized Footing	$60,000
Earthwork – Soil Correction	$124,628
Earthwork – Parking Lot/Walks	$50,000
Utilities – Sanitary, Storm, Water	$57,560
Street patch for utilities	$25,000
Radon/Vapor Mitigation	$25,000
Sidewalks	$26,840
Concrete Sidewalks	$15,272
Developer TIF Reimbursable Project Costs	**$384,300**
Interest Expense	$198,299
Total Developer TIF Reimbursable Budget	**$582,599**

Summary report: Litera® Change-Pro for Word 10.7.0.7 Document comparison done on 8/31/2023 4:20:01 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://ECDBB-DMS.IMANAGE.WORK/FB1/79856663/1	
Modified DMS: iw://ECDBB-DMS.IMANAGE.WORK/FB1/79856663/3	
Changes:	
Add	23
~~Delete~~	56
~~Move From~~	0
Move To	0
Table Insert	0
~~Table Delete~~	0
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	79

DEVELOPMENT AGREEMENT

BY AND BETWEEN

CITY OF MANKATO, MINNESOTA

AND

SILOS MANKATO LLC

This instrument was drafted by:
The City of Mankato
Community Development
10 Civic Center Plaza
Mankato, MN 56001

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the__ day of_____, 2023, by and between the City of Mankato, Minnesota (the "**City**"), a municipal corporation existing under the laws of the State of Minnesota and Silos Mankato LLC, a Minnesota limited liability company (the "**Developer**").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 to 469.133, the City has heretofore established Development District No. 36 (the "**Development District**") and has adopted a development program therefor (the "**Development Program**"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "**Tax Increment Act**"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 36-2 (the "**Tax Increment District**") and has adopted a modification to tax increment financing plan therefor (the "**Tax Increment Plan**") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, the City has requested the County to certify the original tax capacity of the Tax Increment District pursuant to Section 469.177 of the Tax Increment Act; and

WHEREAS, the City has authority pursuant to Minnesota Statutes, Section 469.090 through 469.108 (the "**Economic Development Act**") to provide financial assistance to projects that provide a public benefit to the City; and

WHEREAS, the City has the powers of an economic development authority established pursuant to the Economic Development Act, and pursuant to such authority, has undertaken a program to foster the successful redevelopment of vacant and underutilized commercial properties within the City; and

WHEREAS, the City provides loan funds, at a reduced interest rate, to aid redevelopment in the downtown; and

WHEREAS, the City and Brennan Properties of Minnesota, LLC, a Minnesota Limited Liability Company, entered into a development agreement dated July 29, 2019 for the construction of an approximate 68,550 ft., five-story mixed-use (commercial and residential) building on Lots 1-5 and 7-10, City of Mankato (replatted as Lot 1A, Block 1, Bridge Plaza) (201 N. Riverfront Drive), and demolishing the existing warehouse buildings on Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato (118 E. Plum Street and 304 N. 2nd Street).

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined it will assist the Developer with the financing of certain costs of the Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted;

NOW, THEREFORE, for valuable consideration and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

Certificate of Completion means the certification in the form of the certificate attached hereto as *Exhibit C* and hereby made a part of this Agreement, provided to the Developer pursuant to Section 4.1 of this Agreement;

City means the City of Mankato, Minnesota;

County means Blue Earth County, Minnesota;

Developer means Silos Mankato LLC, its successors and assigns;

Development District means the real property included in Development District No. 36 heretofore established;

Development Program means the Development Program approved in connection with the Development District;

Development Property means the real property described in *Exhibit A* attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Note Payment Date means December 31, 2026, and each December 31 and July 31 of each year thereafter to and including December 31, 2035; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the redevelopment of a new mixed-use building containing 1,413 square feet of new commercial space and 26-units of multi-family housing.

Project Costs means the costs of correcting conditions that allow designation of the Development Property as a redevelopment district under Minnesota Statutes, Section 469.174, subdivision 10, which are more specifically described on *Exhibit E* attached hereto;

State means the State of Minnesota;

Tax Increments means 95% of the tax increments derived from the Development Property, which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 36-2, located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as a redevelopment district under the Tax Increment Act;

Tax Increment Financing Plan means the modification to the tax increment financing plan approved for the Tax Increment District by the City Council on May 22, 2023 and any future amendments thereto;

Termination Date means the earlier of (i) December 31, 2035, (ii) the date the Project Costs are paid in full, (iii) the date on which the Tax Increment District expires or is otherwise terminated, or (iv) the date this Agreement is terminated or rescinded in accordance with its terms;

TIF Note means the Tax Increment Revenue Note (Silos Mankato LLC Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the form of which is attached hereto as *Exhibit B*;

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays. Any supply or labor issues attributable to the COVID-19 pandemic shall not constitute Unavoidable Delay and COVID-19 pandemic- related effects are expressly excluded from this definition.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The Tax Increment District is a "redevelopment district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The Project contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the Project Costs incurred in connection with the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

(6) The City will reasonably cooperate with the Developer to timely process and approve any necessary permits, licenses, or approvals required from the City for the construction and occupation of the Project; provided Developer's applications for the same are complete and compliant with the applicable ordinances.

Section 2.2. Representations and Warranties of the Developer. The Developer makes the following representations and warranties:

(1) The Developer has the power to enter into this Agreement and to perform its obligations hereunder and is not in violation of any local, state or federal laws.

(2) The Developer is a Minnesota limited liability company and operates under the laws of this State and has full power and authority to enter into this Agreement and carry out the covenants contained herein.

(3) Upon receipt of the permits, licenses and approvals therefor, the Developer will cause the Project to be completed in accordance with the terms of this Agreement, the Development Program and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(4) The Developer will use commercially reasonable efforts to obtain or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be met before the Project may be constructed and occupied.

(5) The Developer has not received any notice or communication from any local, state or federal official that the activities of Developer or the City with respect to the Development Property may or will be in violation of any environmental law or regulation. As of the date of the execution of this Agreement, except for the removal of a used oil above ground tank, and asbestos and lead in the building, Developer is aware of no facts the existence of which would cause it to be in violation of any local, state or federal environmental law, regulation or review procedure which would give any person a valid claim under the Minnesota Environmental Rights Act.

(6) The Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(7) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(8) The Developer will fully cooperate with the City with respect to any litigation commenced with respect to the Project provided, however, that any such litigation settled by the City, which would require

payment by the Developer or any other consequence materially adverse to the Developer or the Project, would require that the City obtain the prior written consent of the Developer.

(9) The Developer agrees to pay the total amount of any reasonable costs, charges, expenses and attorneys fees reasonably incurred or paid as of the execution of this Agreement by the City because of any Event of Default by the Developer as to any stipulation, agreement, and covenant of this Agreement, resulting in any suit or proceeding at law or in equity to which the City shall become a party in reference to the Developer's interest in the Development Property or the Project, if the Developer is found at fault and ordered to pay damages through a court trial action.

(10) The Developer will reasonably cooperate with the City to resolve any traffic, parking, trash removal or public safety problems, which may arise in connection with the construction of the Project.

(11) The Developer will participate in a Site Plan Review by the City's Planning Department and the City Planning Commission, and will comply with the City's design standards and covenants as reasonably enforced by said Planning Department and Planning Commission.

(12) Barring Unavoidable Delays, the Project will be substantially completed by December 31, 2025, such that the City will issue a Certificate of Completion on or before that date. The City has no knowledge of anything, which would prevent the Project from being completed by December 31, 2025 subject to Unavoidable Delays, including within its knowledge, an estimate of the reasonable time for review of the Project by the City and its agencies and commissions. It is anticipated construction will commence in 2023.

(13) To the Developer's knowledge, no member of the City Council, or officer of the City, has either a direct or indirect financial interest in this Agreement, nor will any member of the City Council, or officer of the City, benefit financially from this Agreement within the meaning of Minnesota Statutes, Section 471.87.

ARTICLE III
UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Project Costs. The parties agree that the Project Costs to be installed or constructed by the Developer are essential to the successful completion of the Project. Project Costs associated with the redevelopment are delineated in *Exhibit E* of this Agreement. The Project Costs shall be paid by the Developer. The City shall reimburse the Developer, for a period up to 10 years of Tax Increment, for the lesser of: (a) $582,599 (which represents a net present value of $384,300 discounted at 6.50%); or, (b) the amount of the Project Costs actually incurred and paid by the Developer, plus interest, as further provided in Sections 3.3 and 3.5. The City is not obligated to reimburse the Developer, regardless of Tax Increment received, for more than 10 years of tax increment payments. The City is not obligated for any shortfall of tax increment payments during that period. If Tax Increment is not realized in an amount to satisfy the TIF Note, the City is not liable or expected to make up the difference from any other source.

Section 3.2. Limitations on Undertaking of the City. Notwithstanding the provisions of Sections 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the Project Costs, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured. If such Event of Default is cured in accordance with the terms of this Agreement, the City will so reimburse the Developer.

Section 3.3. Reimbursement: Tax Increment Revenue Note. The City shall reimburse the payments made

by the Developer under Section 3.1 for the Project Costs through the issuance of the City's TIF Note in substantially the form attached to this Agreement as *Exhibit B*, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Project has been completed and that the Developer has incurred and paid all Project Costs, as described in and limited by Section 3.1 and shall have submitted paid invoices for the Project Costs, or final lien waivers for Project Costs.

(2) The principal amount of the TIF Note, and interest accrued on the TIF Note, shall be payable solely from the Tax Increments.

(3) On each Note Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal outstanding on the TIF Note, the Tax Increments received by the City during the preceding 6 months. All such payments, less the 5% administration charge, made by the City under this Note shall first be applied to accrued interest and the balance to principal reduction.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of and interest on the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an uncured Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in *Exhibit B*. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

(7) The City is not obligated to reimburse the Developer, regardless of tax increment received, for more than 10 years of tax increment payments. The City is not obligated for any shortfall of tax increment payments during that period. If tax increment is not realized in an amount to satisfy the TIF Note, the City is not liable or expected to make up the difference from any other source.

Section 3.4. Business Subsidies Act. The Developer represents that the assistance provided in this Agreement is for redevelopment purposes and therefore it does not constitute a "business subsidy" under Minnesota Statutes, Section 116J.993, Subdivision 3.

(1) Calculation for redevelopment exception to business subsidy law. Minn. Stat. Section 116J.993, subd. 3(17) provides an exception from the Business Subsidy Act for redevelopment when the recipient's investment in the purchase of the site and in site preparation is seventy percent (70%) or more of the assessor's current year's estimated market value.
(2) In order to use this exception, the developer must warrant and represent that its investment in the purchase of the development property and the site preparation on such development property (net of any portion of such costs to be reimbursed with tax increment or any other subsidies provided by the City, HRA, Port Authority, EDA, or any other subsidy from a governmental entity) will equal at least seventy percent (70%) of the County assessor's estimated market value for the development property for the 2022 assessment year,

calculated as follows:

Development property cost	$181,789
Plus Estimated cost of site preparation	$394,028
Equals land cost and site preparation	$575,817
[2022 Assessor's Estimated Fair Market Value of development property	$70,600

$575,817 (acquisition and site preparation cost) *less $384,300 (amount of financial assistance provided by the City, Authority, or another government entity for acquisition and site preparation),* equals $191,517 which is 271% of $70,600 (assessor's current estimated fair market value)

Section 3.5. City Center Renaissance Revolving (CCRR) Loan. The City shall provide the Developer with a $100,000 CCRR Loan to assist the Developer in undertaking the Project Activities.

(1) Funding of the CCRR Loan will be disbursed by the City to the Developer only upon presentation of specific invoices for work performed accompanied by lien waivers for the work performed. A promissory note and mortgage will be subordinated, if required by the primary lender, to the primary lender's interest.
(2) The promissory note shall be governed by and payable pursuant to the additional terms thereof, as set forth in *Exhibit D*. In the event of any conflict between the terms of the promissory note and the terms of this Agreement, the terms of the promissory note shall govern.
(3) The issuance of the promissory note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as counsel for the City may require in connection therewith, are hereby authorized and approved by the City.
(4) The ability of the Developer to terminate this Agreement pursuant to Section 5.1 does not absolve the Developer from paying the principal of and interest on the CCRR Loan in full.

Section 3.6. Use of Project. The Developer agrees that for itself, its successors and assigns it shall devote the Development Property and Project to, and in accordance with, the uses specified in this Agreement and as approved by the Mankato City Council.

Section 3.7. Reimbursement to Developer. The Developer shall make payment to the City in the amount of $4,400 for the costs to create the Tax Increment District within 30 days of receiving an invoice. Developer shall be reimbursed for such $4,400 by the City out of the 5% administrative charge retained by the City at the time tax increment administrative revenue is received. The reimbursement will occur when full tax increment revenue and administrative costs contemplated in the tax increment plan are received by the City and only after the City reimburses itself for administrative expenses. The reimbursement may occur over several periods of receipt of tax increment and administrative revenue.

Section 3.8. Prohibition against Transfer of Development Property and Assignment of Agreement. The Developer represents and agrees that prior to the termination date of this Agreement, the Developer shall not transfer in any form the Development Property or any part thereof or any interest therein, or enter into any

contract or agreement to do any of the same without the prior written approval of the City. If the City consents, to the transfer, said consent shall be delivered to the Developer in writing no later than 45 business days from that date the City receives notice of such assignment or transfer. Consent to transfer shall not be unreasonably withheld, conditioned or delayed by the City. The Developer may also grant liens on the Development Property to construct or rehabilitate the Development Property, or to subsequently refinance such debt or obtain new debt to finance additional improvements to the Development Property, without the City's consent. The City shall be entitled to require as conditions to any such approval that:

(1) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer.

(2) Any proposed transferee, by instrument in writing satisfactory to the City and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject.

(3) There shall be submitted to the City for review and prior written approval all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property.

Section 3.9. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the Project through reimbursement of Public Development Costs. To that end, the Developer agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement, to pay before delinquency all real estate taxes assessed against the Development Property and the Project. The Developer acknowledges that this obligation creates a contractual right on behalf of the City through the Termination Date to sue the Developer or its successors and assigns, to collect delinquent real estate taxes related to the Development Property and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the City is the prevailing party, the City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 3.10. Review of Taxes.

(1) The Developer agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Development Property through: (i) willful destruction of the Development Property or any part thereof; or (ii) willful refusal to reconstruct damaged or destroyed property. The Developer also agrees that it will not, prior to the Termination Date, apply for an exemption from or a deferral of property tax on the Development Property pursuant to any law, or transfer or permit transfer of the Development Property to any entity whose ownership or operation of the property would result in the Development Property being exempt from real property taxes under State law.

(2) The Developer shall notify the City within 10 days of filing any petition to seek reduction in market value or property taxes on any portion of the Development Property under any State law (referred to as a "Tax Appeal"). If as of any Payment Date, any Tax Appeal is then pending, the City will withhold the Pledged Tax Increment related to property taxes paid with respect to the market value of the Development Property being challenged as part of the Tax Appeal as determined by the City in its sole discretion. The City will apply any withheld amount to the extent not reduced as a result of the Tax Appeal promptly after the Tax Appeal is fully resolved and the amount of Pledged Tax Increment, as applicable, attributable to the disputed tax payments is finalized.

Section 3.11 Insurance. The Developer or its general contractor will provide and maintain, at all times during the process of constructing the Improvements, a Special Form Basis Insurance Policy and, from time to time during that period, at the request of the City no more frequently than once annually, furnish the City with proof of payment of premiums on policies covering the following:

(1) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the applicable portion of the Minimum Improvements at the date of completion, and with coverage available in reporting form on the so-called "special" form of policy;

(2) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than $1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(3) Workers' compensation insurance, with statutory coverage.

Section 3.12 Evidence of Insurance. All insurance required in this Article of the Agreement must be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of Minnesota to assume the risks covered thereby. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. Upon written request by the City, the Developer agrees to deposit with the City a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect.

ARTICLE IV
EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer to pay timely any ad valorem real property taxes assessed with respect to the Development Property, within 5 days of the due date.

(2) Failure by the Developer to cause the Project to be substantially completed pursuant to the terms, conditions and limitations of this Agreement. Upon completion of the Project contemplated by this Agreement, the City shall deliver to the Developer a Certificate of Completion in substantially the form as attached as *Exhibit C*.

(3) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(4) Failure by the Developer to substantially observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, and fails to correct such failure within thirty days of its receipt of written notice of such failure from the City.

(5) If the Developer:

(a) files any petition in bankruptcy or for any reorganization, arrangement, composition,

readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(b) makes an assignment for the benefit of its creditors in lieu of formal bankruptcy proceedings; or

(c) admits in writing its inability to pay its debts generally as they become due; or

(d) is adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer, as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within ninety (90) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer, but only if the Event of Default has not been cured within said thirty (30) days (or if cure is not reasonably possible within 30 days, Developer has commenced cure within such 30 day period, and diligently prosecutes cure in a reasonable manner, and keeps City informed of such cure).

(1) The City may suspend its performance under this Agreement until it receives assurances from the Developer, deemed reasonably adequate by the City, that the Developer will cure the default and continue their performance under this Agreement.

(2) The City may cancel and terminate this Agreement, except that no cancellation may be effective at any time that the Developer is proceeding in good faith to cure the defect and/or reasonable assurances to the City as required in (1) above, or if there exists a good faith dispute with the City, mortgagee or creditor as to an event of default as defined above, and the Developer post a bond or other security as reasonably adequate to cure the alleged default.

(3) The City may take any action, including legal or administrative action, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that they shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Indemnification of City.

(1) The Developer covenants and agrees that the City, its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the "**Indemnified Parties**") shall not be liable for, and agrees to indemnify and hold harmless the Indemnified Parties against, any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement including any losses, damages, or injuries occurring as a result of any gross negligence or willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties.

(2) Except for any losses, damages, or injuries occurring as a result of any gross negligence or willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as a "redevelopment tax increment district" under Minnesota Statutes, Section 469.174, Subdivision 10.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City, as the case may be.

ARTICLE V
DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1. The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if the Project does not proceed.

Section 5.2. Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City.

Section 5.3. Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to

recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.3, or to make any further payments on the TIF Note.

ARTICLE VI
ADDITIONAL PROVISIONS

Section 6.1. Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

Section 6.2. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

(1) in the case of the Developer is addressed to or delivered personally to:
Silos Mankato LLC
Attention: Joe Brennan
3255 Garfield Ave, Suite 200
Minneapolis, MN 55408

(2) in the case of the City is addressed to or delivered personally to the City at:
City of Mankato, Minnesota
Attention: City Manager
10 Civic Center Plaza
P.O. Box 3368
Mankato, Minnesota 56002-3368

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.5. Governing Law and Venue. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota. Any lawsuits regarding or arising out of this Agreement shall be instituted and venued in Blue Earth County state district court.

Section 6.6. Expiration. This Agreement shall expire on the Termination Date.

Section 6.7. Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.8. Assignability of Agreement. This Agreement may be assigned only with the consent of the City pursuant to Section 3.7.

Section 6.9. Relationship of Parties. Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture among or between the parties hereto, and the rights and remedies of the parties hereto shall be strictly as set forth in this Agreement. All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

Section 6.10. Release of Agreement. After completion of the Developer's obligations hereunder and full payment of the TIF Note, upon the request of the Developer, the City will execute and deliver to the Developer a release of this Agreement, in recordable form.

[Signatures contained on following page]

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and its seal to be hereunto duly affixed on or as of the date first above written.

THE CITY OF MANKATO

By _____
Susan MH Arntz

Its City Manager

STATE OF MINNESOTA)
) : ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this_____day of_____, 202_, by Susan MH Arntz the City Manager of the City of Mankato, Minnesota, a municipal corporation.

_____
Notary Public

IN WITNESS WHEREOF, the Developer has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

Silos Mankato LLC

By _____
Joseph Brennan
Its Manager

STATE OF MINNESOTA)
) : ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this_____day of_____, 2023 by Joseph Brennan, in his capacity as Manager of Silos Mankato LLC

_____
Notary Public

This instrument was drafted by:
The City of Mankato
Community Development
10 Civic Center Plaza
Mankato, MN 56001

EXHIBIT A

Description of Development Property

Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato

Subject Property Address: 118 E. Plum Street and 304 N. 2nd Street, Mankato, MN 56001

EXHIBIT B

Form of TIF Note

No. R-1 $384,300

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF BLUE EARTH
CITY OF MANKATO

TAX INCREMENT REVENUE NOTE

(Silos Mankato LLC)

The City of Mankato, Minnesota (the "**City**"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "**Payment Amounts**") to Silos Mankato LLC (the "**Developer**") or its registered assigns (the "**Registered Owner**"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall be the lesser of (1) $384,300 or (2) the aggregate amounts entered on the Ledger which is attached to and made a part of this Note, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed $384,300 as provided in that certain Development Agreement, dated as of_____, 2023, as the same may be amended from time to time (the "**Development Agreement**"), by and between the City and the Developer. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple, non-compounded rate of 6.5 percent (6.5%) per annum. Interest shall be computed on the basis of a 360-day year consisting of twelve (12) 30-daymonths.

The amounts due under this Note shall be payable on July 31, 202_, and on December 31, 20__and on each July 31 and December 31 thereafter to and including December 31, 203_, or, if any of the preceding dates should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "**Payment Dates**"). However, in no event shall the City be obligated to make a payment to the Developer during the occurrence and continuance of an Event of Default under the Development Agreement. On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date Tax Increment received by the City. All payments made by the City under this Note shall be applied to accrued interest and the balance to principal reduction.

The Payment Amounts due hereon shall be payable solely from 95% of tax increments (the "**Tax Increments**") from the Development Property (as defined in the Development Agreement) within the City's Tax Increment Financing District No. 36-2 (the "**Tax Increment District**") within its Development District No. 36 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "**Tax Increment Act**"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the Development Agreement under Section 4.2(2) thereof or the Developer shall have terminated the Development Agreement under Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal

payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.2 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional, charter or statutory limitation thereon.

IN WITNESS WHEREOF, City of Mankato, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and Manager and has caused this Note to be dated as of _____, 20___.

_____ _____

City Manager Mayor

DO NOT EXECUTE UNTIL PAID INVOICES FOR PROJECT COSTS ARE GIVEN TO THE CITY – REFER TO SECTION 3.3(1).

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of _____, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated inthe registration blank below, on the books kept by the undersigned for such purposes.

Name and Address of Registered Owner	Date of Registration	Signature of City Executive
	_____, 20___	_____

LEDGER

Pursuant to Section 3.3 of this Agreement, the City shall reimburse the Developer an amount not to exceed $384,300 for items listed on this Ledger.

