

STATE OF MINNESOTA
GRANT CONTRACT AGREEMENT NO. RDGP-24-0013-o-FY25
Hotel Mankato Project

This grant contract agreement is between the State of Minnesota, acting through the Department of Employment and Economic Development ("State") and the city of Mankato, 10 Civic Center Plaza, Mankato, MN 56001 ("Grantee").

Recitals

1. Under Minn. Stat. § 116J.575 the State is empowered to enter into this grant contract agreement.
2. The State is in need of programs that create jobs, increase local property tax and provide other public benefits by redeveloping underused or unproductive sites.
3. Pursuant to Minn. Stat. § 16B.98, the Grantee represents that it is duly qualified and agrees to perform all services described in this grant contract agreement to the satisfaction of the State.

Grant Contract Agreement

1 Term of Grant Contract Agreement

1.1 Effective date:

September 27, 2024, or the date the State obtains all required signatures under Minn. Stat. § 16B.98, Subd. 5, whichever is later. Per Minn. Stat. § 16B.98, Subd. 5, the Grantee must not begin work until this grant contract agreement is fully executed and the State's Authorized Representative has notified the Grantee that work may commence. Per Minn. Stat. § 16B.98, Subd. 7, no payments will be made to the Grantee until this grant contract agreement is fully executed.

1.2 Expiration date:

December 31, 2027, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

1.3 Survival of Terms.

The following clauses survive the expiration or termination of this grant contract agreement: 5. Reporting Requirements; 7. Monitoring and Corrective Action; 10. Liability; 11. State Audits; 12. Government Data Practices and Intellectual Property Rights; 14. Publicity and Endorsement; 15. Governing Law, Jurisdiction and Venue; 17. Data Disclosure; 18. Conflict of Interest; 19. Grant Repayment; and 20. Minnesota Business Subsidy Law.

2 Grantee's Duties

2.1 Duties, Deliverables, and Completion Dates.

The Grantee, who is not a state employee, will perform the following duties and provide the deliverables as outlined below.

- (a)** Comply with required grants management policies and procedures set forth through Minn. Stat. § 16B.97, Subd. 4 (a) (1).
- (b)** Administer these grant funds in accordance with Minn. Stat. §§ 116J.571 through 116J.575 and the application submitted on August 1, 2024 for funding for the Mankato Hotel Project, which is incorporated into this grant contract agreement and the provisions of this grant contract agreement. Any modification made to the approved application must be approved by the State.

- (c) It is expected that the site will be redeveloped as proposed in the grant application and upon which funding was based. Any material change in the development plans for the site must be presented to the State and approved. Promptly notify the State of any proposed material change in the scope of the project as submitted in the grant application, eligible approved Redevelopment Costs as defined Section 4.1(c) of this grant contract agreement, or the project's timeline, which must be approved by the State, prior to implementation.
- (d) It is also expected that the project will begin as described in the application. To validate that the project has started, and eligible work has commenced, a Payment Request, as outlined in Section 4.2(a), must be submitted to the State on or before December 31, 2025, or such a later date requested by the Grantee and approved by the State in writing. If a Payment Request is not submitted, the State's obligation to fund the Grant may be terminated as described in Section 16.1(b). Invoices must be for approved Redevelopment Costs incurred after the grant contract agreement is fully executed.
- (e) Provide evidence to the State prior to the closeout of the grant that the Redevelopment activities have been completed.
- (f) Adhere to all other requirements of this grant contract agreement.

2.2 Provisions for Contracts and Sub-grants

(a) Contract Provisions.

The Grantee must include in any contract and sub-grant, in addition to provisions that define a sound and complete agreement, such provisions that require contractors and sub-grantees to comply with applicable state and federal laws. Along with such provisions, the Grantee must require that contractors performing work covered by this grant be in compliance with all applicable OSHA regulations.

(b) Ineligible Use of Grant Funds.

The dollars awarded under this grant contract agreement are grant funds and shall only be used by Grantee or awarded by Grantee to third parties as grant funds and cannot take the form of a loan under any circumstance. Grantee shall not use, treat, or convert the grant funds into an interest-bearing loan, a non-interest-bearing loan, a deferred loan, a forgivable deferred loan or any other type of loan. Further, Grantee shall include in any contract or sub-grant awarding the grant funds to a third party all the provisions and requirements of this grant contract agreement, including the requirement that these dollars are grant funds only and cannot be used, treated, or converted into any type of loan.

(c) Payment of Contractors and Subcontractors.

The Grantee must provide evidence that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed.

3 Time

The Grantee must comply with all the time requirements described in this grant contract agreement. In the performance of this grant contract agreement, time is of the essence.

4 Consideration and Payment

4.1 Consideration

The State will pay the Grantee under this grant contract agreement as follows:

(a) Travel Expenses

Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee as a result of this grant contract agreement are considered administrative in nature and not permitted and will not exceed \$0.00; provided that the Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Minnesota Management and Budget (MMB). The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state. This does not include costs for contractors to complete the activities listed in Section 4.1(c), which may be considered eligible at the discretion of the State.