Description of Activity	Date	Amount	Signature of Representative of the City

Additional pages may be added to this Ledger, as may be needed.

EXHIBIT C

CERTIFICATE OF COMPLETION

The City of Mankato, Minnesota (the "**City**"), a municipal corporation hereby certifies that all building construction and other physical improvements specified to be done and made by the Developer have been completed and the above covenants and conditions in said Development Agreement have been performed by the Developer therein and that the provisions for breach of condition subsequent by the City, contained therein, are hereby released absolutely and forever insofar as they apply.

THE CITY OF MANKATO

By _____

_____

Its _____

STATE OF MINNESOTA)

): ss

COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this_____day of_____, 20__, by_____the_____of the City of Mankato, Minnesota, a municipal corporation.

_____

Notary Public

EXHIBIT D
MORTGAGE

This City Center Renaissance Revolving ("**CCRR**") Loan Mortgage ("**Mortgage**") is made on this ____day of _____, 20___between Silos Mankato LLC, a Minnesota Limited Liability Company, 3255 Garfield Avenue, Suite 200, Minneapolis, Minnesota, 55408 ("**Mortgagor**"), and the City of Mankato, a Minnesota Municipal Corporation, 10 Civic Center Plaza, Post Office Box 3368, Mankato, MN 56002-3368 ("**Mortgagee**").

Witnesseth, that to secure payment of the principal sum of One Hundred Thousand and 00/100 Dollars ($100,000.00), evidenced by a Promissory Note dated _____, 20__, for eligible tenant improvements, which provides for payment starting on _____, 20___. Monthly payments will be made for a term of fifteen (15) years, and for interest at the rate of three percent (3.0%). Mortgagor hereby mortgages to Mortgagee the tract of land lying in Blue Earth County, Minnesota, described as follows:

Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato

Subject Property Address: 118 E. Plum Street and 304 N. 2nd Street, Mankato, MN 56001

(hereinafter the "Premises").

Subject to the following encumbrances:

1. _____

In addition to making and including in this Mortgage the covenants and other provisions set forth in Minnesota Statutes or in any future Minnesota Statute providing for a form of real estate mortgage, Mortgagor makes the following covenants and agreements with Mortgagee:

A) All unpaid principal and interest shall become due and payable prior to any transfer of ownership of the Premises during the term of the loan; and
B) All unpaid principal and interest shall become due and payable prior to any sale of ownership of the Premises during the term of the loan; and
C) All unpaid principal and interest shall become due and payable prior to any refinance of the premises during the term of the loan unless written consent is provided by Mortgagee; and

Mortgagor covenants with Mortgagee the following statutory covenants:

1. To warrant the title to the Premises.
2. To pay the indebtedness herein provided.
3. To pay all taxes.
4. To keep the buildings comprising the Premises insured against fire and other hazards in the amount equal to the fair market value of the Premises for the protection of Mortgagee, such other hazards being lightning, such other hazards under the usual extended coverage endorsements and all other hazards and risks of direct physical loss occasioned by any cause whatever, subject only to the exceptions and exclusion, if any, agreed to by Mortgagee.
5. The Premises shall be kept in repair and no waste shall be committed.
6. The whole of the principal sum shall become due after default in the payment of any installment of principal or interest, or of any tax, or in the performance of any other covenant, at the option of Mortgagee.

7. To pay principal and interest on prior mortgages.
8. To create a minimum of five full-time equivalent ("**FTE**") positions within two years of the loan closing date, which date is _____, 20__(one position for each $20,000 of loan amount). Mortgagor agrees to maintain a minimum of five FTE positions for the life of the loan (15 years). Wage stipulations for the five positions shall comply with Section 8.02 of the Economic Development Policy Guidelines as adopted by the EDA. Mortgagor agrees to report annually the number of jobs created and retained, as well as wage information necessary to ensure compliance with CCRR loans and Economic Development Policy Guidelines.
9. Mortgagor covenants and agrees that CCRR funds will be disbursed upon submittal of invoices for eligible building improvements that total $133,333.33.
10. Mortgagor covenants and agrees that all proposed funding will be used for eligible improvements which conform to all applicable building codes and the design will conform to the submitted exterior building elevations and specifications as reviewed by the EDA at their April 10, 2023 meeting.
11. Mortgagee covenants and agrees that this Mortgage document will not be recorded against the property until Mortgagor has received the first tax increment payment as stated in the Development Agreement between Mortgagor and Mortgagee. Regardless of Mortgage recording date, Mortgagor covenants and agrees to begin repaying CCRR loan in accordance with the Mortgage and acknowledges that CCRR loan proceeds will be only disbursed upon submittal of appropriate documentation of qualifying costs and agrees to begin repaying CCRR loan approximately 30 days after all loan funds have been disbursed.

If default is made in any payment or covenant herein, mortgagee shall have the statutory power of sale, and on foreclosure may retain statutory costs and attorney's fees.

In witness whereof, Mortgagor has duly executed this Mortgage on this _____day of _____, 20__.

Silos Mankato LLC

By: _____

Its: _____

STATE OF MINNESOTA)
) : ss
COUNTY OF BLUE EARTH)

The foregoing instrument was acknowledged before me this _____day of _____, 20____by _____, the _____of Silos Mankato LLC a Minnesota Limited Liability Company.

_____
Notary Public

PROMISSORY NOTE

1. In return for a City Center Renaissance Revolving ("**CCRR**") Loan received from the City of Mankato, a Minnesota Municipal Corporation, 10 Civic Center Plaza, Mankato, MN 56002-3368 ("**Lender**"), Silos Mankato LLC, a Minnesota Limited Liability Company, 3255 Garfield Avenue, Suite 200, Minneapolis, Minnesota, 55408 ("**Borrower**") promises to pay the principal sum of One Hundred Thousand and 00/100 Dollars ($100,000.00), plus interest, to the order of the Lender. Monthly payments will be made for a term of one hundred eighty (180) months and all outstanding principal and interest shall be due and payable prior to any transfer of ownership or any sale of ownership of the Premises during the term of the loan. Interest will be charged on the unpaid balance from the date of disbursement of the loan proceeds by Lender, at the rate of three percent (3.0%) until the full amount of the principal has been paid.

2. Borrower's promise to pay is secured by a mortgage that is dated _____, 20___.

3. Borrower covenants and agrees with the Lender that if the real estate described as:

   Lot 6, Block 17, Map of Mankato; and the Southerly Half of Lot 7, except the Easterly 51 feet of the Northerly 22 feet of the Southerly Half of Lot 7, Block 17, Mankato

   Subject Property Address: 118 E. Plum Street and 304 N. 2nd Street, Mankato, MN 56001

   (hereinafter the "**Premises**") is sold, transferred or otherwise conveyed, voluntarily or involuntarily, Borrower shall repay to the Lender a sum equal to the remaining principle and any accrued interest. Any such repayment shall be made to Lender no later than the 10th day following such sale, transfer, or other conveyance, or on such later date or dates as Lender, in its sole discretion, may designate. Payments shall be made to the City of Mankato, 10 Civic Center Plaza, PO Box 3368, Mankato, MN 56002-3368, or at such place as Lender may designate by written notice to Borrower.

4. Promptly after the date of any sale, transfer, or other conveyance of the Premises (or, in the event of a sale by contract for deed at least ten (10) days prior to such date of sale), Borrower shall give the Lender notice thereof.

5. If Lender has not received the full payment required by the Mortgage described in paragraph 2 of this Note, by the end of ten (10) calendar days after the payment is due, Lender may collect a late charge in the amount of four percent (4.0%) of the overdue amount of such payment.

6. This Note shall inure to the benefit of and be binding upon the parties hereto and their respective representatives, successors, and assigns.

7. If Borrower defaults by failing to pay in full any payment, then Lender may, except as limited by regulations of the Minnesota Secretary of State in the case of payments defaults, require immediate payment in full of the principle balance remaining due and all accrued interest. Lender may choose not to exercise this option without waiving its rights in the event of any subsequent default.

8. If Lender has required immediate payment in full, as described above, Lender may require Borrower to pay costs and expenses including reasonable and customary attorneys' fees for enforcing this Note to the extent not prohibited by applicable law. Such fees and costs shall bear interest from the date of disbursement at the same rate as the principal of this Note.

9. Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of

Dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

10. Any notice that must be given under this Note will be given by delivering it or by mailing it by first class mail to Borrower at the address stated in Paragraph 1, or at a different address if the Borrower has given Lender notice of Borrower's different address. Any notice that must be given to Lender under this Note will be given by first class mail to Lender at the address stated in Paragraph 3 of this Note or at a different address if Borrower is given a notice of Lender's different address.

11. Borrower covenants and agrees to create a minimum of five full-time equivalent ("FTE") positions within two years of the loan closing date, which date is _____, 20__, (one position for each $20,000 of loan amount). Borrower agrees to maintain a minimum of five FTE positions for the life of the loan (15 years). Wage stipulations for the five positions shall comply with Section 8.02 of the Economic Development Policy Guidelines as adopted by the EDA. Borrower agrees to report annually the number of jobs created and retained, as well as wage information necessary to ensure compliance with CCRR loans and Economic Development Policy Guidelines.

12. Borrower covenants and agrees that all proposed funding will be used for eligible improvements which conform to all applicable building codes and the design will conform to the submitted exterior building elevations and specifications as reviewed by the EDA at their April 10, 2023 meeting.

13. Borrower covenants and agrees that CCRR funds will be disbursed to Borrower after Lender confirms completion of eligible building improvements pursuant to an inspection of the Premises by Lender and upon submittal of invoices by Borrower for eligible building improvements that total $133,333.33.

14. Borrower covenants and agrees to enroll in automatic monthly payments using Automated Clearing House (ACH).

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

Silos Mankato LLC

By: _____

Its: _____

EXHIBIT E

PROJECT COSTS – REIMBURSABLE

The table below illustrates the proposed tax increment reimbursable budget. Developer shall submit proof of incurring TIF eligible expenditures.

Modified Budget: TIF Eligible Expenditures	**TIF Funds**
Concrete – Specialized Footing	$60,000
Earthwork – Soil Correction	$124,628
Earthwork – Parking Lot/Walks	$50,000
Utilities – Sanitary, Storm, Water	$57,560
Street patch for utilities	$25,000
Radon/Vapor Mitigation	$25,000
Sidewalks	$26,840
Concrete Sidewalks	$15,272
Developer TIF Reimbursable Project Costs	**$384,300**
Interest Expense	$198,299
Total Developer TIF Reimbursable Budget	**$582,599**

AGENDA RECOMMENDATION

Consent Calendar **5. E.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:

Resolution authorizing the City Manager to apply for Minnesota Highway Freight Program at Veteran's Bridge.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Veteran’s Bridge has been scoped by MnDOT for a rehabilitation project in FY 2026. The required city share for this project is estimated at $8,030,000. The project has an estimated total cost of $27,000,000, of which MnDOT and the City of North Mankato are responsible for funding the remaining $18,970,000.

The Minnesota Highway Freight Program is financed by the federal National Highway Freight Program and state Trunk Highway funds that provide state support to make freight improvements. The program is administered by the Minnesota Department of Transportation.

Attachments

Resolution

RESOLUTION AUTHORIZING THE SUBMISSION OF APPLICATIONS FOR MINNESOTA HIGHWAY FREIGHT PROGRAM

WHEREAS, Mn/DOT has announced the planned rehabilitation of Veteran's Bridge (Bridge Number 07042) for state fiscal year 2026; and

WHEREAS, a city share currently estimated at $8,027,669 is required for the rehabilitation project; and

WHEREAS, city staff have identified Veteran's Bridge (Bridge Number 07042) rehabilitation as a project that will qualify for funding under this program; and

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF MANKATO, MINNESOTA that the City Manager be and hereby is authorized to execute and submit applications for funding under the Minnesota Highway Freight Program for Veteran's Bridge (Bridge Number 07042) rehabilitation.

This resolution shall become effective upon its adoption.

Passed this 11th day of September, 2023.

_____
Najwa Massad
Mayor

ATTEST:_____
Renae Kopischke
City Clerk

AGENDA RECOMMENDATION

City Council Regular Meeting **5. F.**

Meeting Date: 09/11/2023

Agenda Item:

Resolution authorizing the City Manager to apply to the Minnesota Department of Natural Resources for the ReLeaf Community Forest and the Shade Tree Program Grants to provide assistance towards the Emerald Ash Borer Management Plan.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

On July 31, 2023, the Minnesota Department of Natural Resources (DNR) published a request for application for the ReLeaf Community Forest Grant and the Shade Tree Program Bonding Grant. This is an opportunity for the City of Mankato to continue to leverage the EAB Management budget to continue the removal and replacement of ash trees that began in 2021.

The following is a summary of the grant:

- Eligible activities include tree removal, stump grinding and tree planting.
- Maximum reimbursement amount of $500,000 for each grant. No project minimum.
- No matching funds are required for either grant.
- All grant work must be completed and submitted by June 30, 2027, for the ReLeaf Grant and by December 31, 2027, for the Shade Tree Program grant.
- Applications are due September 18, 2023, for the ReLeaf Grant and October 2, 2023, for the Shade Tree Program grant.

Staff is proposing applying for both grants to provide funding assistance towards ash tree removal, stump grinding and replacement tree plantings in city right-of-ways and parks as part of the approved Emerald Ash Borer Management Plan.

Attachments

Resolution

RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY TO THE MINNESOTA DEPARTMENT OF NATURAL RESOURCES FOR THE RELEAF COMMUNITY FOREST AND SHADE TREE BONDING GRANTS

WHEREAS, the Minnesota Legislature appropriates over $6.883 million in new funding to enhance community forest health that will encourage and promote the inventory, planting, assessment, maintenance, improvement, protection, and restoration of trees and forest resources, and

WHEREAS, activities identified in the City of Mankato's EAB Management Plan are eligible expenses for grant funds.

NOW THEREFORE BE IT RESOLVED by the Council for the City of Mankato, Minnesota, City Manger is authorized to apply to the Minnesota Department of Natural Resources for the ReLeaf Community Forest and Shad tree Bonding Grants on behalf of the City of Mankato.

This Resolution shall become effective immediately and without publication.

Adopted this 11th day of September 2023

_____
Najwa Massad
Mayor

ATTEST:

_____
Renae Kopischke, MMC
City Clerk

AGENDA RECOMMENDATION

Consent Calendar **5. G.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:

Resolution authorizing the City Manager to apply for Sewer Overflow and Stormwater Reuse Municipal Grant for inflow management planning at the Water Resource Recovery Facility (WRRF).

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Minnesota Pollution Control Agency has allocated $625,000 in funding to support proposals from Environmental Justice communities across Minnesota for projects that provide planning and design services for infrastructure projects to replace aging and obsolete infrastructure. The resulting construction projects will increase the resilience of stormwater systems, minimize localized flood risk, and reduce clean water intrusion into wastewater systems.

The City of Mankato is eligible for this grant as the service area for the Water Resource Recovery Facility has recently been identified as eligible for environmental justice funding. Staff is recommending a grant application to develop a sanitary overflow reduction plan. This plan will identify areas of the community where there is a high amount of clear water influence on the wastewater system and to review methods of reducing its impact. Examples of improvements that will be evaluated are additional storage at the WRRF, expanded sewer infrastructure capital projects, or public outreach, education and inspections. These improvement options will be evaluated to determine the best way to reduce peak flows at the Water Resource Recovery Facility (WRRF). The overall goal of the plan is to develop improvements that will eliminate the need for sanitary sewer overflow pumping at Willow Street bypass station or the WRRF during high flow events.

Staff is recommending applying for a request of $50,000 in grant dollars with no local match. If awarded, staff will conduct a selection process for an engineering firm to perform the necessary work to develop a plan that would provide fiscally restrained improvements that can then be added to the Wastewater Capital Improvement Plan.

Attachments

Resolution

RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY FOR SEWER OVERFLOW AND STORMWATER REUSE MUNICIPAL GRANT FOR INFLOW MANAGEMENT PLANNING AT THE WATER RESOURCE RECOVERY FACILITY

WHEREAS, the Minnesota Pollution Control Agency has allocated $625,000 in funding to support proposals from Environmental Justice communities across Minnesota for projects that provide planning and design services for infrastructure projects to replace aging and obsolete infrastructure, and

WHEREAS, the City of Mankato has been identified as an Environmental Justice Community and eligible for these funds, and

WHEREAS, the City of Mankato had identified the need to develop a plan to continue to deal with clear water entering the sanitary sewer system and to eliminate by-pass pumping of sanitary sewer during high flow events.

NOW THEREFORE BE IT RESOLVED by the Council for the City of Mankato, Minnesota, that the City Manager is authorized to apply for a Sewer Overflow and Stormwater Reuse Municipal Grant for planning the necessary improvements to address clear water in the sanitary sewer system.

This Resolution shall become effective immediately and without publication.

Adopted this 11th day of September, 2023

_____
Najwa Massad
Mayor

ATTEST:

_____
Renae Kopischke, MMC
City Clerk

AGENDA RECOMMENDATION

Consent Calendar **5. H.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:
Resolution authorizing the City Manager to apply for a Source Water Protection Grant for water quality testing

Recommendation/Action(s):
Adoption of the attached resolution.

Summary:
The Minnesota Department of Health (MDH) has published applications for Source Water Protection (SWP) grants. These grants are funded by the Clean Water Fund appropriations approved by the Minnesota legislature and are administered through the Drinking Water Protection Section of MDH. The fundamental goal of MDH's source water protection plan is to provide long term, sustainable management of drinking water sources. Staff have identified two grants that would assist in the continued monitoring of water used by the City of Mankato.

The City of Mankato is eligible for these grant opportunities since it maintains a current wellhead protection plan and a surface water intake protection plan, both approved by MDH. Specifically, the work being performed falls under surface water intake protection plan. These items' implementation activities are the continued surface water monitoring in the greater watershed. The monitoring is done for contaminants that may be in the water, such as nitrates, chlorides, phosphates, and suspended solids.

The first grant is a Surface Water Protection Implementation Grant. This grant is a non-matching grant and awards up to $10,000. The deadline for the grant is September 29, 2023. If awarded, staff recommends that use of the funds provided by the grant pay for a factory representative to perform annual maintenance on the Ion Chromatography instrument and the autosampler. These instruments are utilized by the lab to monitor surface water contaminants in the Blue Earth River, the Minnesota River, and the Ranney Collector Wells.

This work includes rebuilding the eluent pumps, rebuilding the 6-port injection valve, and replumbing the internal plumbing of both the instrument and the autosampler. Staff was advised that applications are evaluated on a first come, first served basis and submitted an application to preserve a favorable evaluation position prior to council approval. The application can be rescinded should authorization not be approved.

The second grant is a Surface Water Protection Competitive Grant. This grant is a matching grant and awards up to $10,000. The deadline for the grant is the end of October. If awarded, staff recommends using these funds to pay for costs associated with operating the Ion Chromatography instrument and the autosampler. The operational costs are for the consumables that are used in testing the surface water.

Attachments

Resolution

RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY FOR A SOURCE WATER PROTECTION GRANTS FOR WATER QUALITY TESTING

WHEREAS, the Minnesota Department of Health is offering grants for Surface Water protection, and

WHEREAS, the City of Mankato has an approve surface water intake protection plan, and an approved well head project plan meeting the eligibility requirements for the grants, and

WHEREAS, these grant funds can be used to continue to maintain a high level of surface water testing to ensure the quaintly domestic drinking water production,

NOW THEREFORE BE IT RESOLVED by the Council for the City of Mankato, Minnesota, that that City Manager is authorized to submit grant applications to the Minnesota Department of Health for the maintenance and on-going testing of surface water sources for the City of Mankato.

This Resolution shall become effective immediately and without publication.

Adopted this 11th day of September, 2023

_____
Najwa Massad
Mayor

ATTEST:

_____
Renae Kopischke, MMC
City Clerk

AGENDA RECOMMENDATION

Consent Calendar **5. I.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:

Resolution authorizing the City Manager to enter into Grant Agreement Number 3-27-0055-034-2023 with the Federal Aviation Administration (FAA) for Capital Improvement Project 10905; Air Traffic Control Tower Siting Study (SP A0701-122) at the Mankato Regional Airport.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

In August 2021, the City Council authorized staff to update the Benefit Cost Analysis (BCA) report previously completed by Quadrex Aviation, LLC and submit an application on behalf of the City to be considered for the Federal Contract Tower (FCT) program. Upon completion of the update of the BCA, it was subsequently submitted to the FAA for consideration in late October 2021 and the City received notice in April 2022 that the FAA had reviewed our application, and the Mankato Regional Airport had been accepted as a candidate for the FAA FCT program.

Conditions of the April 19, 2022 acceptance into the FAA FCT program Stipulate:

- MKT will have 5 years from the date of the letter (April 19, 2022) to provide a control tower that has successfully completed an Operational Readiness Inspection (ORI).
- MKT will be required to sign an Air Traffic Control Tower Operations Agreement (TOA).
- Tower funding is subject to availability.
- If the airport fails to provide a control tower that successfully completes an ORI within the 5-year period, the airport returns to Phase 1 (Interest Phase) and can reapply for acceptance into the FCT Program.

Since acceptance into the program, staff has been working through processes with the FAA Regional Airports Division and District Office (ADO), Central Service Center, Terminal Engineering Center, and Contracting Office along with MnDOT Aeronautics on our ATCT siting process.

On April 10, 2023 the City Council Authorized the City Manager to enter into Agreement Number AJW-FN-CSA-23-GL-005650, a reimbursable agreement, with the Federal Aviation Administration (FAA) to perform a siting study for the purpose of selecting a site for the construction of an Air Traffic Control Tower and on June 12, 2023, the City Council authorized the City Manager to enter into a contract for professional services with Toltz, King, Duvall, Anderson, and Associates (TKDA) and Short, Elliot, and Hendrickson (SEH) for the same purposes.

When the professional services agreements for FAA and the consultants were brought to Council, staff informed the Council that a grant agreement would follow sometime in the fall of 2023 and on June 21, 2023 staff submitted an Application for Federal Assistance (SF-424) requesting reimbursement for eligible costs related to the Air Traffic Control Tower Siting Study.

Attached to this memo is the grant agreement containing the terms, conditions, and reimbursable amounts for the siting study and a brief summary of the reimbursable amounts are as follows:

ADMINISTRATIVE	**FAA**	**MnDOT**	**Local Share**
FAA Reimbursable Agreement	$115,502.76	$6,416.82	$6,416.82
Independent Fee Estimate	$5,400.00	$300.00	$300.00
Engineering/Planning	**FAA**	**MnDOT**	**Local Share**
TKDA/SEH	$270,000.00	$15,000.00	$15,000.00
TOTAL	**$390,902.00**	**$21,716.82**	**$21,716.82**

A companion grant from MnDOT will follow sometime in the future and the resolution attached this memo also authorizes the City Manager to enter into the MnDOT companion grant when it arrives.

Note, the FAA Agreement will be made available once received.

Attachments

Resolution

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO GRANT AGREEMENT NUMBER 3-27-034-2023 WITH THE FEDERAL AVIATION ADMINISTRATION (FAA) FOR CAPITAL IMPROVEMENT PROJECT 10905; AIR TRAFFIC CONTROL TOWER SITING STUDY (SP A0701-122) AT THE MANKATO REGIONAL AIRPORT

WHEREAS, on April 10, 2023 the City Council Authorized the City Manager to enter into Agreement Number AJW-FN-CSA-23-GL-005650 with the Federal Aviation Administration (FAA) to perform a siting study for the purpose of selecting a site for the construction of an Air Traffic Control Tower (ATCT) and the Mankato Regional Airport (MKT), and

WHEREAS, on June 12, 2023 the City Council authorized the City Manager to enter into a contract for professional services with Toltz, King, Duvall, Anderson, and Associates (TKDA) and Short, Elliot, and Hendrickson (SEH) to perform a siting study for the purpose of selecting a site for the construction of an Air Traffic Control Tower (ATCT) at the Mankato Regional Airport (MKT), and

WHEREAS. On June 21, 2023 staff submitted an Application for Federal Assistance (SF-424) requesting reimbursement for eligible costs related to the Air Traffic Control Tower Siting Study, and

WHEREAS, the FAA has extended a grant agreement offer providing the city of Mankato financial support of Improvement Number 3-27-034-2023 (SP A0701-122), and

WHEREAS, MnDOT will be extending a grant agreement offer providing the city of Mankato financial support of Improvement Number 3-27-034-2023 (SP A0701-122), and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MANKATO, MINNESOTA:

1. That the City Manager and the City Attorney are authorized to execute FAA agreements and any necessary changes to these agreements in accordance with Section 2.08 of the Mankato City Code on behalf of the City of Mankato for Improvement Number 3-27-034-2023 (SP A0701-122), the Air Traffic Control Tower Siting Study at the Mankato Regional Airport.

2. That the City Manager is authorized to execute MnDOT agreements and any necessary changes to these agreements in accordance with Section 2.08 of the Mankato City Code on behalf of the City of Mankato for Improvement Number 3-27-034-2023 (SP A0701-122), the Air Traffic Control Tower Siting Study at the Mankato Regional Airport.

This resolution shall become effective upon its adoption.

Passed this 11th day of September, 2023

_____
Najwa Massad
Mayor

ATTEST:_____
Renae Kopischke
City Clerk

AGENDA RECOMMENDATION

Public Hearings **6. A.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:

Motion authorizing submittal of the Consolidated Annual Performance Evaluation Report (CAPER) for the Community Development Block Grant (CDBG) Program.

Recommendation/Action(s):

Public hearing followed by motion authorizing submittal of the CAPER.

Summary:

On June 8, 2020, the City Council adopted the City of Mankato 2020–2024 Consolidated Plan for utilization of Community Development Block Grant (CDBG) funding. The plan details how the expected funding will be used in conformance with CDBG guidelines. The third funding year of this plan ended on June 30, 2023. The federal regulations that govern the CDBG program require two public hearings every year. The purpose of the first hearing is to review the Action Plan for the coming year and the Consolidated Plan (when applicable), which was held by the City Council on May 8, 2023. The purpose of the second hearing is to review the program performance for the previous year, which is the subject of the requested action and summarized in a standardized format referred to as the Consolidated Annual Performance Evaluation Report or CAPER. Staff has completed the CAPER and it is attached.

The 2022 program year operated from July 1, 2022 and ended June 30, 2023. Activities completed during the 2022 program year included activities committed from prior program years and include the following:

- Public Service grants were provided benefitting low to moderate income households to help meet the identified needs of health services, subsistence payments, food support, homeless shelter operations, COVID-19 outreach and education of special needs groups.

    - The Equity Network produced COVID-19 outreach toolkits that were available in multiple languages and included sanitizer, mask and information about COVID-19. MY Place increased their operating hours to better serve the needs of students during the pandemic. ECHO Food Shelf used CDBG-CV funds for sanitizing/disinfecting carts and the facility to assist with preventing COVID-19 and for additional staff hours that increased in response to COVID-19. Connections Shelter used CDBG-CV funds for cleaning supplies to prevent COVID-19 and additional staffing coverage costs while volunteers and staff were quarantined with COVID-19. Feeding Our Communities Partners purchased food for food packs that contained breakfast, lunch and a snack for each day of the weekend or school break for low-income elementary school children to provide hunger relief when school isn't in session. Minnesota State University, Mankato provided comprehensive dental exams for low-income individuals. Subsistence payments were made to landlords for past due rent benefitting low income households to prevent eviction and homelessness.
- Public facility rehabilitation was completed on a homeless shelter.
- Owner-occupied housing rehabilitation was completed on four dwelling units. This activity assisted with preserving the city's affordable housing stock, removal of lead-based paint hazards and improving the living conditions for low to moderate income households.

Goals that were not met for the 2022 program year include the following:

- Affordable housing had a goal of creating or preserving up to 100 affordable housing units. While there weren't projects completed during the 2022 program year for this goal, there are two pending affordable housing projects which are anticipated to begin by late 2023, which will result in the creation of 64 affordable units (Lewis Lofts) and preservation of 87 affordable units (Walnut Towers).
- Park improvements had the goal of providing improvements to a neighborhood park. Improvements to Erlandson Park are pending, which will include replacement of playground equipment. It’s anticipated the improvements will be undertaken by spring 2024. This activity will help improve the quality of life for residents.

Activities planned that are underway, but not yet complete include:

- Ten owner-occupied housing rehabilitation projects are currently underway which will improve living conditions for low to moderate income households.
- Two rental housing rehabilitation projects are currently underway which will improve living conditions for low to moderate income households.
- Public service grants for childcare, food support and COVID-19 vaccination clinics.
- Subsistence payments for past due rent and utilities to prevent eviction and/or cutoff of utility services and to ensure stability in the housing of residents experiencing temporary economic hardship.

The following table shows the Action Plan for the 2022 program year, including the funds obligated and spent during the program year.

Activity Goals for the 2022 Program year	Obligated	Disbursed	Encumbered	Unencumbered Balance
Affordable housing • Shelter and Supportive Housing Project • Low Income Housing Tax Credit project (reserved for successful application)	$200,000	$0	$200,000	$0
Park Improvements	$111,768	$0	$111,768	$0
Administration	$31,500	$9,970.26	$0	$21,529.74
Public Services	$60,576	$29,713	$30,863	$0

Public service activities were conducted during the 2022 program year, but the activities weren't closed during the 2022 program year as payments were pending or staff were waiting for documentation to make payment to the public service provider. The unencumbered balance reflects areas where projects came in less than the allocated amount and these funds are then rolled into a future program year. The city has a total of eight years to expend funds from each program year.

The CAPER was posted for public comment on August 9, 2023 and will run through September 9, 2023. Any public comments received will be reported at the time of the public hearing on September 11, 2023.

Attachments

Draft 2022 CAPER

Community Development Block Grant

Consolidated Annual Performance and Evaluation Report (CAPER)

Program Year 2022

CR-05 - Goals and Outcomes

Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)

This could be an overview that includes major initiatives and highlights that were proposed and executed throughout the program year.

The City of Mankato made progress in achieving the goals of the 2022 Action Plan. Activities completed during the 2022 program year include:

- Public Service grants were provided benefitting low to moderate income households to help meet the identified needs of health services, subsistence payments, food support, homeless shelter operations, COVID-19 outreach and education of special needs groups.
  - The Equity Network produced COVID-19 outreach toolkits that were available in multiple languages and included sanitizer, mask and information about COVID-19. MY Place increased their operating hours to better serve the needs of students during the pandemic. ECHO Food Shelf used CDBG-CV funds for sanitizing/disinfecting carts and the facility to assist with preventing COVID-19 and for additional staff hours that increased in response to COVID-19. Connections Shelter used CDBG-CV funds for cleaning supplies to prevent COVID-19 and additional staffing coverage costs while volunteers and staff were quarantined with COVID-19. Feeding Our Communities Partners purchased food for food packs that contain breakfast, lunch and a snack for each day of the weekend or school break for low-income elementary school children to provide hunger relief when school isn't in session. Minnesota State University, Mankato provided comprehensive dental exams to low income individuals. Subsistence payments were made to landlords for past due rent benefitting low income households to prevent eviction and homelessness.
- Public facility rehabilitation was completed on a homeless shelter.
- Owner occupied housing rehabilitation was completed on four dwelling units. This activity assisted with preserving the City's affordable housing stock, removal of lead based paint hazards and improving the living conditions for low to moderate income households.

Goals that were not met for the 2022 program year include the following:

- Affordable housing had a goal of creating or preserving up to 100 affordable housing units. While there weren't projects completing

OMB Control No: 2506-0117 (exp. 09/30/2021)

during the 2022 program year for this goal, there are two pending affordable housing projects which are anticipated to begin by late 2023 which will result in creation of 64 affordable units (Lewis Lofts) and preservation of 87 affordable units (Walnut Towers).

- Park improvements had a goal of providing improvements to a neighobrhood park. Improvements to Erlandson Park are pending which will include replacement of playground equipment. It's anticipated the improvements will be undertaken spring 2024. This activity will help improve the quality of life for residents.

Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual outcomes/outputs, and percentage completed for each of the grantee's program year goals.

Goal	Category	Source / Amount	Indicator	Unit of Measure	Expected – Strategic Plan	Actual – Strategic Plan	Percent Complete	Expected – Program Year	Actual – Program Year	Percent Complete
Affordable Housing	Affordable Housing	CDBG: $	Rental units constructed	Household Housing Unit	200	45	22.50%	100	0	0.00%
Affordable Housing	Affordable Housing	CDBG: $	Other	Other	0	77				
Business Assistance	Non-Housing Community Development	EDA: $	Businesses assisted	Businesses Assisted	10	4	40.00%			
Childcare	Non-Homeless Special Needs	CDBG: $	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	20	0	0.00%			

DRAFT

COVID-19	Homeless Non-Homeless Special Needs	CDBG-CV: $	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	465		0	175	
COVID-19	Homeless Non-Homeless Special Needs	CDBG-CV: $	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	1544				
COVID-19	Homeless Non-Homeless Special Needs	CDBG-CV: $	Homeless Person Overnight Shelter	Persons Assisted	0	615		0	117	
COVID-19	Homeless Non-Homeless Special Needs	CDBG-CV: $	Other	Other	1800	0	0.00%			
Education for New Americans	Non-Homeless Special Needs	CDBG: $	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	60	30	50.00%			
Food Support	Non-Homeless Special Needs	CDBG: $	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	2000	878	43.90%			
Homeless Shelter Beds	Homeless	CDBG: $	Homeless Person Overnight Shelter	Persons Assisted	35	0	0.00%			

DRAFT

Medical Care	Non-Homeless Special Needs	CDBG: $	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	315	118	37.46%			
Owner Occupied Housing Rehabilitation	Affordable Housing	CDBG: $	Homeowner Housing Rehabilitated	Household Housing Unit	12	5	16.67%	0	4	41.67%
Park Improvements	Non-Housing Community Development	CDBG: $	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	300	2065	688.33%	600	0	0.00%
Public Services	Non-Homeless Special Needs	CDBG: $	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	1500	2021	134.73%	600	735	122.50%
Rental	Affordable Housing Non-Homeless Special Needs	CDBG: $	Rental units rehabilitated	Household Housing Unit	30	0	0.00%			
Rental	Affordable Housing Non-Homeless Special Needs	CDBG: $	Tenant-based rental assistance / Rapid Rehousing	Households Assisted	235	0	0.00%	0	26	11.06%

DRAFT

Rental	Affordable Housing Non-Homeless Special Needs	CDBG: $	Other	Other	65	0	0.00%			
Seniors	Affordable Housing Non-Homeless Special Needs	CDBG: $	Homeowner Housing Rehabilitated	Household Housing Unit	8	0	0.00%			
Seniors	Affordable Housing Non-Homeless Special Needs	CDBG: $	Other	Other	775	0	0.00%			
Transportation	Non-Homeless Special Needs	CDBG: $	Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	100	0	0.00%			

Table 1 - Accomplishments – Program Year & Strategic Plan to Date

Assess how the jurisdiction's use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.

The City has assessed the success in administering the CDBG funds and has found that stated needs are being met. CDBG resources have been dedicated to the development of additional affordable housing to be funded by the Low Income Housing Tax Credit (LIHTC) program. Additional affordable housing was the number one stated need during the public participation sessions. Additionally, the City developed an Affordable Housing Action Plan which was adopted by the EDA February 2023. The Affordable Housing Action Plan was an initiative of the City of Mankato Strategic Plan. The community was engaged on housing affordability which included local housing developers, nonprofit service providers, property management businesses, Greater Mankato Growth, realtors, neighobrhood associations, housing and community advocates and the community at large. Engagement methods included tables at community events, round table discussions, 1:1 interviews, online surveys and

other strategies. Housing needs identified through the planning process include the need to preserve existing housing stock, need for shelter beds and creation of additonal affordable housing units.

Rose Place II finished construction of 51 units of affordable housing and opened fall 2022. Sinclair Flats is currently under construction and anticipated to be completed fall 2023 which will include 48 apartment units, 38 of which will be affordable. The City coordinated with one developer on making application for LIHTC in 2023 for the construction of a new 24/7 homeless shelter and supportive housing project. The shelter would include 20 congregate shelter beds and 30 non-congregate units (private rooms). Attached to the shelter would be a supportive housing facility with approximately 40 housing units which would support singles and families transitioning from community shelters. The supportive housing component would include project-based housing vouchers to subsidize rents and CDBG funds would be used towards site acquisition. It is anticipated LIHTC awards will be announced in January 2024. Construction on Lewis Lofts is anticipated to begin late 2023 which will create 64 units of affordable senior housing. Implementing a community land trust is another initiave of the City to expand affordable housing options in Mankato. The City of Mankato entered into an agreement with Southwest Minnesota Housing Partnership (SWMHP) in July 2022 to implement a community land trust for the purchase and rehabilitation of three homes for low to moderate income households in Mankato. SWMHP submitted an application to Minnesota Housing July 2023 for additional funding to implement the community land trust which would be leveraged by the City for the purchase/rehabilitation of five homes. CDBG funds would be used towards housing rehabilitation. There are 9 units of owner occupied housing rehabilitation pending from previous funding years. There are two rental housing rehabilitation projects currently underway and are from previous funding years. Lead based paint hazards will be abated as part of housing rehabilitation activities.

DRAFT

CR-10 - Racial and Ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted). 91.520(a)

	CDBG
White	572
Black or African American	279
Asian	22
American Indian or American Native	24
Native Hawaiian or Other Pacific Islander	0
Total	**897**
Hispanic	110
Not Hispanic	787

Table 2 – Table of assistance to racial and ethnic populations by source of funds

CR-15 - Resources and Investments 91.520(a)

Identify the resources made available

Source of Funds	Source	Resources Made Available	Amount Expended During Program Year
CDBG	public - federal	403,844	391,786
Other	public - local		

Table 3 - Resources Made Available

Narrative

Actual CDBG funds expended during the 2022 program year totaled $391,786.46 which includes dollars from the 2015, 2018, 2019, 2020, 2021 and 2022 program years.

Identify the geographic distribution and location of investments

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description
Affordable Housing - New Construction			
Germainia Park			
Hilltop			
Lincoln Park			
North Highland Park			
Sibley Park			
Tourtellotte Park			
Washington Park			

Table 4 – Identify the geographic distribution and location of investments

Narrative

There were 4 housing rehabilitation projects completed during the 2022 program year which were located within the Germania Park, Tourtelotte Park and Lincoln Park neighborhoods. There are 11 housing rehabilitation projects underway which are located within the North Highland Park, Washington Park, West Mankato and Lincoln Park targeted areas. Applications from any of the targeted neighborhoods are considered. Targeted neighborhoods for rehabilitation include Sibley Park, Lincoln Park, North Highland Park, Washington Park, Tourtellotte Park, Germania Park and Hilltop.

Leveraging

Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.

The City of Mankato requires a 50% match for public service grants. Before the grants are dispersed, verification of matching funds is submitted and is maintained in the CDBG records. A 50% match is required forrental housing rehabilitation projects and a 20% match is required for owner occupied housing rehabilitation projects for households with an income at 80% the area median income (AMI); for owner occupied housing rehabilitaiton projects, households with incomes at or below 60% AMI do not have a match requirement. Federal and State funds outside of CDBG are used to provide affordable housing. Programs such as public housing and the Housing Choice Voucher, VASH, Continuum of Care funding and Bridges rental assistance are used to house very low income residents as well as homeless and disabled. The use of these funds frees CDBG to be used to serve other identified needs. The City of Mankato owns, manages and maintains 181 units (57 structures) in Mankato which provide affordable housing. Units range in size from 1 to 5 bedrooms.

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CR-20 - Affordable Housing 91.520(b)

Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	0	0
Number of Non-Homeless households to be provided affordable housing units	100	0
Number of Special-Needs households to be provided affordable housing units	0	0
Total	**100**	**0**

Table 5 – Number of Households

	One-Year Goal	Actual
Number of households supported through Rental Assistance	0	26
Number of households supported through The Production of New Units	50	0
Number of households supported through Rehab of Existing Units	50	4
Number of households supported through Acquisition of Existing Units	0	0
Total	**100**	**30**

Table 6 – Number of Households Supported

Discuss the difference between goals and outcomes and problems encountered in meeting these goals.

The 2022 program year had a goal of creating or preserving 100 units of affordable housing. While there weren't projects completing during the 2022 program year for this goal, there are two pending affordable housing projects which are anticipated to begin by late 2023 which will result in creation of 64 affordable units (Lewis Lofts) and preservation of 87 affordable units (Walnut Towers). There were activities completed during the 2022 program year that utilized funds from prior years for housing rehabilitation and subsistence payments which supported 26 low to moderate income households with rental assistance and 4 low to moderate income households with housing rehabilitation.

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Discuss how these outcomes will impact future annual action plans.

Affordable housing continues to remain a high need as identified through community engagement for the Consolidated Plan, Affordable Housing Action Plan and Housing Study updates.

Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.

Number of Households Served	CDBG Actual	HOME Actual
Extremely Low-income	12	0
Low-income	15	0
Moderate-income	3	0
Total	**30**	**0**

Table 7 – Number of Households Served

Narrative Information

The table above reflects income data from those who benefitted from housing rehabilitation and from subsistence payments. Applications were made by the homeowner for rehab and by the renter for subsistence payments whose income information was required to determine eligiblity for assistance.

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CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)

Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Staff have been very active in the development of the area Coordinated Entry System; an intake, evaluation, and waiting list for homeless in our area. Staff meet monthly to update the waiting list and to share success in service to those in need.

Continuum of Care provided 8 households with "project based" rental subsidy and supportive services at Cherry Ridge and Sibley Park apartments. The program is in partnership with Blue Earth County Human Services for people who are long-term homeless and chronically homeless and disabled. Participants pay 30% of their income towards housing expense. The county provides the required case management; the individual is required to meet during set times by the case manager.

The Mankato EDA received 102 Mainstream vouchers from HUD to serve non-elderly, disabled households replacing the 28 MN Housing Bridges vouchers. With the Mainstream vouchers, the EDA has been able to serve all the disabled households making application to the Housing Choice Voucher program. Individuals are referred by a case manager or mental health practitioner or can make application directly with the EDA. As a regional coordinated effort, the EDA partnered with South Central Community Based Mental Health Initiative and service providers, Blue Earth County, and other Housing Authorities in the region to seek Mainstream funding to expand supportive housing options for disabled households in Mankato and the region.

Staff continue to search for a way to increase the number of shelter beds in our area. Staff has identified additional preferences to target identified needs in the community for program eligibility on the Housing Choice Voucher and Public Housing programs. The City participates in the regional Continuum of Care and collaborates in the implementation of the Coordinated Entry (CE) system. CE is a coordinated process designed to manage participant intake, assessment, and provision of referrals as part of the local homeless response. The EDA continues biweekly shelter case conference meetings to ensure coordination for homeless in the Coordinated Entry system.

Addressing the emergency shelter and transitional housing needs of homeless persons

The need for additional shelter beds has been identified and increasing the number of beds in the city has been an identified goal. The City coordinated with Blue Earth County, Partners for Housing, Connections Shelter, and one developer on making application for LIHTC in 2023 for the construction of a new 24/7 homeless shelter and supportive housing project. The shelter would include 20 congregate shelter beds and 30 non-congregate units (private rooms). Attached to the shelter would be a

supportive housing facility with approximately 40 housing units which would support singles and families transitioning from community shelters. The supportive housing component would include project-based housing vouchers to subsidize rents and CDBG funds would be used towards site acquisition costs. It is anticipated LIHTC awards will be announced in January 2024. In developing the project the City held listening sessions and 1:1 conversations with persons experiencing homelessness to assist in developing the design of the project. Individuals experiencing homelessness and those with lived experience will continue to be consulted through the process of developing the new shelter and supportive housing project.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

Intake staff refer citizens who are homeless or threatened with homelessness to the area Homeless Prevention Program for services. Intake staff will also complete the assessment needed to add the citizen to the Coordinated Entry list for service. The Housing Choice Voucher Program, which includes Mainstream vouchers, administered by the Mankato EDA gives preference to individuals who are homeless, who are about to be discharged from a publicly funded institution or system of care.

The EDA under the Mainstream vouchers, does provide priority preference to eligible households with serious mental illness who are homeless, leaving health care centers, mental health treatment centers, ERTS, correctional facilities, and or institutions. Staff start working with households prior to release to assist them in securing housing as they leave these segregated settings. the EDA will continue to monitor needs for additional Mainstream vouchers and seek additional funds as they become available. The EDA revised its administrative policies and practices that have loosened the requirements around criminal histories and provides opportunity to appeal terminations based on criminal background.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Through the provision of the Continuum of Care units, VASH Vouchers, Mainstream vouchers, Emergency Housing Vouchers, and dedicated long term homeless units, homeless citizens are moved to

stable affordable housing. Staff work closely with service providers to achieve success for these families. The development of the Coordinated Entry system allows for those who are homeless to access services across the many counties of our regional Continuum of Care without having to make multiple applications. Should additional Low Income Housing Tax Credit units be funded, the number of units dedicated to serving homeless families will increase.

Recently, we were awarded vouchers through the Foster Youth to Independence Initiative (FYI). Under FYI, we provide vouchers to youth, at least 18 years and nor more than 24 years of age who have left foster care and are homeless or at risk of becoming homeless. EDA staff partners with LSS to provide supportive services to assist the youth on a path to self-sufficiency.

The EDA has partnered with other local housing and supportive services to conduct a SPARC (Supporting Partnerships for Anti-racial Communities) project that has been collecting and assessing racial data from our HMIS and CE systems in an effort to identify areas of disparity and strategizing efforts to provide services more equitable and attempt to end homelessness in our community. Working with stakeholders to strengthen opportunities that encourage education, communication, and wealth building to lift individuals and families out of poverty. The EDA is now using the same path the existing SPARC project used and broadening the efforts from a local to region wide effort through the River Valley Continuum of Care (CoC) Racial Equity Accountability Project (REAP).

CR-30 - Public Housing 91.220(h); 91.320(j)

Actions taken to address the needs of public housing

The City of Mankato works to provide adequate and affordable housing and economic opportunity to lift low income households out of poverty. The City identifies housing needs in the community and collaborates with local, state and federal resources to meet those needs. Affordable Rental Housing (ARH) Program (Public Housing) has assisted 290 low-income households in subsidized housing this past year, managed by the City of Mankato. Rent paid by tenants is structured to 30% of income. To qualify for the Affordable Rental Program, applicants must meet income guidelines, have good rental references, no history of drug involvements or violent behavior. Staff manages and maintains 181 units (57 structures) in Mankato and 84 units (20 structures) in Blue Earth County. Units range in size from 1 to 5 bedrooms. We are continuing the process to convert our Public Housing program into RAD and Section 18 to ensure that these units can maintain affordability and be cost effective. The Housing Choice Voucher (HCV) Program provided rental subsidies to 642 very low income households within Blue Earth County this past year. Participants of this program receive a voucher that allows them to choose housing in the private rental market; they pay about 30% of income for rent and utilities. Before assistance is paid, the unit is inspected to ensure it is safe, decent, and sanitary. Applicants must meet income guidelines, have no history of drug involvements or violent behavior.

Actions taken to encourage public housing residents to become more involved in management and participate in homeownership

Currently the EDA contracts with Southwest Minnesota Housing Partnership to provide Homestretch and homeownership counseling. Home Stretch involves eight hours of classroom instruction that covers every aspect of the home purchasing process. Professionals in home inspection, lending, real estate, insurance, personal and property safety, credit repair and financial literacy are on hand to share expertise and answer questions to program participants. Participants receive a certificate upon course completion that is required for Minnesota Housing, RD, and VA first time homebuyer mortgage products. Research has shown that graduates of Home Stretch have fewer foreclosures than first time home buyers who have not taken the course. The staff with Southwest Minnesota Housing Partnership and the EDA provide personal coaching to move families from public housing and the Housing Choice Voucher Program to homeownership. The public housing and Housing Choice Voucher families who successfully complete the program are eligible to receive up to $5,000 in downpayment assistance from the City of Mankato. This year 1 family closed on their new home and there are 5 other households currently in the process. Home Stretch is a homebuyer education program taught in small group "club" classroom setting. Staff have found that this program has been essential for helping new immigrants prepare for home purchase. This home buyer educational workshop is open to the general public and served 12 people this past year.

Family Self-Sufficiency Program (FSS) is a voluntary option for individuals under lease with a Housing Choice Voucher Program. This past year 23 participants developed goals to increase earned income and ultimately become self-sufficient over a 5 year period, and 6 households became economically self sufficient. A savings account is established and deposits are made when the participants' earned income increases. Money the EDA saves by paying less rent for the participant is deposited into the interest earning escrow account. Participants who complete the program goals may use this savings account for a variety of opportunities such as purchasing a home, returning to school, or buying a vehicle.

The residents of Orness Plaza meet regularly to plan activities and share ideas regarding the management of the facility. The Tenants Advisory Board meets every year to review the proposed PHA Annual Plans and their comments are considered. Additionally, under a RAD Conversion, we have held multiple meetings with Public Housing tenants to discuss and take feedback on the conversion to project-based vouchers.

Actions taken to provide assistance to troubled PHAs

There are no troubled PHAs in the Mankato entitlement area.

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CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)

Actions taken to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment. 91.220 (j); 91.320 (i)

In the recent past, the Mankato EDA developed a plan for project based vouchers and has used this plan to award project based vouchers in new tax credit funded developments as well as rehabilitation projects.

Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)

The two most important underserved needs in our community continue to be the lack of affordable housing as well as the lack of shelter beds which continue to be our worst case housing needs. The City supported two applications for Low Income Housing Tax Credits (LIHTC) and if awarded, would allocate CDBG funds towards site acquisition costs. One of the applications is to develop 65 units of affordable senior housing for households at or below 50% area median income (AMI) and 60 units of affordable housing for households at or below 50% AMI. The second application the City coordinated with shelter providors (Partners for Housing and Connections Shelter), Blue Earth County and a developer (Trelis) to make an application to Minnesota Housing in July 2023 for LIHTC to develop a new 24/7 emergency shelter which would be attached to a building with supportive housing units. CDBG funds were used in 2020 for rehabilitation to provide homeless shelter beds within an existing building. Funds were also used in 2021 for the Salvation Army to be open as a day shelter. EDA Levy funds and American Rescue Plan (ARP) funds were used to support the construction of Rosa Place II, an affordable housing project that includes 51 units of affordable housing and 3 project based vouchers. Rosa Place II opened the fall of 2022. Staff worked with a developer, Cohen-Esrey Development Group, for the redevelopment of the city's former public works site to be redeveloped for Sinclair Flats and Lewis Lofts, an affordable housing project. CDBG funds will be used for site acquisition costs for the Lewis Lofts phase which will include the construction of 64 units of affordable senior housing. These affordable housing projects will also include project-based vouchers. Sinclair Flats is anticipated to open fall 2023 which includes 48 apartment units, 38 of which are affordable. Lewis Lofts is anticipated to begin construction late 2023. Staff have been working with a developer, Trelis, for the preservation of affordable housing at Walnut Towers. An application for Low Income Housing Tax Credits to support the preservation of Walnut Towers was submitted to Minnesota Housing in July 2022 and was funded. Trelis anticipates closing and beginning the rehabilitation late 2023. Staff will continue efforts to meet the need for affordable housing. Implementing a community land trust is another initiave of the City to expand affordable housing options in Mankato. The City entered into an agreement with Southwest Minnesota Housing Partnership (SWMHP) in July 2022 to implement a community land trust for the purchase and rehabilitation of three homes for low to moderate income households in Mankato. SWMHP submitted an application to Minnesota Housing in July 2023 for additional funding to implement the community land trust which would be leveraged by the City for the purchase/rehabilitation of five homes.

Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)

Lead paint assessments are completed on every residential unit that receives rehabilitation. If lead hazards are present, the abatement of the hazards are included in the scope of work. Contractors certified to properly eradicate lead hazards are hired to complete the work. Homes that will be assisted by the Housing Choice Voucher Program built before 1978 and will have children under five years of age are inspected for lead paint hazards. If chipped or peeling paint is found, an assessment is completed and the property owner is required to abate the lead hazards.

Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)

The City of Mankato seeks to reduce the number of persons living below the poverty level by administering the HUD funded Family Self-Sufficiency Program, the goal of which is to move families from the dependence on government assistance to self-sufficiency. We also provide two homeownership education programs: for the general community, Home Stretch is offered the second Tuesday and Thursday of every month. The Mankato EDA has actively administered the Voucher Homeownership Program and currently has 18 families actively on the homeownership program.

Actions taken to develop institutional structure. 91.220(k); 91.320(j)

The City of Mankato works diligently to overcome gaps in institutional structure and to enhance coordination. The City has enhanced the customer service portal on the website to receive complaints and concerns 24 hours a day, and an app was introduced to access the customer service system via a smart phone. Additional 311 call center operators have been hired to answer questions and provide resources to the general public. Community Development staff work alongside neighborhood associations as well as area social service organizations in the provision of the rental licensing program and Housing Choice Voucher, Public Housing, VASH, Continuum of Care, and Bridges rental assistance programs.

Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)

Community Development staff maintain close relationships with area housing and social service providers. Staff are active in the Mankato chapter of the Multi-Housing Association as well as in the state and local National Association of Housing and Redevelopment Officials (NAHRO) organizations. Staff also meet regularly with the Family Self-Sufficiency Board of Directors, Homeless Response team, Continuum of Care, Coordinated Entry Committee, REAP Committee and staff of Blue Earth County Mental Health team. The Community Development department participates in the annual Veteran's Stand down and the Project Community Connect; both events that provide services to the homeless. Through the administration of the public housing and voucher programs staff work daily with area property owners and social service staff. Community Development staff also work with neighborhood associations throughout the city.

Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)

The Mankato EDA Voucher Homeownership Program was chosen as part of the pilot of the State of Minnesota Emerging Market Homeownership Program, the goal being to increase the number of minority homeowners in the state. The City also refers potential homeowners to the Emerging Market Homeownership Initiative in southern Minnesota to further this end. To date, staff has assisted 32 minority households to purchase homes under the City's Homeownership programs; currently 18 are continuing using Housing Choice Vouchers for this purpose.

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CR-40 - Monitoring 91.220 and 91.230

Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

To monitor social service activities, CDBG funds are not dispersed until staff have received verification that the services were provided as agreed to in the signed service agreement contracts. For rehab projects, City staff are completing intake, then contracting with Minnesota Valley Action Council to develop scopes of work, bid projects, and inspect construction as specified in the rehab standards and policies approved by the City of Mankato EDA Board. Bidding and program administration follows all federal requirements including Davis-Bacon, Section 3, and Women and Minority Owned Business regulations. No payments are made until all work is completed and inspected to the satisfaction of the rehab specialist, the owner, and the City building official, and lien waivers are received. Additionally, City staff have tried to make a point of completing a HUD draw and updating IDIS on a monthly basis. Disbursements to subrecipients and contractors are processed immediately upon receipt of all necessary documentation and inspections (if needed). Actual expenditures do not differ from letter of credit disbursements. The City of Mankato has surveyed all licensed contractors in Nicollet and Blue Earth counties and has certified as Section 3 businesses for those who qualify. These businesses are included when soliciting bids for work with the City. The public will be encouraged to participate in the planning process for the CDBG program through inclusion in focus groups, public hearings, and the provision of comments. Comments can be received through the City of Mankato customer service portal or by simply calling 311.

Citizen Participation Plan 91.105(d); 91.115(d)

Describe the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.

The public was invited to attend the public hearing to discuss the administration of the 2022 CDBG program. The CAPER was posted for comments on August 9, 2023 in advance of the hearing through notice in the Mankato Free Press. Comments can be received anytime through the customer service portal via smart phone app, website or by calling 311. The draft CAPER was posted to the City's website which allows for web pages to be translated. The City of Mankato employs staff who speak different languages who are able to translate. The City of Mankato also provides translators as needed. Staff are available to answer any questions and take comments and will provide accomodations for those with disabilities. Information is provided in multiple formats and locations. The public hearing will be broadcasted on television on the public access channel. The public comment period will occurr from August 9, 2023 through September 8, 2023.

CR-45 - CDBG 91.520(c)

Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.

No changes will be made to program objectives. The need for additional affordable housing continues to be paramount. Staff will continue to seek remedies to meet needs.

Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?

No

CR-45 - CDBG 91.520(c)

Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.

No changes will be made to program objectives. The need for additional affordable housing continues to be paramount. Staff will continue to seek remedies to meet needs.

Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?

No

[BEDI grantees] Describe accomplishments and program outcomes during the last year.

DRAFT

CR-58 – Section 3

Identify the number of individuals assisted and the types of assistance provided

Total Labor Hours	CDBG	HOME	ESG	HOPWA	HTF
Total Number of Activities	0	0	0	0	0
Total Labor Hours	0				
Total Section 3 Worker Hours	0				
Total Targeted Section 3 Worker Hours	0				

Table 8 – Total Labor Hours

Qualitative Efforts - Number of Activities by Program	CDBG	HOME	ESG	HOPWA	HTF
Outreach efforts to generate job applicants who are Public Housing Targeted Workers					
Outreach efforts to generate job applicants who are Other Funding Targeted Workers.					
Direct, on-the job training (including apprenticeships).					
Indirect training such as arranging for, contracting for, or paying tuition for, off-site training.					
Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).					
Outreach efforts to identify and secure bids from Section 3 business concerns.					
Technical assistance to help Section 3 business concerns understand and bid on contracts.					
Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns.					
Provided or connected residents with assistance in seeking employment including: drafting resumes,preparing for interviews, finding job opportunities, connecting residents to job placement services.					
Held one or more job fairs.					
Provided or connected residents with supportive services that can provide direct services or referrals.					
Provided or connected residents with supportive services that provide one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, transportation.					
Assisted residents with finding child care.					
Assisted residents to apply for, or attend community college or a four year educational institution.					
Assisted residents to apply for, or attend vocational/technical training.					
Assisted residents to obtain financial literacy training and/or coaching.					
Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.					
Provided or connected residents with training on computer use or online technologies.					
Promoting the use of a business registry designed to create opportunities for disadvantaged and small businesses.					
Outreach, engagement, or referrals with the state one-stop system, as designed in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.					
Other.					

Table 9 – Qualitative Efforts - Number of Activities by Program

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AGENDA RECOMMENDATION

Public Hearings **6. B.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:
Resolution approving a Land Use Plan amendment for property described as Lots 6 & 7, Hilltop Addition (112 and 116 Dane Street); by request of Van Tol Properties.

Recommendation/Action(s):
At the July 26, 2023 meeting, the Planning Commission recommended the adoption of the resolution approving the land use plan amendment for VanTol properties.

Summary:
Van Tol Properties, LLC is proposing to change the land use plan from low-density residential to commercial. The proposed land use amendment is located along Dane Street between Madison Avenue and Belle Avenue. The parcels are currently addressed as 112 and 116 Dane Street and are platted in the City of Mankato.

Per the City Charter, upon receipt from the City Manager of a proposed comprehensive plan or proposed modification of the existing plan, the Council shall refer such proposal to the City Planning Commission, which shall, within a time specified by the Council, report its recommendations thereon. After receipt of the recommendations of the Planning Commission, the Council will hold a public hearing on the proposed comprehensive plan or modifications thereof and shall thereafter adopt it by resolution with or without amendment.

The Mankato City Council on July 10th, 2023, recommended that the Planning Commission review the proposed land use plan amendment at the regular Planning Commission Meeting on July 26, 2023.

The Planning Commission reviewed the request at the July 26, 2023, meeting and made the following recommendation;

In order for the development to better conform to the goals of the Land Use Plan and the Strategic Plan for the City of Mankato, the Planning Commission recommended the following criteria be included with the land use plan amendment:

1. The development shall include pedestrian connectivity throughout the development.
2. Striping of the adjacent streets shall occur as part of a development as per a plan that conforms to engineering standards and review and approval.
3. Any change in on-street parking as a result of the traffic impact study will require an official petition for a change in parking.
4. Prior to future development, the applicant will be required to seek rezoning for the subject parcels, as well as any required zoning approvals for the proposed development.

Property History

In 2015, Van Tol Properties, LLC (Van Tol) requested to amend the rental density map and excluded 116, 120, and 124 Dane Street. The memorandum stated that "over the past 20 years, Van Tol has been purchasing the properties along the west side of the 100-200 block of Dane Street with plans for eventual redevelopment. Van Tol has maintained the homes as they were being purchased and obtained rental licenses for the properties in the interim period until redevelopment was approved."

A preliminary concept plan was submitted with the request that depicted a drive-thru facility located on the corner of the property with connections to Madison Avenue and Dane Street. The memorandum stated that "this plan would require rezoning and other approvals."

The Council approved a resolution allowing an amendment to the rental density map to allow for rental flexibility with the statement that "city staff has reviewed the request and determined that excluding the subject parcels from the rental license density restrictions is reasonable considering that the properties may be redeveloped in the future and in the interim allowing utilization of the properties for rental." Since the approval, Van Tol Properties, LLC has been evaluating proposals for the redevelopment of the property. The submission of this application is the initial request to address the approvals required to proceed with the redevelopment. The applicant will be required to submit a rezone of the property and for a conditional use permit for use of the property as a drive-thru. The Planning Commission will be required to review the requests and make recommendations to the City Council for formal action.

Current Conditions and Proposed Changes

The northern two lots (895 Madison Avenue and 108 Dane Street) on the proposed site are designated as Commercial in the Land Use Plan and are zoned B-1, Community Business District. No change is requested to the land use classification or zoning for these properties.

The southern two lots (112 Dane Street and 116 Dane Street) are currently designated as low-density residential and are zoned R-2, One- and Two-Family Dwelling District.

The request submitted is to change the land use classification to commercial for these two properties. A separate request will need to be submitted to address the proposed zoning change to B-1, Community Business District.

The entire site proposed for redevelopment includes one commercial structure and three single-family dwellings. The three single-family dwellings are currently occupied as rental units. The planned redevelopment of the property would remove the three single-family dwellings and the commercial building. The applicant is considering three options for the removal of the homes, including working with Habitat for Humanity on the relocation of the homes, working with other developers to relocate the homes, or working with the Mankato Department of Public Safety on conducting training in the homes.

The four current properties involved (one commercial and three residential) have a combined assessed market value of $799,400. A similar developed site for a Starbucks located in the City of Mankato has an assessed valuation of $478,000.

As far as taxes paid, the four properties currently pay a combined property tax of $11,964. A similar developed site for a Starbucks with the assessed market value above pays property tax in the amount of $14,058 due to the commercial tax rates. City property taxes for the four properties equals $4,047.04. City property taxes for a similar developed site for a Starbucks is $4,003.88. It should be noted that future use will be required to participate in the food and beverage taxes due to the proposed use being a coffee shop and the commercial tenant is proposing to construct a new building within the City of Mankato.

The applicant has indicated that the occupants of the existing single-family dwellings have found alternative housing (two purchased a home, one found another property to rent). The commercial tenant is conducting due diligence on a new location for the business.

The location of the commercial building (895 Madison Avenue) is legally nonconforming due to the structure not being in compliance with Mankato City Code setback requirements. The applicant indicated in the narrative that the removal of this structure will improve the site lines for the Madison Avenue and Dane Street intersection due to the new structure being located in conformance with the setback requirements of the Mankato City Code. Staff reviewed the crash data for the Madison Avenue and Dane Street intersection. Based on the 34 reportable crashes, it does not appear that the location of the structure resulted in accidents occurring. Typically, site line issues result in accidents where a permissive maneuver is occurring (right on red or left on yellow arrow) and the accident occurred with a permissive movement that was not impacted by the location of the building. Staff agreed that the relocated structure would provide better sight lines than the existing building.

The existing lane configuration on Dane Street depicts a three-lane section near the intersection of Dane Street and Madison Avenue. During the review of the traffic information, a recommendation was to extend the three-lane section to the south of the proposed development to allow for efficient flow of traffic approaching this site.

The applicant has agreed to extend the three-lane section south of the property.

As part of the multi-modal review of the project, additional consideration has been taken related to the pedestrian traffic in the area. It should be noted that the sidewalk network connecting the area north of Madison Avenue/Dane Street intersection to Marsh Street only shows a sidewalk on the west side of the street (adjacent to the subject properties). The proposed entrance/exit would intersect with the sidewalk for pedestrians.

The applicant will be conducting pedestrian counts during the first week of school to determine the level of pedestrian activity at the proposed driveway/sidewalk intersection. The applicant will provide the information during the Council meeting. A question was raised about creating a better crossing on Dane Street near Washington Elementary School. It should be noted that the approved Safe Routes to School Plan (Map on Page 71) directs children to utilize the west side Dane Street to Marsh Street and the to McConnell Street to connect to Washington Elementary School rather than continuing on Dane Street as the connection route.

The applicant is also evaluating alternatives for traffic control at the driveway entrance to raise awareness of pedestrian activity. Initial improvements being considered are improved landscaping design for better visibility, lights to alert when pedestrians are approaching the intersection, and conducting other research to determine best practices for pedestrian safety at intersections. Pedestrian safety alternatives would be further reviewed during the conditional use permit process.

Land Use Plan Request

As previously stated, Van Tol Properties LLC is requesting a Land Use Amendment to change the guided land use from Low Density Residential to Commercial to allow for a commercial development. The City's Land Use Plan depicts the area as being guided as low density residential. Should this request be approved, a rezoning (to B-1 Community Business District zone), Conditional Use Permit (for a drive-thru coffee shop), and a certificate of design compliance will be required. As part of the process, the Site Plan and Traffic Advisory Committee will review the requests. These subsequent applications will include a more detailed design for review and provide an opportunity for additional public input at the requisite public hearing.

As part of the Land Use Amendment Process, Van Tol Properties LLC held neighborhood information meetings on May 18th, 2023, and May 30th, 2023. The applicant conducted a Traffic Impact Study on May 16, 2023. The report is included in this submittal. In conclusion of the Traffic Impact Study, it is not expected that the proposed development will introduce operational deficiencies that require intersection geometry or traffic control improvements. Minor striping changes will assist in the turning movements into the site.

Below are the goals identified in the City’s Land Use plan. The applicant’s narrative describes that the Amendment request from Low Density residential to Commercial is in alignment with the goals as demonstrated below.

1. Retain and enhance the character and quality of established areas and revitalize, rehabilitate, or redevelop areas where such improvement is required or requested.

Response: The proposed re-development of the corner of Madison Avenue and Dane Street will enhance the characteristics of this intersection. It would also provide a better sight corner for the intersection of Madison Avenue and Dane as the new commercial building will be located further back from the intersection than the existing commercial use building.

2. Promote adequate housing alternatives for all income levels and age groups.

Response: N/A this would be a commercial re-development project.

3. Encourage the orderly growth of the community.

Response: N/A this would be a commercial re-development project.

4. Promote infill development for the purpose of obtaining the maximum utilization of existing infrastructure.

Response: This project will promote re-development and will utilize existing infrastructure.

5. Promote the preservation of ravines, bluff lines, wetlands, woodlands, and other environmentally sensitive areas.

Response: N/A. This project does not have any ravines, bluff lines, wetlands, woodlands, or other environmentally sensitive areas.

6. Encourage landscaping and the attractive design of public and private developments.

Response: A detailed landscape plan will be provided with subsequent required applications to show compliance with the City's landscaping and buffer standards. The developer also recognizes the benefit to their residents and adjacent properties by providing a nicely designed site.

7. Promote complementary land uses and minimize incompatible land uses.

Response: The proposed change is to add two lots that are currently low density residential that abut a commercial land use. The goal is to expand the commercial land use for re-development of the commercial corner.

8. Promote efficient use of municipal services.

Response: The proposed commercial re-development would continue to be served by the City of Mankato.

9. Designate adequate vacant land to allow for the growth of residential, commercial, and industrial areas.

Response: N/A. This is not vacant land but would be a commercial re-development project.

10. Promote the orderly extension of streets and the development of pedestrian/bike corridors.

Response: N/A this would be a commercial re-development project.

11. Stabilize property values by promoting the application of effective land use controls and development standards.

Response: This development will incorporate site and building design interests to ensure the site is visually pleasing for the residents and adjacent properties.

12. Encourage and promote innovations in development techniques in order to obtain maximum livability and excellence in planning and design for all new developments.

Response: The proposed commercial re-development will provide better sight lines at the corner of Madison Avenue and Dane Street. The building will be pushed back from the corner to allow more visibility at the corner.

13. Promote, maintain, and preserve parks and open space.

Response: N/A this would be a commercial re-development project.

Next Steps

As stated above, should this request be approved, a rezoning (to B-1 Community Business District zone), conditional use permit (for a drive-thru coffee shop), and a certificate of design compliance will be required. As part of the process, the Site Plan and Traffic Advisory Committee will review the requests. The requests will be reviewed by the Planning Commission and the City Council will take action regarding the request.

Attachments

Resolution approving Land Use Plan Amendment
General Location Map
Aerial
Existing Land Use Plan
Proposed Land Use Plan Amendment
Applicant's Narrative
Traffic Impact Study

RESOLUTION AMENDING THE CITY OF MANKATO LAND USE PLAN

WHEREAS, the City of Mankato has adopted a Land Use Plan in conformance with Minnesota Statute 462; and

WHEREAS, periodically the Land Use Plan may be amended to reflect revised goals and objectives for a particular tract of land or area within and around the City; and

WHEREAS, the existing Land Use Plan for the tract described as Lots 6 and 7, Hilltop Addition (112 and 116 Dane Street) at depicted the low-density residential;

WHEREAS, the proposed land use pattern depicts commercial uses;

WHEREAS, the Planning Agency has reviewed the proposal (CY 32-23) and made the following findings**:**

1. Provide pedestrian connectivity between neighborhoods and destination points. The applicant will be adhering to the sidewalk requirements of Mankato City Code.
2. Assure the development will have adequate off-street parking.
3. Require vehicular access to be in accordance with the Mankato Area Transportation Study.
4. Encourage cross access easements among private landowners to assist in providing vehicular connectivity, or in providing secondary access and traffic mitigation strategies.
5. Urban Design Guidelines shall be implemented with the new developments.

Additionally, staff submits the finding that the land use plan amendment conforms to following the location criteria for designating property commercial in Land Use Plan.

1. The property is adjacent to existing low (south and east) and commercial (northeast and west).
2. The property is adjacent to arterial or collector streets, accessible without passing through less intense land uses. The commercial area will connect to Madison Avenue or Dane Street by passing through only commercial areas and low residential areas.
3. The property is located in an area where commercial is compatible with the adjacent land uses, which are low-density residential to the south and commercial to the northeast and west. This is based on the location criteria provided in the land use plan.
4. The property is adjacent to a public transportation route. Route 3 and Route 13 are adjacent to the subject property.
5. The property is subject to the city sidewalk ordinances. Sidewalks will be provided per the Mankato City Code requirements. Design of the sidewalk and road network will be submitted during the subdivision of the property.

NOW, THEREFORE BE IT RESOLVED that the City Council approves the Land Use Plan amendment for Lots 6 and 7, Hilltop Addition (112 and 116 Dane Street)) from Low-Density Residential to Commercial with following conditions:

1. The development shall include pedestrian connectivity throughout the development.
2. Striping of the adjacent streets shall occur as part of a development as per a plan that conforms to engineering standards and review and approval.

3. Any change in on-street parking as a result of the traffic impact study will require an official petition for a change in parking.
4. Prior to future development, the applicant will be required to seek rezoning for the subject parcels, as well as any required zoning approvals for the proposed development.

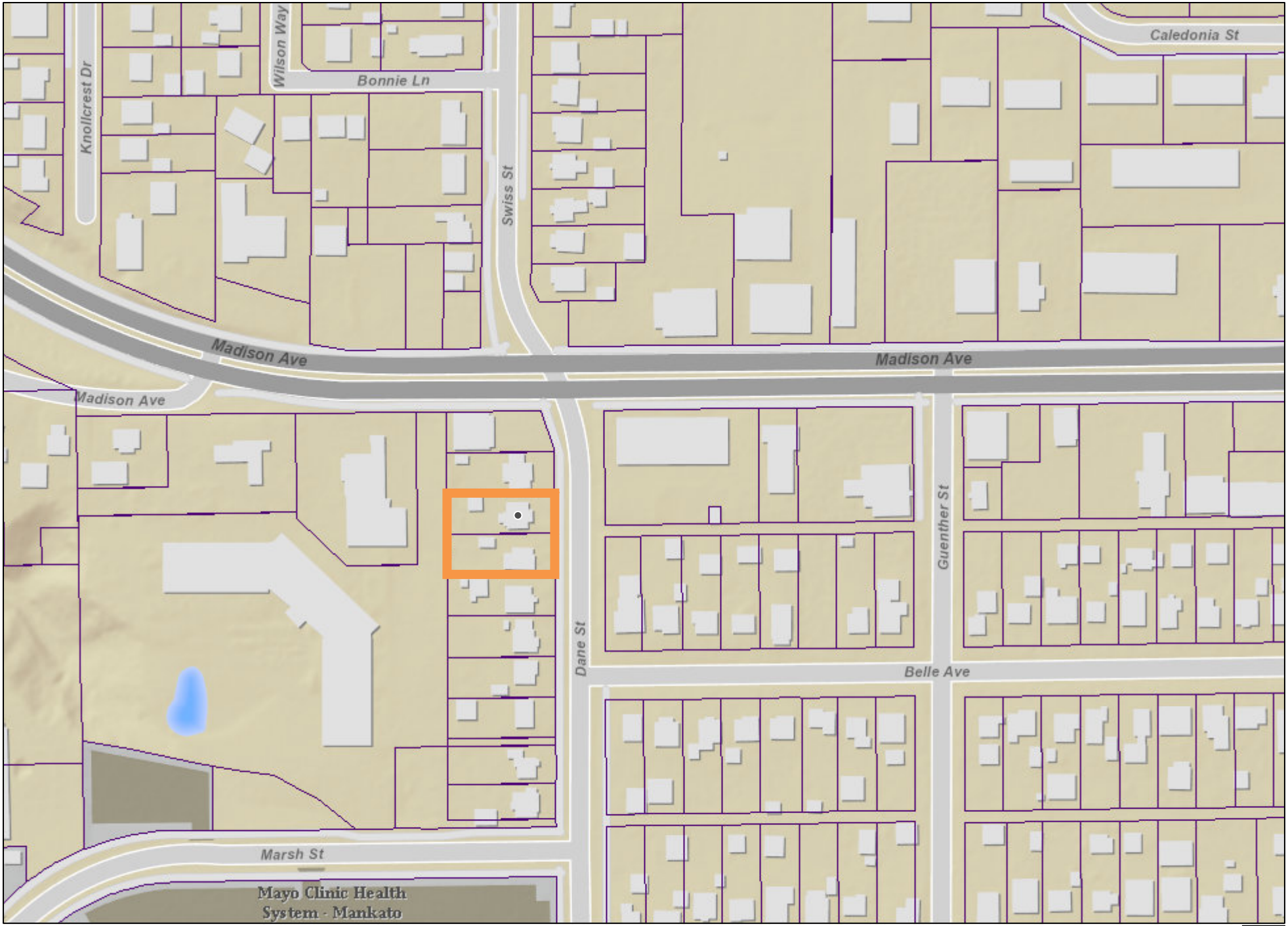
This resolution shall become effective immediately upon its passage and without publication.

Dated this _____ day of _____, 2023.

_____
Najwa Massad
Mayor

ATTEST: _____
Renae Kopischke, MMC
City Clerk

General Location Map



Date: June 2023

Author:

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Aerial Location Map



Date: June 2023

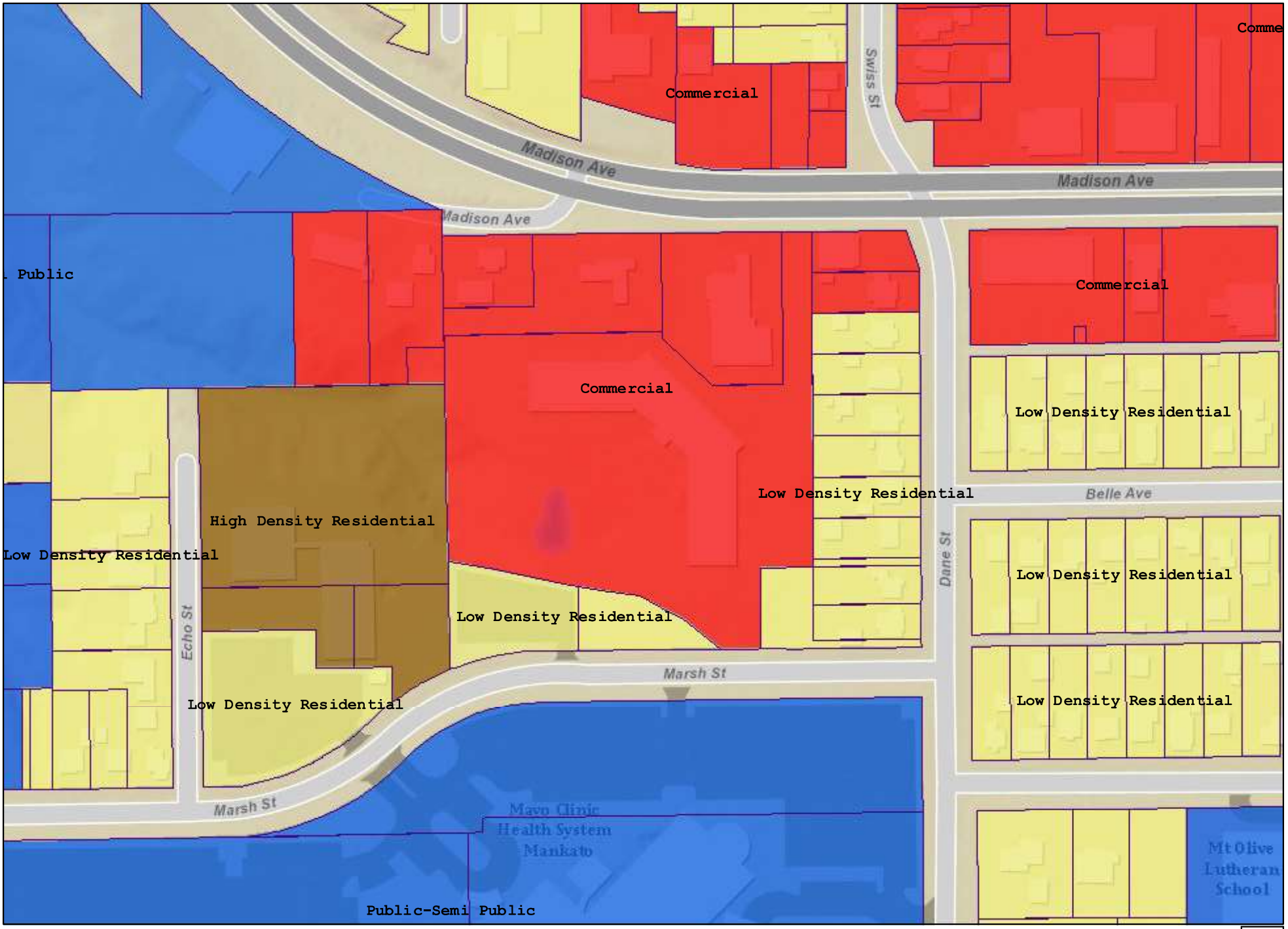
Author:

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City of Mankato

Existing Land Use Plan



Date: May 2023

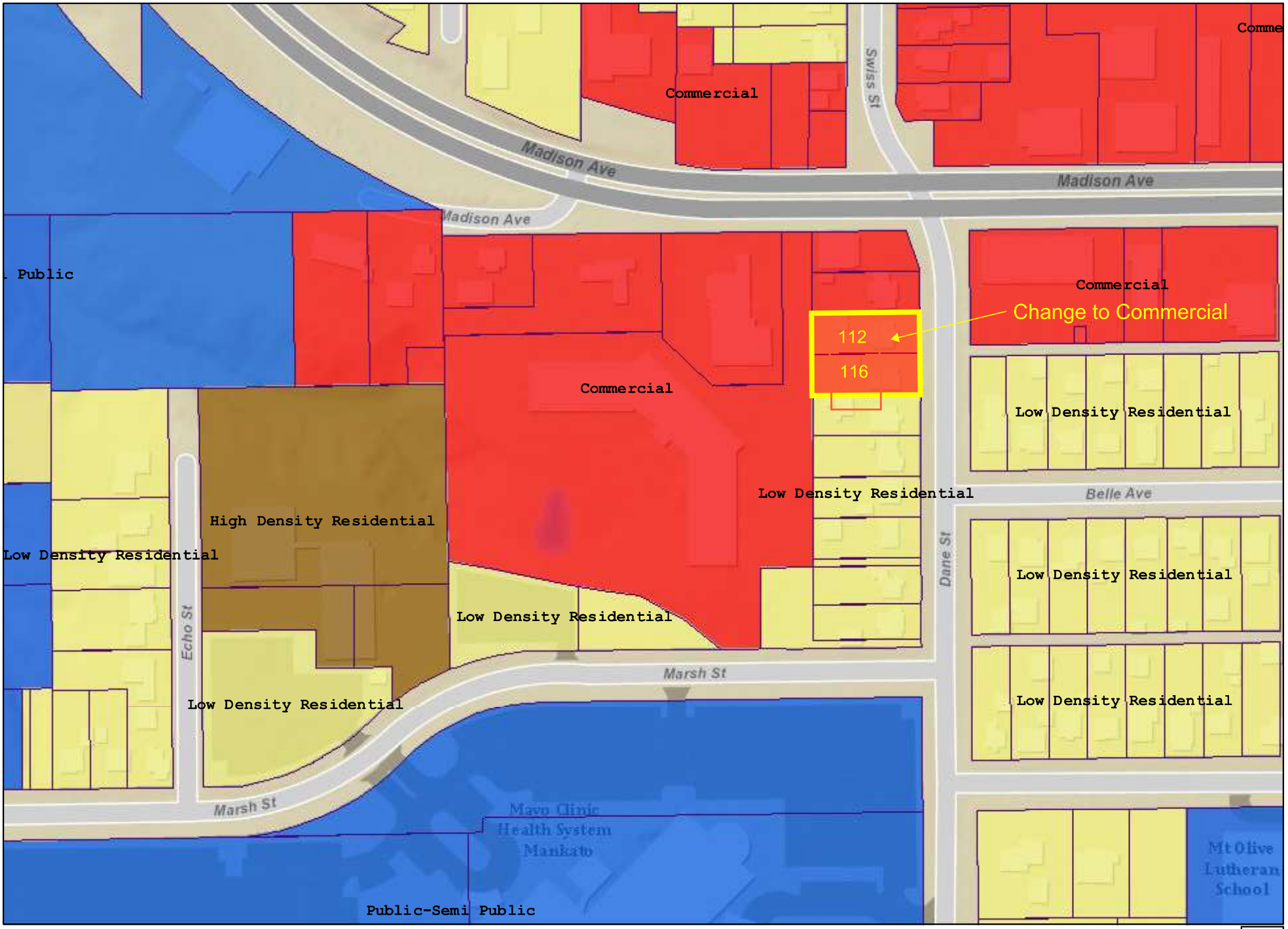
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City of Mankato

Proposed Land Use Plan Amendment



Date: May 2023

Author:

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BOLTON & MENK
Real People. Real Solutions.

1960 Premier Drive
Mankato, MN 56001-5900

Ph: (507) 625-4171
Fax: (507) 625-4177
Bolton-Menk.com

June 27, 2023

Mark Konz
Community Development
City of Mankato
10 Civic Center Plaza
Mankato, MN 56001
mkonz@mankatomn.gov

RE: Land Use Amendment Application Narrative – Van Tol Properties Project

Dear Mr. Konz:

Enclosed is the Land Use Amendment Application and associated supporting documents for the proposed re-development of Lots 6 & 7, Hilltop Addition (112 & 116 Dane Street). This area is located along Dane Street between Madison Avenue and Belle Avenue in Mankato. Below is a narrative describing the subject property and Land Use Amendment Request.

Project Description

The area comprising this proposed land use amendment is located along Dane Street between Madison Avenue and Belle Avenue. The parcels are currently addressed as 112 & 116 Dane Street and are platted in the City of Mankato. The owner of this property is Van Tol Properties. Van Tol Properties are the owners of Lots 4-11, Hilltop Addition. They would like to amend the land use map to include two more lots into a commercial land use and re-development of the southwesterly corner of Madison Avenue and Dane Street into a new commercial user.

The Concept Plan included with this application shows the proposed commercial user/coffee shop to be constructed at the corner of Madison Avenue and Dane Street. With this proposed coffee shop being proposed in a B-1 zone we know that the project will also need a conditional use permit which will be applied for at a later date. With the conditional use permit we understand that we will need to supply the appropriate items for site lighting and a detailed landscape plan.

Land Use Amendment Request

Van Tol Properties is requesting a Land Use Amendment to change the guided land use from Low Density Residential to Commercial to allow for the re-development of a new commercial user to be located at the corner Madison Avenue and Dane Street. The parcels are currently located in the City of Mankato. The City's Land Use Plan has shown the area to be guided as Low Density Residential and the homes are currently being rented. Van Tol Property would like to re-development the first four parcels into a new commercial user. Therefore, Van Tol Properties is requesting a change to the Land Use Map to Commercial to support

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their re-development plans. Should this be approved, a Conditional Use Permit will need to be applied for to allow the proposed commercial re-development to be completed.

The Conditional Use Permit applications will include a more detailed design for review and provide an opportunity for additional public input at the requisite public hearing.

Van Tol Properties held neighborhood information meetings on May 18th, 2023, and May 30th, 2023, sending notice to property owners within 350-feet of the site. We also conducted a Traffic Impact Study on May 16, 2023. The report is included in the submittal items for this project. Below are the Goals identified in the City's Land Use Plan. The Amendment request from Low Density Residential to Commercial is in alignment with the Goals as demonstrated below:

1. Retain and enhance the character and quality of established areas and revitalize, rehabilitate, or redevelop areas where such improvement is required or requested.

Response: The proposed re-development of the corner of Madison Avenue and Dane Street will enhance the characteristics of this intersection. Would also provide a better sight corner for the intersection of Madison Avenue and Dane as the new commercial building will be located further back from the intersection then the existing commercial use building.

2. Promote adequate housing alternatives for all income levels and age groups.

Response: N/A this would be a commercial re-development project.

3. Encourage the orderly growth of the community.

Response: N/A this would be a commercial re-development project.

4. Promote infill development for the purpose of obtaining the maximum utilization of existing infrastructure.

Response: This project will promote re-development and will utilize existing infrastructure.

5. Promote the preservation of ravines, bluff lines, wetlands, woodlands, and other environmentally sensitive areas.

Response: N/A. this project does not have any ravines, bluff lines, wetlands, woodlands, and other environmentally sensitive areas.

6. Encourage landscaping and the attractive design of public and private developments.

Response: A detailed landscape plan will be provided with subsequent required applications to show compliance with the City's landscaping and buffer standards. The developer also recognizes the benefit to their residents and adjacent properties by providing a nicely designed site.

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7. Promote complementary land uses and minimize incompatible land uses.

Response: The proposed change is to add two lots that are currently Low Density Residential that abut a Commercial land use. The goal is to expand the Commercial land use for re-development of the commercial corner.

8. Promote efficient use of municipal services.

Response: The proposed commercial re-development would continue to be served by the City of Mankato.

9. Designate adequate vacant land to allow for the growth of residential, commercial, and industrial areas.

Response: N/A. This is not vacant land, but would be a commercial re-development project.

10. Promote the orderly extension of streets and the development of pedestrian/bike corridors.

Response: N/A this would be a commercial re-development project.

11. Stabilize property values by promoting the application of effective land use controls and development standards.

Response: This development will incorporate site and building design interest to ensure the site is visually pleasing for the residents and adjacent properties.

12. Encourage and promote innovations in development techniques in order to obtain maximum livability and excellence in planning and design for all new developments.

Response: The proposed commercial re-development will provide better sight lines at the corner of Madison Avenue and Dane Street. The building will be pushed back from the corner to allow more visibility at the corner.

13. Promote, maintain, and preserve parks and open space.

Response: N/A this would be a commercial re-development project.

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Conclusion

Van Tol Properties has thoughtfully considered the Mankato market, the site, and the viability of the proposed commercial re-development to ensure the site is appropriate and the demand present to pursue this development opportunity. The proposed Commercial use would be a good re-development of the corner of Madison Avenue and Dane Street. We ask that the City support the request to Amend the Land Use from Low Density Residential to Commercial to support the re-development of this property. Thank you for taking the time to review the enclosed application and supporting documents. We look forward to working with the City of Mankato on this project. Please contact me at 507-625-4171 Ext. 3311 or nathan.myhra@bolton-menk.com with any questions or if there is any additional information we can provide in support of this project.

Sincerely,

Bolton & Menk, Inc.



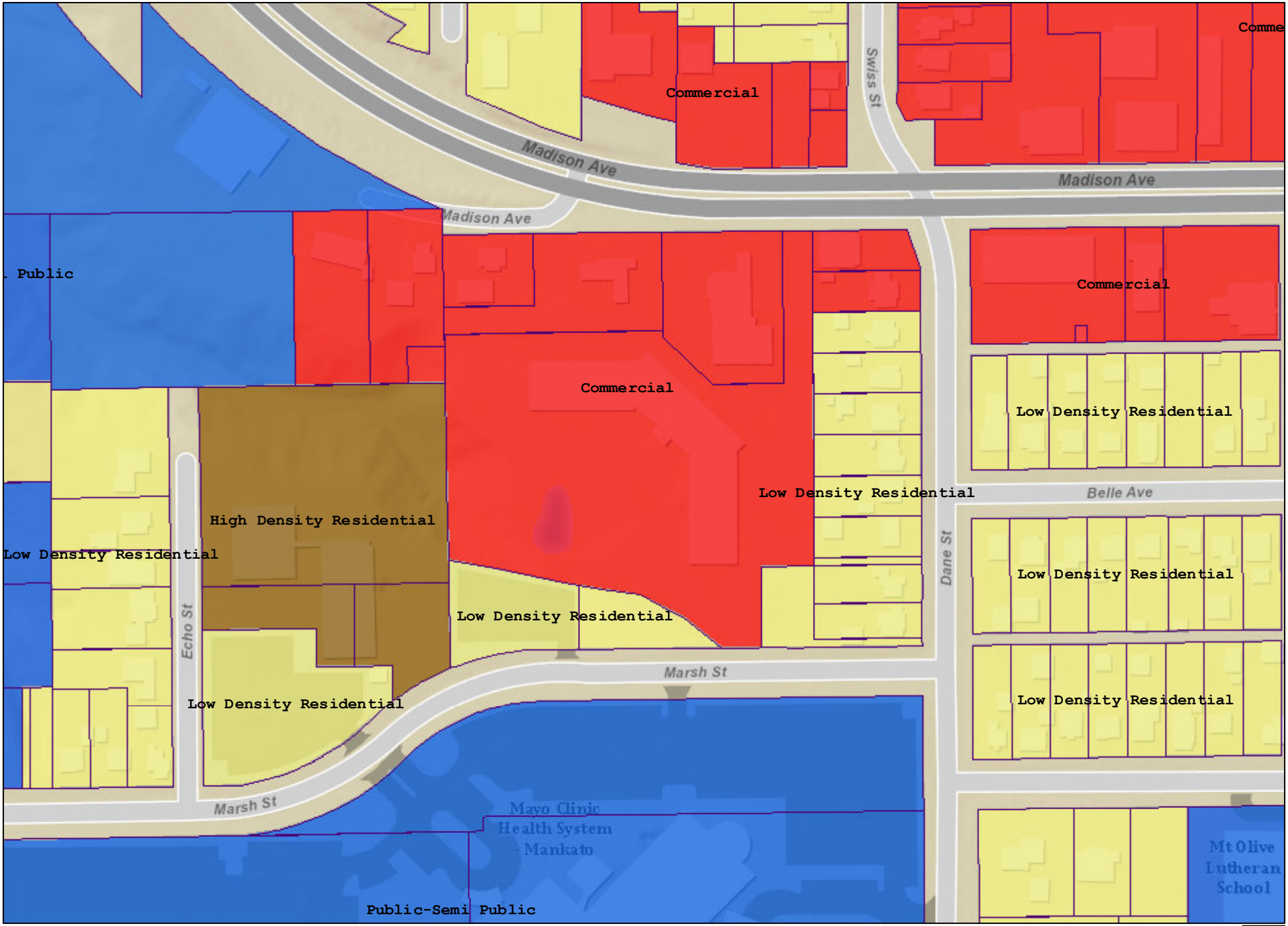
Nate Myhra

Survey Project Manager

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City of Mankato

Existing Land Use Plan



Date: May 2023

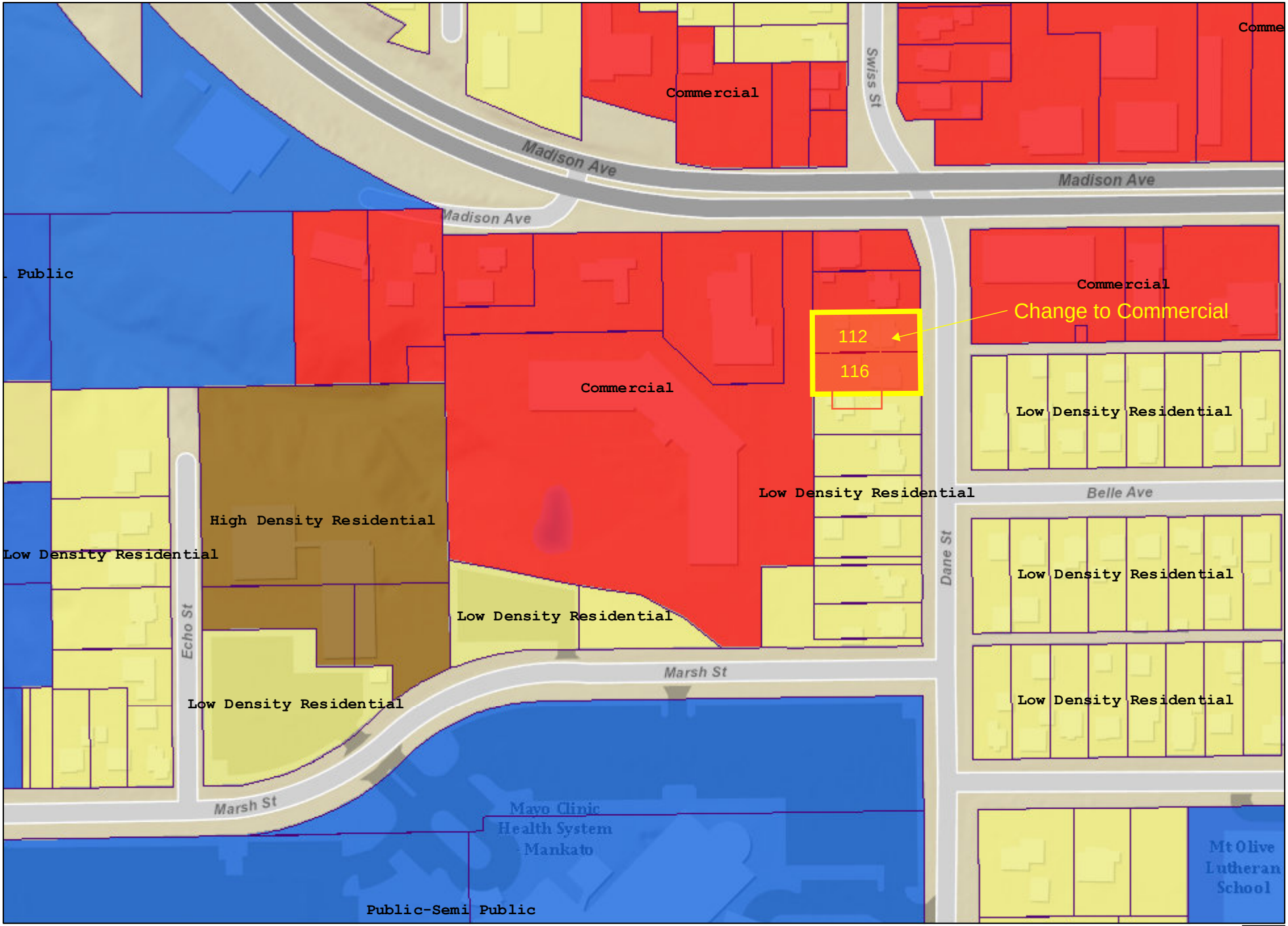
Author:

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City of Mankato

Proposed Land Use Plan Amendment



Date: May 2023

Author:

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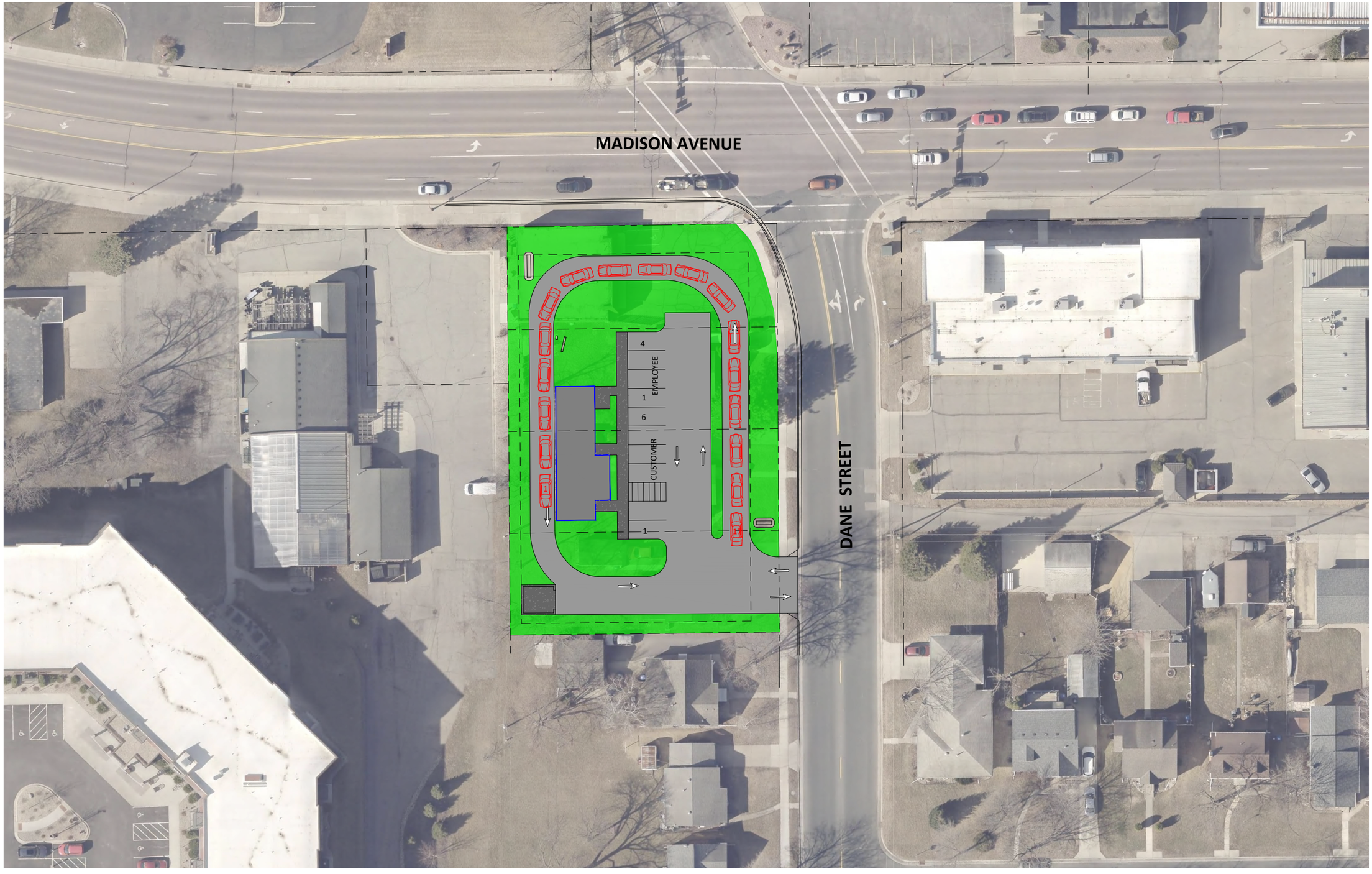
Commercial Site - Madison Avenue

Mankato, Minnesota

Site Plan

May, 2023

BOLTON & MENK



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Van Tol Properties Neighborhood Meeting #1
Madison Avenue & Dane Street Project
May 18th, 2023 @ 6pm

ATTENDEES:

NAME	ADDRESS		PHONE	E-MAIL
	STREET	CITY		
ENGINEER Bolton & Menk, Inc.	1960 Premier Drive	Mankato, MN 56001		
Lonnie & Catherine Bristol	State Farm 870 Madison	Mankato	507-345-3663	
KATHY VAN TOL (OWNER)				
KYLE SMITH (DEVELOPER CONSULTANT)				

Van Tol Properties Neighborhood Meeting #1
Madison Avenue & Dane Street Project
May 30th, 2023 @ 6pm

ATTENDEES:

NAME	ADDRESS		PHONE	E-MAIL
	STREET	CITY		
ENGINEER Bolton & Menk, Inc.	1960 Premier Drive	Mankato, MN 56001		
Deb + Kevin Neuman	885 Madison	"		
Lynne Groves	mail to Box 3347 (101 Knollcrest Dr)	"		
Noel VanTol	1050 MARSH	"		
GENE BIEWEEN	"	"		
Dana Strusa	208 Dane St	"		

Van Tol Properties Neighborhood Meeting #1
Madison Avenue & Dane Street Project
May 30th, 2023 @ 6pm

ATTENDEES:

NAME	ADDRESS		PHONE	E-MAIL
	STREET	CITY		
Cindy Winters	120 Sioux St.	Mankato		ckwinters2002@yahoo.com

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12224 Nicollet Avenue
Burnsville, MN 55337-1649

Ph: (952) 890-0509
Fax: (952) 890-8065
Bolton-Menk.com

MEMORANDUM

Date: 6/9/2023

To: Growth Holdings, LLC

From: Kevin Mackey PE, PTOE

Aaron Cook, PE

Subject: Madison & Dane Proposed Commercial Development: Traffic Impact Analysis

Project No.: 0M3128869

This traffic impact study was prepared to document analyses that were performed to understand potential traffic impacts associated with the Madison & Dane proposed commercial development.

Development Details

The site is located on the southwest quadrant of the intersection of Madison Avenue and Dane Street in Mankato, Minnesota. This analysis focuses on traffic impacts on the surrounding roadway network.

This analysis assumes the proposed commercial development will be a 1,660 SF coffee shop with a drive-through window.

Access to the development is assumed to be a full access driveway along Dane Street. For the purposes of traffic impact study, it is assumed the development will be constructed in 2025. The development concept plan is shown in **Figure 1**.

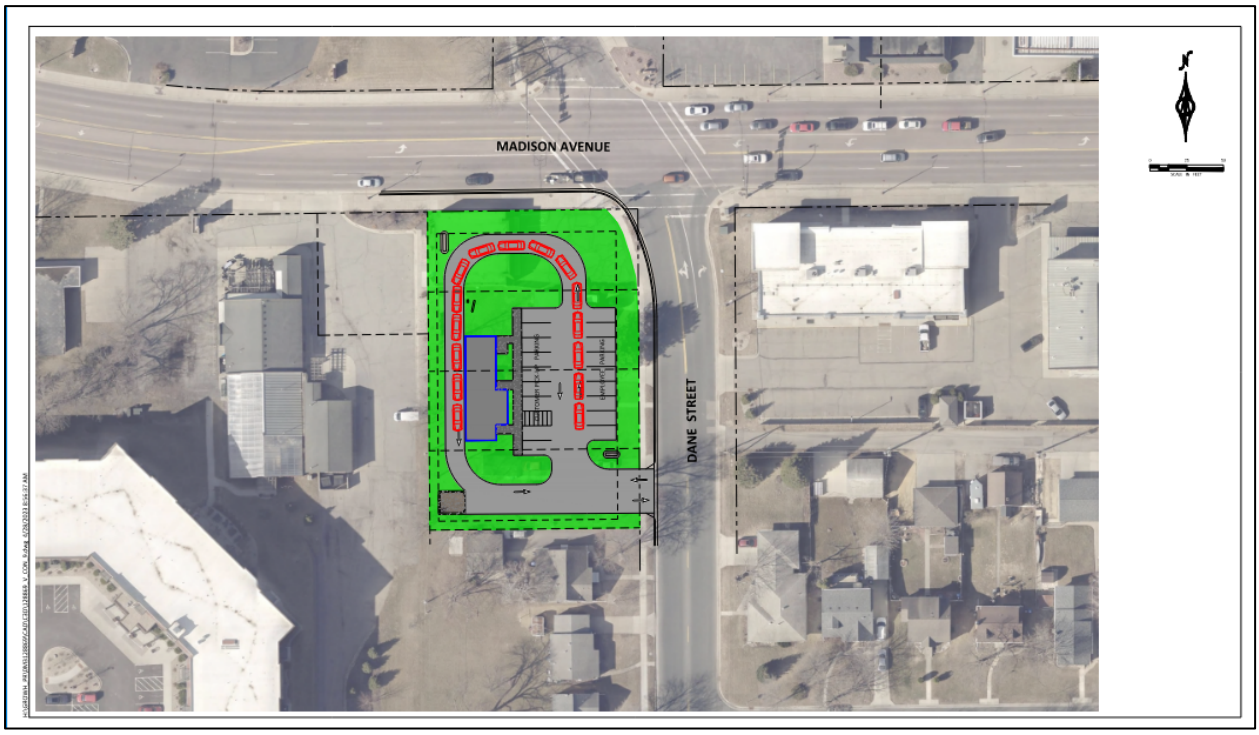
Study Intersections

Traffic impacts from development-related traffic were evaluated at the following intersections:

- Madison Avenue and Dane Street / Swiss Street (Signalized)
- Dane Street and Belle Avenue (unsignalized)
- Dane Street and Marsh Street (unsignalized)
- Dane Street and Proposed Site Access (unsignalized)

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Figure 1: Concept Plan



Existing Traffic Volumes

Table 1 provides a summary of the existing roadway characteristics.

Table 1: Existing Roadway Inventory

Road Name	Typical Cross Section	Speed Limit
Madison Avenue	4-lane divided	35 mph
Dane Street / Swiss Street	2-lane undivided	Not Posted*
Belle Avenue	2-lane undivided	Not Posted*
Marsh Street	2-lane undivided	Not Posted*

* Assumed to be 30 mph based on Minnesota Statutory Speed Limit

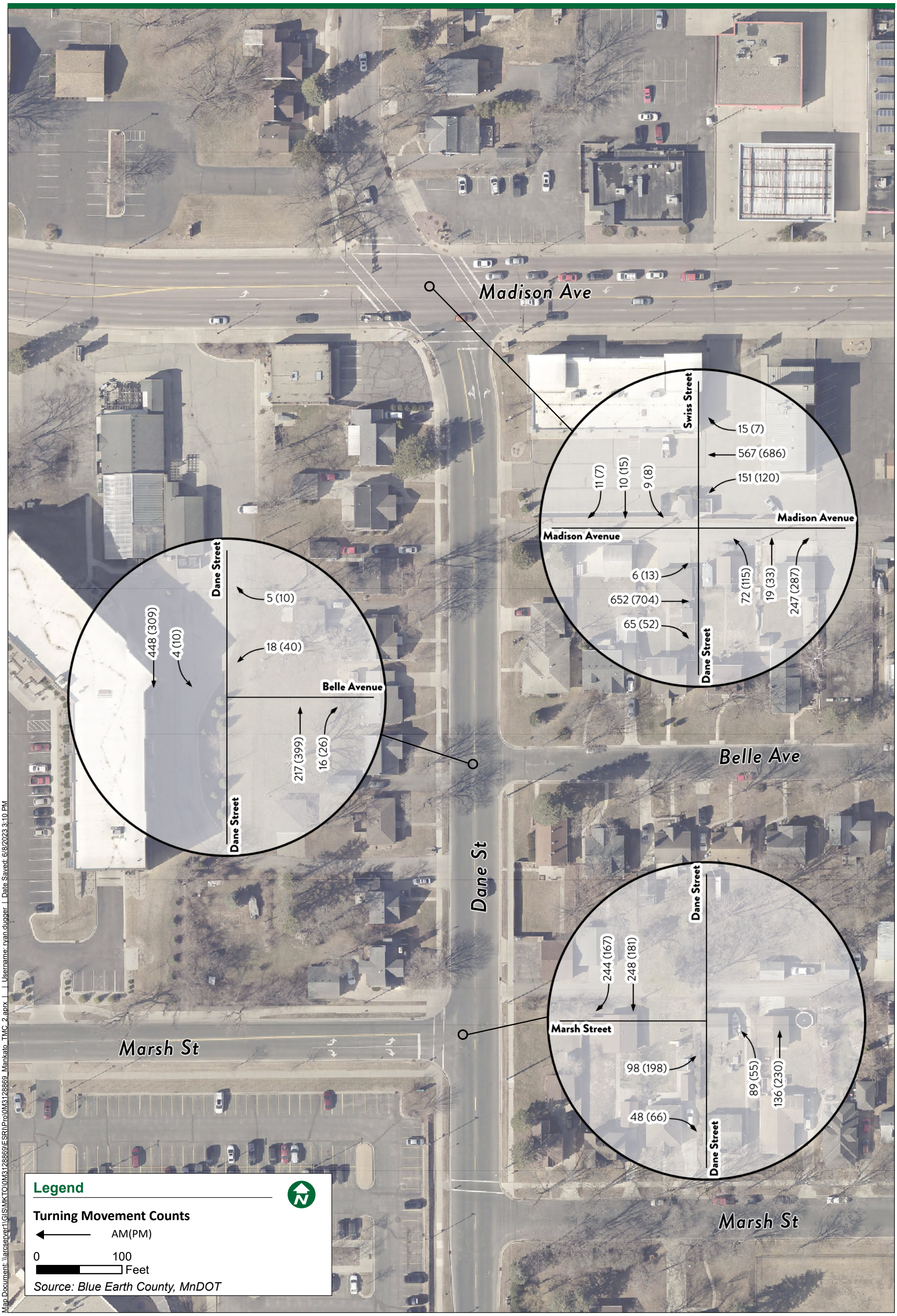
13 hours of intersection turning movement data was collected at the existing study area intersections on May 16th, 2023. Detailed information from this traffic count is provided in the **Appendix.** The peak hour for each intersection was analyzed as a conservative approach. The peak hours for the Madison Avenue and Dane street intersection were 11:00-12:00 (AM peak) and 3:45-4:45 (PM peak). For the remaining intersections the peak hours were 7:15 – 8:15 (AM peak) and 2:00-3:00 (PM peak) The existing weekday AM and PM peak hour traffic volumes are shown in **Figure 2.** Pedestrian traffic volumes were also collected at the study intersections. The daily pedestrian volumes are shown on **Figure 3**.

Madison & Dane Development

Mankato, MN

Figure 2 – Existing Peak Hour Traffic Volumes

June 2023



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Madison Ave

Belle Ave

Dane St

Marsh St

Swiss Street
7
20
Madison Avenue
Madison Avenue
2
13
Dane Street

Dane Street
15
66
Belle Avenue
1
10
Dane Street

Dane Street
6
43
Marsh Street
0
0
Dane Street

Legend

Daily Pedestrian Volume

0 100 Feet

Source: Blue Earth County, MnDOT

Map Document: \\arcserver1\GIS\MKTO\0M3128869\ESRI\Pro\0M3128869_Mankato_TMC_2.aprx | _ | Username: ryan.dugger | Date Saved: 6/8/2023 3:10 PM

2025 No-Build Traffic Volumes

Using information from the 2045 Mankato Area Planning Organization (MAPO) Long Range Transportation Plan (LRTP), this traffic impact study assumes an annual traffic growth rate of 1%. This was determined based on the expected growth in the area between 2025 and 2035. While the growth rates ranged depending on the point along the study area roadway network, 1% provides a conservative approach to the future year analysis. The 1% growth rate was applied to the 2023 existing traffic volumes to project the 2025 No-Build traffic volumes.

Proposed Development Traffic Volumes

The amount of traffic generated by the residential development was estimated using data from the Institute of Transportation Engineers' (ITE) *Trip Generation Manual* (11th Edition). The *Trip Generation Manual* is an industry standard for estimating traffic volumes associated with new developments. The trip generation for this proposed development is summarized in **Table 2.**

Table 2: Trip Generation Estimates for Proposed Development

ITE Code (Land Use)	Variable	Square Feet	Weekday				
			Daily Trips	AM Enter	AM Exit	PM Enter	PM Exit
Coffee / Donut Shop with Drive-Through Window (937)	1,000 sq. ft	1,660	886	73	70	32	33
Total Trips			**886**	**73**	**70**	**32**	**33**
*Pass-By Trips: (50% AM, 55% PM)**			--	*-36*	*-36*	*-17*	*-17*
Total Primary Trips			**--**	**37**	**34**	**15**	**16**

*Pass-by rates from Land Use 934 (Fast-Food Restaurant with Drive-Through Window) were used, as Land Use 937 does not have published pass-by rates.

Trip distribution percentages used in assigning site traffic for this development were estimated based on a combination of existing traffic patterns, population centers adjacent to the study area, and engineering judgment.

It is estimated that the site trips will be regionally distributed as follows:

- 40% to/from the west via Madison Avenue
- 35% to/from the east via Madison Avenue
- 10% to/from the south via Dane Street
- 5% to/from the east via Belle Avenue
- 10% to/from the west via Marsh Street

The pass-by trips were deducted from the primary trips and assigned to the network separately. A pass-by trip is a trip that was already on the roadway network but would now stop at the proposed coffee shop prior to continuing to their destination.

Build Traffic Volumes (With Proposed Development)

The site trip distribution percentages listed above were applied to the trip generation in **Table 2** to determine the site trip assignment. The site trip assignment was then added to 2025 No-Build traffic volumes to determine the 2025 Build traffic volumes. The AM peak hour No-Build, site trip assignment, and Build volumes are shown in **Figure 4**. The PM peak hour No-Build, site trip assignment, and Build volumes are shown in **Figure 5.**

Capacity Analysis

Weekday AM and PM peak hour intersection level of service was estimated using the Synchro/SimTraffic 11 analysis software. This analysis will consider operations at LOS "E" or worse deficient and in need of some type of mitigation to improve traffic flow.

Table 3 below summarizes the 2023 Existing operations. All intersection approaches currently operate at LOS C or better under existing traffic conditions.

Table 3: 2023 Existing Conditions Analysis Results

				AM Peak Hour Traffic Delay (sec/veh)		PM Peak Hour Traffic Delay (sec/veh)	
Intersection	**Alternative**	**Control**	**Approach**	**Approach (Delay - LOS)**	**Intersection (Delay - LOS)**	**Approach (Delay - LOS)**	**Intersection (Delay - LOS)**
Dane Street/Swiss Street & Madison Avenue	Existing	Signalized	EB	23 - C	16 - B	24 - C	18 - B
			WB	15 - B		17 - B	
			NB	11 - B		14 - B	
			SB	14 - B		14 - B	
Belle Avenue & Dane Street	Existing	Stop	EB	-	1 - A	-	2 - A
			WB	7 - A		10 - B	
			NB	1 - A		1 - A	
			SB	2 - A		2 - A	
Dane Street & Marsh Street	Existing	Stop	EB	10 - B	4 - A	12 - B	4 - A
			WB	-		-	
			NB	5 - A		3 - A	
			SB	2 - A		2 - A	

Note: There are negative values for some site-generated through movements due to pass-by trips.

Madison Ave

Belle Ave

Marsh St

Dane St

Marsh St

Dane Street
Proposed Site Access
0 (59) [59]
461 (-9) [452]
0 (54) [54]
0 (17) [17]
0 (16) [16]
345 (-6) [339]
Dane Street

Swiss Street
Madison Avenue
11 (0) [11]
10 (0) [10]
9 (0) [9]
15 (0) [15]
578 (-11) [567]
154 (24) [178]
Madison Avenue
Dane Street
6 (0) [6]
665 (-11) [654]
66 (26) [92]
73 (25) [98]
19 (0) [19]
252 (23) [275]

Dane Street
457 (6) [463]
4 (2) [6]
5 (2) [7]
18 (0) [18]
Belle Avenue
221 (8) [229]
16 (0) [16]
Dane Street

Dane Street
249 (3) [252]
253 (3) [256]
Marsh Street
100 (4) [104]
49 (0) [49]
Dane Street
91 (0) [91]
139 (4) [143]
Dane Street

Legend

Turning Movement Counts

No Build (Site Trip) [Build]

0 100 Feet

Source: Blue Earth County, MnDOT

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Note: There are negative values for some site-generated through movements due to pass-by trips.

Madison Ave

Belle Ave

Marsh St

Dane St

Proposed Site Access
Dane Street
0 (25) [25]
325 (-3) [322]
0 (25) [25]
0 (8) [8]
0 (8) [8]
444 (-3) [441]

Madison Avenue
Swiss Street
Dane Street
7 (0) [7]
15 (0) [15]
8 (0) [8]
7 (0) [7]
700 (-5) [695]
122 (10) [132]
13 (0) [13]
718 (-6) [712]
53 (12) [65]
117 (10) [127]
34 (0) [34]
293 (12) [305]

Belle Avenue
Dane Street
315 (4) [319]
10 (1) [11]
10 (1) [11]
41 (0) [41]
407 (4) [411]
27 (0) [27]

Marsh Street
Dane Street
170 (2) [172]
185 (2) [187]
202 (2) [204]
67 (0) [67]
56 (0) [56]
235 (2) [237]

Legend

Turning Movement Counts

No Build (Site Trip) [Build]

0 100 Feet

Source: Blue Earth County, MnDOT

Map Document: \\arcserver1\GIS\MKTO\0M3128869\ESRI\Pro\0M3128869_Mankato_TMC_2.aprx | | Username: ryan.dugger | Date Saved: 6/9/2023 3:06 PM

Table 4 below summarizes the 2025 No-Build and Build conditions operations. Minimal impacts to intersection operations are expected with the addition of site traffic. All intersection approaches will continue to operate at LOS C or better. The eastbound approach of the proposed driveway is expected to operate at LOS B during both peak hours.

The northbound queue at the intersection of Madison Avenue and Dane Street has potential to extend beyond the proposed driveway during the peak hours; however, with the intersection expected to operate at LOS B, the northbound queue will clear during each signal cycle. On average the northbound queue at the signalized intersection is 75 feet during the AM peak hour and 100 feet during the PM peak hour which are both shorter than the 175 feet of storage space between Madison Avenue and the proposed site driveway. Tables summarizing the queues at the study intersections are provided in the appendix.

Table 4: 2025 No-Build and Build Conditions Analysis Results

				AM Peak Hour Traffic Delay (sec/veh)		PM Peak Hour Traffic Delay (sec/veh)	
Intersection	**Alternative**	**Control**	**Approach**	**Approach (Delay - LOS)**	**Intersection (Delay - LOS)**	**Approach (Delay - LOS)**	**Intersection (Delay - LOS)**
Dane Street/Swiss Street & Madison Avenue	No Build	Signalized	EB	24 - C	17 - B	24 - C	18 - B
			WB	15 - B		17 - B	
			NB	12 - B		12 - B	
			SB	14 - B		13 - B	
	Build	Signalized	EB	24 - C	17 - B	24 - C	18 - B
			WB	15 - B		17 - B	
			NB	12 - B		13 - B	
			SB	13 - B		15 - B	
Belle Avenue & Dane Street	No Build	Stop	EB	-	1 - A	-	1 - A
			WB	7 - A		9 - A	
			NB	1 - A		1 - A	
			SB	2 - A		1 - A	
	Build	Stop	EB	-	1 - A	-	1 - A
			WB	8 - A		10 - B	
			NB	1 - A		1 - A	
			SB	2 - A		2 - A	
Dane Street & Marsh Street	No Build	Stop	EB	11 - B	4 - A	11 - B	4 - A
			WB	-		-	
			NB	5 - A		3 - A	
			SB	2 - A		2 - A	
	Build	Stop	EB	12 - B	4 - A	12 - B	5 - A
			WB	-		-	
			NB	5 - A		3 - A	
			SB	2 - A		2 - A	
Dane Street & Proposed Site Access	No Build	Stop	EB	-	1 - A	-	1 - A
			WB	-		-	
			NB	1 - A		1 - A	
			SB	1 - A		1 - A	
	Build	Stop	EB	12 - B	2 - A	12 - B	1 - A
			WB	-		-	
			NB	2 - A		2 - A	
			SB	1 - A		1 - A	

Summary of Analyses and Recommendations

Based on traffic impact analysis described in this report, it is not expected that the proposed development will introduce operations deficiencies that require intersection geometry or traffic control improvements. The northbound queue at the intersection of Madison Avenue and Dane Street may extend beyond the proposed site access during the peak periods of congestion, but for the majority of the peak hours, vehicles will be able to turn left out of the site unimpeded.

Bolton & Menk is an equal opportunity employer.

Appendix

Intersection	Alternative	Control	Approach	AM Peak Hour Traffic Queuing (feet)									PM Peak Hour Traffic Queuing (feet)								
				Left Turn			Through			Right Turn			Left Turn			Through			Right Turn		
				Storage	Avg	Max	Link Length	Avg	Max	Storage	Avg	Max	Storage	Avg	Max	Link Length	Avg	Max	Storage	Avg	Max
Dane Street/Swiss Street & Madison Avenue	Existing	Signalized	EB	150	25	25	1703	150	225	-	125	225	150	25	50	1703	150	250	-	150	250
			WB	125	75	150	1183	100	200	-	75	175	125	75	150	1183	150	225	-	100	200
			NB	-	75	175	319	75	175	60	75	100	-	100	250	319	100	250	60	75	100
			SB	-	25	75	1115	25	75	-	25	75	-	25	50	1115	25	50	-	25	50
	No Build	Signalized	EB	150	25	50	1703	150	225	-	150	225	150	25	100	1703	150	250	-	150	250
			WB	125	75	150	1184	100	200	-	75	150	125	50	150	1184	125	225	-	100	225
			NB	-	75	150	161	75	150	60	75	100	-	100	175	161	100	175	60	75	100
			SB	-	25	75	1115	25	75	-	25	75	-	25	50	1115	25	50	-	25	50
	Build	Signalized	EB	150	25	50	1703	150	250	-	150	250	150	25	75	1703	150	250	-	150	250
			WB	125	75	150	1184	100	175	-	75	150	125	75	150	1184	125	225	-	100	175
			NB	-	75	175	161	75	175	60	75	100	-	100	175	161	100	175	60	75	100
			SB	-	25	75	1115	25	75	-	25	75	-	25	50	1115	25	50	-	25	50
Belle Avenue & Dane Street	Existing	Stop	EB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			WB	-	25	50	-	-	-	-	25	50	-	50	75	-	-	-	-	50	75
			NB	-	-	-	-	-	-	-	-	-	-	-	-	160	0	25	-	0	25
			SB	-	25	25	319	25	25	-	-	-	-	25	75	319	25	75	-	-	-
	No Build	Stop	EB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			WB	-	25	50	-	-	-	-	25	50	-	50	75	-	-	-	-	50	75
			NB	-	-	-	-	-	-	-	-	-	-	-	-	160	25	25	-	25	25
			SB	-	0	25	104	0	25	-	-	-	-	25	50	104	25	50	-	-	-
	Build	Stop	EB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			WB	-	25	50	-	-	-	-	25	50	-	50	75	-	-	-	-	50	75
			NB	-	-	-	160	0	25	-	0	25	-	-	-	160	25	25	-	25	25
			SB	-	25	50	104	25	50	-	-	-	-	25	50	104	25	50	-	-	-
Dane Street & Marsh Street	Existing	Stop	EB	-	50	100	-	-	-	90	25	75	-	75	175	-	-	-	90	50	75
			WB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			NB	-	50	125	1046	50	125	-	-	-	-	25	100	1046	25	100	-	-	-
			SB	-	-	-	160	25	50	-	25	50	-	-	-	160	25	25	-	25	25
	No Build	Stop	EB	-	50	100	-	-	-	90	25	75	-	75	150	-	-	-	90	50	100
			WB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			NB	-	50	150	1046	50	150	-	-	-	-	25	100	1046	25	100	-	-	-
			SB	-	-	-	160	25	50	-	25	50	-	-	-	160	25	25	-	25	25
	Build	Stop	EB	-	50	100	-	-	-	90	25	75	-	75	150	-	-	-	90	50	75
			WB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			NB	-	50	125	1046	50	125	-	-	-	-	25	100	1046	25	100	-	-	-
			SB	-	-	-	160	25	50	-	25	50	-	-	-	160	25	25	-	25	25
Dane Street & Proposed Site Access	No Build	Stop	EB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			WB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			NB	-	25	50	104	25	50	-	-	-	-	25	100	104	25	100	-	-	-
			SB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Build	Stop	EB	-	50	100	-	-	-	-	50	100	-	25	75	-	-	-	-	25	75
			WB	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			NB	-	25	100	104	25	100	-	-	-	-	25	100	104	25	100	-	-	-
			SB	-	-	-	161	0	25	-	0	25	-	-	-	161	0	25	-	0	25

AGENDA RECOMMENDATION

Public Hearings **6. C.**

City Council Regular Meeting
Meeting Date: 09/11/2023

Agenda Item:

Resolution amending the Land Use Plan by adopting the Jefferson Quarry Redevelopment Plan (900 Cleveland Street); by request of Pentagon Materials.

Recommendation/Action(s):

At the July 26, 2023 meeting, the Planning Commission recommended the adoption of the resolution approving the Jefferson Quarry Redevelopment Plan.

Summary:

Pentagon Acquisition, LLC has requested consideration for the adoption of the Jefferson Quarry Plan, an area-wide planning study or small area plan. The purpose of a small area plan is to conduct redevelopment planning for areas with brownfield sites that may be more difficult to develop than traditional greenfield development opportunities.

Pentagon Acquisition, LLC is requesting consideration for the inclusion of the Jefferson Quarry study as a plan component to the City of Mankato's Land Use Plan. The applicant has recently completed an updated plan for the Jefferson Quarry area, which includes the property within the City of Mankato south of Highway 14 east of the Minnesota River. The study area, the Jefferson Quarry, is a 54-acre site with riverfront access that has historically been a quarry and mined for dimensional stone, construction aggregates and silica sand, but the mine has not been active since 2017 when the City instructed the prior owner to cease mining activities after a blast impacted the adjacent neighborhood.

The Quarry has reached the end of its useful life and the private property owners, Pentagon Materials, intend to redevelop the property. The adoption of a small area plan allows the property owner to continue redevelopment efforts for the site, while providing flexibility on the site for interim uses while redevelopment efforts are underway. Because the redevelopment process for such a property may take a considerable amount of time, the applicant may request flexibility to allow for short-term/interim uses on the property during the redevelopment process.

The applicant held a series of information meetings with the adjacent property owners to discuss the redevelopment of the property. The open houses occurred in May, June, and October 2022. In addition to the open houses, the City of Mankato did conduct an online engagement on Every Voice Mankato platform.

The plan suggested several implementation strategies, including feasibility studies and additional traffic analysis. The concept plan that was submitted shows a mix of mixed-use (retail/residential), high density residential, and low density residential. The plan also shows areas of parks and open space. The plan will provide flexibility in the development of the area and encourage mixed-use development when feasible. If mixed-use development is determined to be not feasible, the applicant requests the flexibility to allow for industrial uses, as currently allowed on-site and by the current Land Use Plan, subject to the review of City Council.

Because the small area plan is conceptual, investigation of redevelopment considerations such as utilities, access, and environmental considerations were explored. However, the exploration was prepared for this high-level study and further detailed analysis will be required at the time of an official land use amendment formally recognizing the finalized plans.

Adoption of the plan will not change the land use classification of the property but will rather guide the land use process moving forward. In order to amend the land use classification, the applicant will be required to conduct additional study related to the use, traffic, environmental factors, hold additional engagement with the community members in the area in the area, and have a concept plan in place to move the project forward.

Per the City Charter, upon receipt from the City Manager of a proposed comprehensive plan or proposed modification of the existing plan, the Council shall refer such proposal to the City Planning Commission, which shall within a time specified by the Council report its recommendations thereon. The Planning Commission reviewed the proposal at the July 26, 2023, meeting and recommended approval of the proposed plan. After receipt of the recommendations of the Planning Commission, the City Council established September 11, 2023, as the date of public hearing during their August 14, 2023, meeting.

Attachments

Resolution approving Jefferson Quarry Redevelopment Plan

General Location Map

Aerial

RESOLUTION AMENDING THE CITY OF MANKATO
LAND USE PLAN

WHEREAS, the City of Mankato has adopted a Land Use Plan in conformance with Minnesota Statute 462; and

WHEREAS, periodically the Land Use Plan may be amended to reflect revised goals and objectives for tracts of land or areas within and around the City; and

WHEREAS, the City has undertaken a planning effort to update and guide the land use plan process for the Jefferson Quarry Redevelopment Plan; and

WHEREAS, the scope of the update is to include the adoption of the Jefferson Quarry Small Area Plan; and

WHEREAS, a planning document has been compiled through a public process involving stakeholders input - the Jefferson Quarry Redevelopment Plan; and

WHEREAS, the document contains planning principles and implementation tactics to effectuate the goals and the objections of the plan; and

WHEREAS, the Planning Agency has reviewed the Jefferson Quarry Redevelopment Plan and found that it complies with the purpose and intent of the Land Use Plan to identify and target areas for redevelopment and/or other public improvements necessary to sustain and increase the tax base and to foster the quality of life for residents in the City of Mankato.

NOW, THEREFORE BE IT RESOLVED that the City Council hereby adopts the Jefferson Quarry Redevelopment Plan, in its entirety, as part of the City Land Use Plan

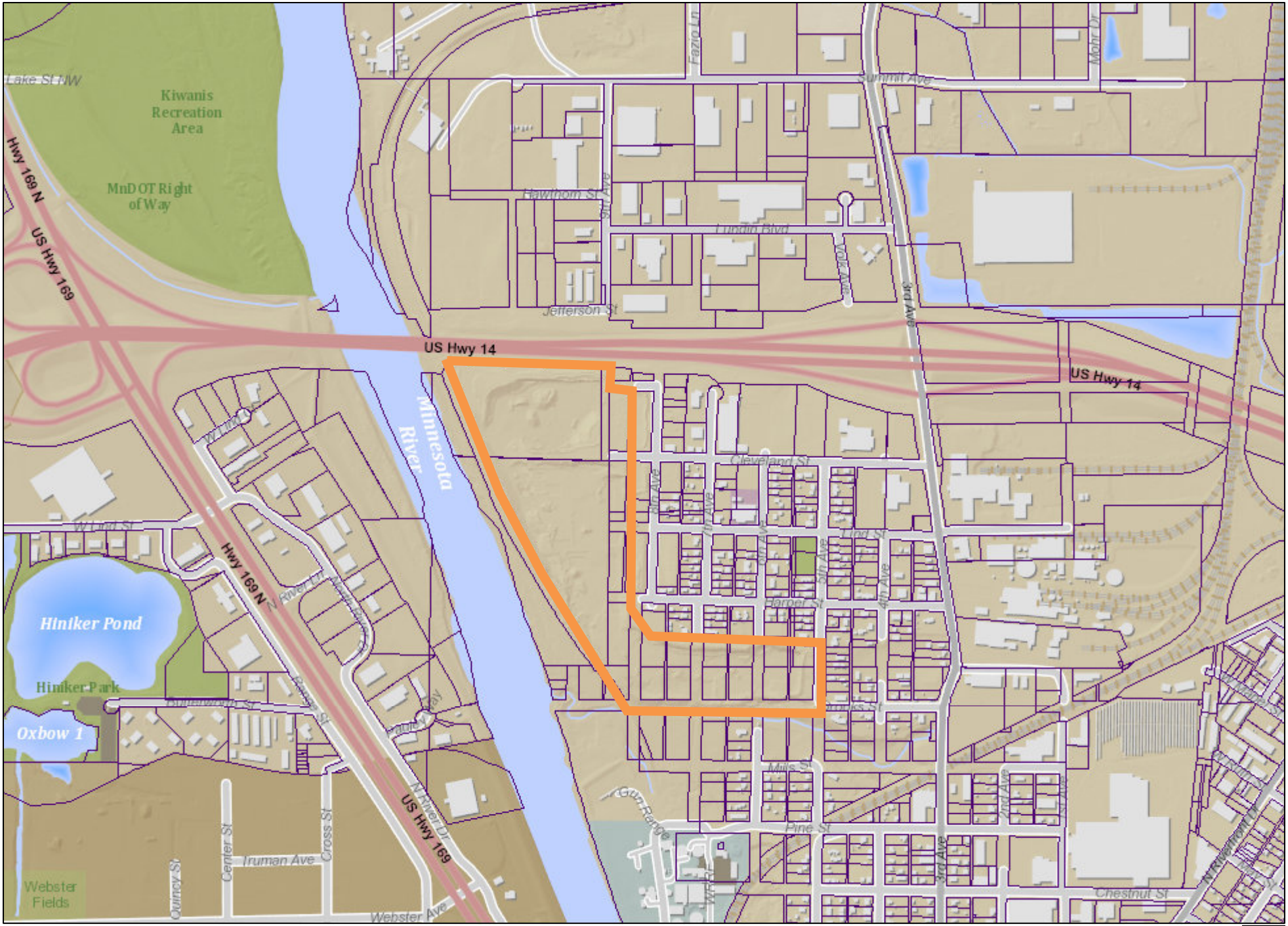
This resolution shall become effective immediately upon its passage and without publication.

Dated this _____ day of _____, 2023.

_____
Najwa Massad
Mayor

ATTEST: _____
Renae Kopischke, MMC
City Clerk

General Location Map



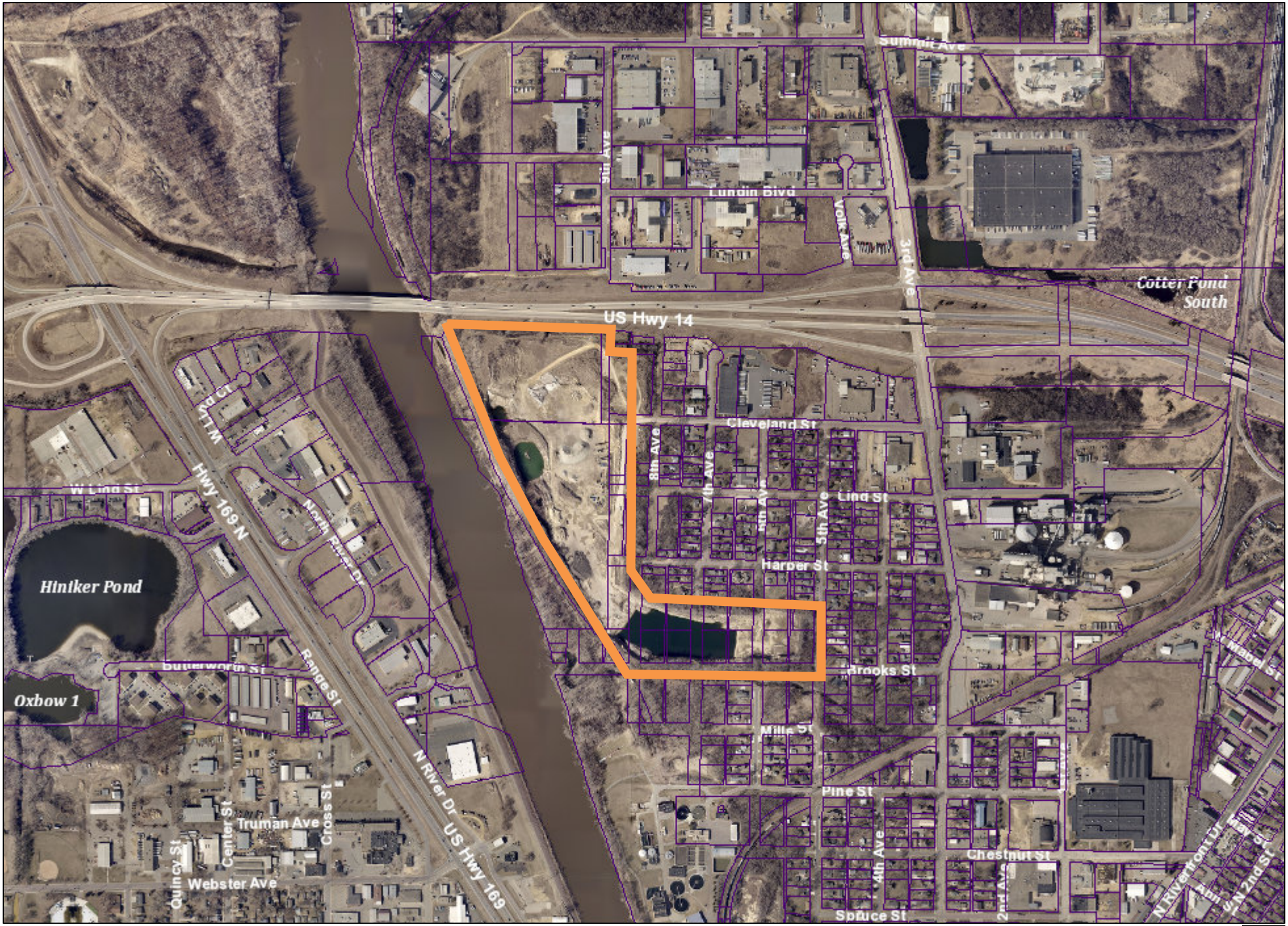
Date: June 2023

Author:

This information is to be used for reference purposes only. The City of Mankato does not guarantee accuracy of the material contained herein and is not responsible for misuse or misinterpretation.

N

Aerial Location Map



Date: June 2023

Author:

This information is to be used for reference purposes only. The City of Mankato does not guarantee accuracy of the material contained herein and is not responsible for misuse or misinterpretation.

N

AGENDA RECOMMENDATION

City Council Regular Meeting **6. D.**

Meeting Date: 09/11/2023

Agenda Item:

Resolution approving the sale of the General Obligation Improvement and Utility Bonds, Series 2023A, in the approximate amount of $4,610,000.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

- The 2023A Bond Issue will finance approximately three (3) projects as well as various petition projects, resurfacing projects, and alley projects.
- The estimated size of the Street Improvement Component of the Bond is $3,115,000.
- The estimated size of the Utility Component of the Bond is $1,495,000.
- The estimated True Interest Cost (TIC) is projected at 3.325%.
- The term is 10 years.
- The projects included have been identified in the Capital Investment Plan for fiscal year 2022.
- Bond issuance includes all capitalized interest and Bond issuance costs.
- The bid Tally Sheet (prepared by Baker Tilly) will be provided prior to the meeting.

Attachments

Resolution

EXTRACT OF MINUTES OF A MEETING
OF THE CITY COUNCIL
CITY OF MANKATO, MINNESOTA

HELD: SEPTEMBER 11, 2023

Pursuant to due call, a regular or special meeting of the City Council of the City of Mankato, located in Blue Earth, Le Sueur and Nicollet Counties, Minnesota, was duly held at the City Hall on September 11, 2023, at 6:00 P.M., for the purpose, in part, of authorizing the issuance and sale of $4,610,000 General Obligation Improvement and Utility Bonds, Series 2023A.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF $4,610,000 GENERAL OBLIGATION IMPROVEMENT AND UTILITY BONDS, SERIES 2023A, PLEDGING FOR THE SECURITY THEREOF SPECIAL ASSESSMENTS AND NET REVENUES AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of Mankato (the "City") has heretofore determined and declared that it is necessary and expedient to issue $4,610,000 General Obligation Improvement and Utility Bonds, Series 2023A (the "Bonds" or individually a "Bond"), pursuant to Minnesota Statutes, Chapter 475; and

1. Section 429 to finance the street improvement projects (the "Improvements"); and

2. Section 444.075, to finance the improvements to the municipal water system, sanitary sewer system and storm water system (the "Utility Improvements"); and

B. WHEREAS, the Improvements and all their components have been ordered prior to the date hereof, after a hearing thereon for which notice was given describing the Improvements or all their components by general nature, estimated cost, and area to be assessed; and

C. WHEREAS, the City owns and operates a municipal water system (the "Water System"), a municipal storm water system (the "Storm Water System"), and a municipal sanitary sewer system (the "Sewer System", and together with the Water System and the Storm Water System, the "System") as separate revenue producing public utilities; and

D. WHEREAS, the net revenues of the Water System and Sewer System are pledged to the payment of the City's outstanding (1) General Obligation Water Revenue Note of 2006, in the original principal amount of $2,309,300, dated February 9, 2006; (2) General Obligation Water Revenue Note of 2007, in the original principal amount of $37,729,870, dated May 8,

2007; (3) General Obligation Sewer Revenue Note of 2009, in the original principal amount of $1,194,071, dated June 23, 2009; (4) General Obligation Utility Revenue Note of 2010, in the original principal amount of $5,520,000, dated November 20, 2010; (5) General Obligation Sewer Revenue Note of 2014, in the original principal amount of $6,829,525, dated September 24, 2014; (6) General Obligation Utility Revenue Note of 2015, in the original principal amount of $111,173, dated August 27, 2015; and (7) General Obligation Utility Revenue Note of 2015B, in the original principal amount of $1,458,265, dated August 26, 2015 (collectively, the "Outstanding Water and Sewer Bonds"); and

E. WHEREAS, the net revenues of the System are pledged to the payment of the City's outstanding (1) "Utility Portion" of General Obligation Improvement and Utility Bonds, Series 2021A, in the original principal amount of $7,820,000, dated March 24, 2021; and (2) "Utility Portion" of General Obligation Improvement and Utility Bonds, Series 2022B, in the original principal amount of $7,930,000, dated August 2, 2022 (together, the "Outstanding Utility Bonds"); and

F. WHEREAS, the City has retained Baker Tilly Municipal Advisors, LLC, in St. Paul, Minnesota ("Baker Tilly MA"), as its independent municipal advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Baker Tilly MA; and

G. WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the City Manager, or designee, at the offices of Baker Tilly MA at 10:00 A.M. this same day pursuant to the Terms of Proposal established for the Bonds; and

H. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Mankato, Minnesota, as follows:

1. Acceptance of Proposal. The proposal of _____ (the "Purchaser"), to purchase the Bonds, in accordance with the Terms of Proposal, at the rates of interest hereinafter set forth, and to pay therefor the sum of $_____, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received, is hereby accepted and the Bonds are hereby awarded to the Purchaser.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Term Bond Option. The Bonds shall be dated October 5, 2023, as the date of original issue and shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of $5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations") and shall mature on February 1 in the years and amounts as follows:

Year	Amount	Year	Amount
2025		2030	
2026		2031	
2027		2032	
2028		2033	
2029		2034	

As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Allocation. The aggregate principal amount of $_____ maturing in each of the years and amounts hereinafter set forth are issued to finance the Improvements (the "Improvement Portion" of the Bonds). The aggregate principal amount of $_____ maturing in each of the years and amounts hereinafter set forth are issued to finance the Utility Improvements (the "Utility Portion" of the Bonds).

Year	Improvement Portion	Utility Portion	Total
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			

If Bonds are prepaid, the prepayments shall be allocated to the portions of debt service (and hence allocated to the payment of Bonds treated as relating to a particular portion of debt service) as provided in this paragraph. If the source of prepayment moneys is the general fund of the City, or other generally available source, the prepayment may be allocated to either or both of the portions of debt service in such amounts as the City shall determine. If the source of the prepayment is special assessments pledged to and taxes levied for the Improvements, the prepayment shall be allocated to the Improvement Portion of debt service. If the source of a prepayment is excess net revenues of the System pledged to the Utility Improvements, the prepayment shall be allocated to the Utility Portion of debt service.

(c) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10 hereof, references to the Nominee hereunder shall refer to such new Nominee.

(vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(d) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.

(iii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(e) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purpose. The Improvement Portion of the Bonds shall provide funds to finance the Improvements and the Utility Portion of the Bonds shall provide funds to finance the Utility Improvements. The Improvements and the Utility Improvements are herein referred to together as the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Interest. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2024, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

Maturity Year	Interest Rate	Maturity Year	Interest Rate
2025		2030	
2026		2031	
2027		2032	
2028		2033	
2029		2034	

5. Redemption. All Bonds maturing on February 1, 2033 and thereafter, shall be subject to redemption and prepayment at the option of the City on February 1, 2032, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal

amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds thirty (30) days prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each $5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at $5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. U.S. Bank Trust Company, National Association, in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor-paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
BLUE EARTH, LE SUEUR AND NICOLLET COUNTIES
CITY OF MANKATO

R-_____ $_____

GENERAL OBLIGATION IMPROVEMENT AND UTILITY BOND, SERIES 2023A

Interest Rate	Maturity Date	Date of Original Issue	CUSIP
_____%	February 1 ,	October 5, 2023	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

THE CITY OF BLUE EARTH, LE SUEUR AND NICOLLET COUNTIES, MINNESOTA (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, unless called for earlier redemption, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2024, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of U.S. Bank Trust Company, National Association, in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of

the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on February 1, 2033, and thereafter, are subject to redemption and prepayment at the option of the Issuer on February 1, 2032, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the Issuer; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds thirty (30) days prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each $5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at $5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of $4,610,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution, Charter of the Issuer and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on September 11, 2023 (the "Resolution"), for the purpose of providing money to finance street improvements and improvements to the water, sanitary sewer and storm water systems within the jurisdiction of the Issuer. This Bond is

payable out of General Obligation Improvement and Utility Bonds, Series 2023A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution, Charter of the Issuer and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will

impose and collect charges for the service, use and availability of its municipal water system, sanitary sewer system and storm water system (collectively, the "System") at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Utility Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and interest when due on the Utility Portion of the Bonds; and that the Issuer will levy a direct, annual, irrepealable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on Utility Portion of the Bonds as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional, charter or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Blue Earth, Le Sueur and Nicollet Counties, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its City Manager, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

_____

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

This Bond is one of the
Bonds described in the
Resolution mentioned
within.

U.S. Bank Trust Company, National
Association,
St. Paul, Minnesota
Bond Registrar

By _____
Authorized Signature

Registrable by: U.S. BANK TRUST COMPANY
NATIONAL ASSOCIATION

Payable at: U.S. BANK TRUST COMPANY
NATIONAL ASSOCIATION

CITY OF MANKATO
BLUE EARTH, LE SUEUR AND NICOLLET
COUNTIES, MINNESOTA

/s/ Facsimile
Mayor

/s/ Facsimile
City Manager

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common
UTMA - _____ as custodian for _____ under the _____ Uniform
(Cust) (Minor) (State)
Transfers to Minors Act

Additional abbreviations may also be used though not in the above list.

_____

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:_____ _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed: _____
Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not affect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____
_____
_____

(Include information for all joint owners if the Bond is held by joint account.)

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and City Manager and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the corporate seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of October 5, 2023. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or the Holder's attorney duly authorized in writing.

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The City Manager is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the City Manager to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. There is hereby established a special fund to be designated "General Obligation Improvement and Utility Bonds, Series 2023A Fund" (the "Fund") to be administered and maintained by the City Manager as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be

maintained in the manner herein specified until all of the Bonds and the interest thereon have been fully paid. The Operation and Maintenance Account heretofore established by the City for the Water System shall continue to be maintained in the manner heretofore provided by the City. The Operation and Maintenance Account heretofore established by the City for the Sanitary Sewer System shall continue to be maintained in the manner heretofore provided by the City. The Operation and Maintenance Account heretofore established by the City for the Storm Water System shall continue to be maintained in the manner heretofore provided by the City. (The Operation and Maintenance Account for the Water System, the Operation and Maintenance Account for the Sanitary Sewer System and the Operation and Maintenance Account for the Storm Water System are referred to collectively herein as the "Operation and Maintenance Accounts".) All moneys remaining after paying or providing for the items set forth in the resolution(s) establishing the Operation and Maintenance Accounts shall constitute and are referred to as "net revenues" until the Utility Portion of the Bonds have been paid. In such records there shall be established accounts of the Fund for the purposes and in the amounts as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the sale of the Bonds, plus any special assessments levied with respect to the Improvements and collected prior to completion of the Improvements and payment of the costs thereof. From the Construction Account there shall be paid all costs and expenses of making the Improvements listed in paragraph 16 and all costs and expenses of the Utility Improvements, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of commencement of the collection of taxes, special assessments or net revenues herein levied or covenanted to be levied; and provided further that if upon completion of the Improvements there shall remain any unexpended balance in the Construction Account, the balance (other than any special assessments) shall be transferred to the Debt Service Account or may be transferred by the Council to the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 429, and provided further that any special assessments credited to the Construction Account shall only be applied towards payment of the costs of the Improvements upon adoption of a resolution by the City Council determining that the application of the special assessments for such purpose will not cause the City to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(b) Debt Service Account. There shall be maintained two separate subaccounts in the Debt Service Account to be designated the "Improvement Project Debt Service Subaccount" and the "Utility Improvements Debt Service Subaccount." There are hereby irrevocably appropriated and pledged to, and there shall be credited to the separate subaccounts of the Debt Service Account:

(i) Improvement Project Debt Service Subaccount. To the Improvement Project Debt Service Subaccount there shall be credited: (A) all collections of special assessments herein covenanted to be levied with respect to the Improvements and either initially credited to the Construction Account and not already spent as permitted above and required to pay any principal and interest due on the

Improvement Portion of the Bonds or collected subsequent to the completion of the Improvements and payment of the costs thereof; (B) all collections of taxes herein or hereinafter levied for the payment of the Improvement Portion of the Bonds and interest thereon; (C) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (D) all investment earnings on funds held in the Improvement Project Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Improvement Project Debt Service Subaccount. The Improvement Project Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Improvement Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

(ii) Utility Improvements Debt Service Subaccount. To the Utility Improvements Debt Service Subaccount there shall be credited: (A) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the Utility Improvements Debt Service Subaccount, sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Utility Portion of the Bonds; (B) all collections of taxes which may hereafter be levied in the event that the net revenues of the System and other funds herein pledged to the payment of the principal and interest on the Utility Portion of the Bonds are insufficient therefore; (C) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (D) all investment earnings on funds held in the Utility Improvements Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Utility Improvements Debt Service Subaccount. The Utility Improvements Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Utility Portion of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or $100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account, Operation and Maintenance Accounts or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal

arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Covenants Relating to the Improvement Portion of the Bonds.

(a) Special Assessments. It is hereby determined that no less than twenty percent (20%) of the cost to the City of each Improvement financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3), shall be paid by special assessments to be levied against every assessable lot, piece and parcel of land benefited by any of the Improvements. The City hereby covenants and agrees that it will let all construction contracts not heretofore let within one year after ordering each Improvement financed hereunder unless the resolution ordering the Improvement specifies a different time limit for the letting of construction contracts. The City hereby further covenants and agrees that it will do and perform, as soon as they may be done, all acts and things necessary for the final and valid levy of such special assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the City or the City Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property.

The special assessments have heretofore been authorized. Subject to such adjustments as are required by conditions in existence at the time the assessments are levied, it is hereby determined that the assessments shall be payable in equal, consecutive, annual installments, including both principal and interest, with interest at a rate per annum set forth below:

Improvement Designations	Levy Years	Collection Years	Rate	Amount

See Attached Schedule in Exhibit B

At the time the assessments are in fact levied the City Council shall, based on the then-current estimated collections of the assessments, make any adjustments in any ad valorem taxes required to be levied in order to assure that the City continues to be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(b) Tax Levy. To provide moneys for payment of the principal and interest on the Improvement Portion of the Bonds there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

Year of Tax Levy	Year of Tax Collection	Amount

See Attached Schedule in Exhibit B

(c) Coverage Test. The tax levies are such that if collected in full they, together with estimated collections of special assessments and other revenues herein pledged for the payment of the Improvement Portion of the Bonds, will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Improvement Portion of the Bonds. The tax levies shall be irrepealable so long as any of the Improvement Portion of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

17. Covenants Relating to the Utility Portion of the Bonds.

(a) Sufficiency of Net Revenues. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of and interest on the Utility Portion of the Bonds and the Outstanding Utility Bonds and a sum at least five percent in excess thereof. The net revenues of the Water System and the Sewer System are sufficient in amount to pay when due the principal of and interest on the Outstanding Water and Sewer Bonds and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged on a parity lien with the Outstanding Water and Sewer Bonds and the Outstanding Utility Bonds for the payment of the Utility Portion of the Bonds and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Bonds as the same become due. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient in addition to all other sources, for the payment of the Utility Portion of the Bonds and such additional obligations and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

(b) Excess Net Revenues. Net revenues in excess of those required for the foregoing may be used for any proper purpose.

(c) Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Utility Portion of the Bonds. Minnesota Statutes, Section 444.075, Subdivision 2, provides as follows: "Real estate tax revenues should be used only, and then on a temporary basis, to pay general or special obligations when the other revenues are insufficient to meet the obligations."

18. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with

respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

19. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar preliminary costs, which in the aggregate do not exceed twenty percent of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of $100,000 or five percent of the proceeds of the Bonds.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds, and not later than three years after the later of (i) the date of the payment of the Reimbursement Expenditure, or (ii) the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

20. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

(a) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") by filing at www.emma.msrb.org in accordance with the Rule, certain annual financial information and operating data in accordance with the Undertaking. The City reserves the right to modify from time to time the terms of the Undertaking as provided therein.

(b) Provide or cause to be provided to the MSRB notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of the event, in accordance with the Undertaking.

(c) Provide or cause to be provided to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking, in not more than ten (10) business days following such occurrence.

(d) The City agrees that its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and City Manager or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

21. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the net revenues of the

System appropriated and pledged to the payment of principal and interest on the Utility Portion of the Bonds, together with other funds irrevocably appropriated to the Utility Improvements Debt Service Subaccount herein established, shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

22. Certificate of Registration and Tax Levy. The City Manager is hereby directed to file a certified copy of this resolution with the County Auditors of Blue Earth, Le Sueur and Nicollet Counties, Minnesota, together with such other information as each of the County Auditors shall require, and to obtain from each County Auditor their certificate that the Bonds have been entered in their Bond Register, and that the tax levy required by law has been made.

23. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

24. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

25. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small-issuer exception amount of $5,000,000.

For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements for governmental units issuing $5,000,000 or less of bonds, the City hereby finds, determines and declares that (i) the Bonds are issued by a governmental unit with general taxing powers; (ii) no Bonds are a private activity bond; (iii) 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and (iv) the aggregate face

amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all entities subordinate to, or treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed $5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

26. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

(a) the Bonds are issued after August 7, 1986;

(b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(c) the City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2023 will not exceed $10,000,000; and

(e) not more than $10,000,000 of obligations issued by the City during this calendar year 2023 have been designated for purposes of Section 265(b)(3) of the Code; and

(f) the aggregate face amount of the Bonds does not exceed $10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

27. Official Statement. The Official Statement relating to the Bonds prepared and distributed by Baker Tilly MA, is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

28. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution

29. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

This resolution shall become effective immediately upon its passage and without publication.

Passed this 11th day of September, 2023.

Najwa Massad
Mayor

ATTEST: Renae Kopischke
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof and upon a 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.

STATE OF MINNESOTA
COUNTIES OF BLUE EARTH, LE SUEUR AND NICOLLET
CITY OF MANKATO

I, the undersigned, being the duly qualified and acting City Clerk of the City of Mankato, Minnesota, do hereby certify that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to authorizing the issuance and sale of $4,610,000 General Obligation Improvement and Utility Bonds, Series 2023A.

WITNESS my hand on September 11, 2023.

_____
City Clerk

EXHIBIT A

PROPOSALS

[To be supplied by Baker Tilly Municipal Advisors, LLC]

EXHIBIT B

SCHEDULES

[To be supplied by Baker Tilly Municipal Advisors, LLC]