(b) Program Income

Program income generated from grant-funded activities on hand at the end of the grant period must be returned to the State unless the State has approved re-use of the income.

(c) Eligible Costs

The following table represents the total approved Redevelopment Costs. The Grantee may not use these funds for administrative costs associated with managing this grant or the project this grant is funding.

Grant Eligible Activities	Amount
Building and Site Demolition	\$1,485,290.00
Public Site Improvements (Sidewalks, Site Lighting, and Curb Cuts)	\$668,353.00
Public Utilities (Water, Sanitary, and Storm Connections)	\$74,500.00
Total	\$2,228,143.00

(d) Total Obligation

The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract agreement will not exceed \$1,114,071.00.

In accordance with Minn. Stat. § 116J.575, Subd. 1, the grant may pay for up to 50% of the eligible costs for a qualifying site. This requires a local match of at least 50%. For the purpose of this project, based on the budget above, the local match portion is at least \$1,114,072.00, which may come from any other funding source available to the Grantee.

4.2 Payment

(a) Invoices

The State will disburse funds to the Grantee pursuant to this Contract, based upon payment requests submitted by the Grantee and reviewed and approved by the State. Payment requests must be accompanied by supporting invoices for the activities defined in Section 4.1(c) of this grant contract agreement. The amount of grant funds requested by the Grantee cannot exceed 50% of the total approved Redevelopment Costs incurred by the Grantee as supported by invoices. The State will provide payment request forms. Every effort should be made to submit invoices within the same fiscal year the costs were incurred. In order to ensure that all funds are drawn prior to the expiration date of the grant, all payment requests must be received at least 30 days prior to the grant-term expiration date.

(b) Unexpended Funds

Any grant funds not reimbursed to the Grantee shall revert back to the State.

4.3 Contracting and Bidding Requirements

Per Minn. Stat. § 471.345, grantees that are municipalities as defined in Subd. 1 must follow the law.

(a) Prevailing wages

For projects that include construction work of \$25,000 or more, prevailing wage rules apply per; Minn. Stat. §§ 177.41 through 177.44, consequently, the bid request must state the project is subject to *prevailing wage*. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

Prevailing wage rates are required to be paid on an economic development project site if that project receives or will be receiving state financial assistance in the form of a grant where a single business receives \$200,000 or more of the grant proceeds, a loan or the guaranty or purchase of a loan if a single business receives \$500,000 or more of the loan proceeds, or certain tax incentives, per Minn. Stat. § 116J.871. For economic development projects subject to the prevailing wage requirements in Minn. Stat. § 116J.871, Grantee must ensure that Grantee and all contractors and subcontractors comply with applicable prevailing wage requirements including submitting all required certified payroll records, as described in Exhibit A, "Prevailing Wage Certification – Minn. Stat. § 116J.871", to the following email address: wagedata.deed@state.mn.us.

(b) The grantee must not contract with vendors who are suspended or debarred in MN: <http://www.mmd.admin.state.mn.us/debarredreport.asp>

5 Reporting Requirements

The Grantee must submit to the State annual reports on the use of grant funds and the progress of the Project covering July 1st through June 30th of each year. Each annual report must be received by the State no later than July 25th of each year. The annual report must identify specific Project goals listed in the application and quantitatively and qualitatively measure the progress of such goals. Grant payments shall not be made on grants, or subsequent grant awards made to the Grantee, with past due reports. In addition, the Grantee shall submit a final annual report. The State will provide annual reporting form.

6 Conditions of Payment

All services provided by the Grantee under this grant contract agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state and local laws, ordinances, rules and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state or local law.

7 Monitoring and Corrective Action

The Grantee agrees to permit monitoring by the State to determine grant contract agreement performance and compliance with grant contract agreement provisions. The Grantee further agrees to cooperate with the State in performing and completing such monitoring activities and the Grantee agrees to implement and comply with such corrective action as is proposed by the State. The Grantee must provide any financial records, timesheets or other supporting documentation, upon the request of the State.

8 Authorized Representative

The State's Authorized Representative is Erin Welle, Project Manager, 180 East 5th Street, Suite 1200, St. Paul, MN 55101, (651) 259-7453, erin.welle@state.mn.us, or his/her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant

contract agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative is Courtney Kramlinger, Economic Development Coordinator, 10 Civic Center Plaza, Mankato, MN 56001, (507) 387-8711, ckramlinger@mankatomn.gov. If the Grantee's Authorized Representative changes at any time during this grant contract agreement, the Grantee must immediately notify the State.

9 Assignment, Amendments, Adjustments, Waiver and Grant Contract Agreement Complete

9.1 Assignment

The Grantee shall neither assign nor transfer any rights or obligations under this grant contract agreement without the prior written consent of the State, approved by the same parties who executed and approved this grant contract agreement or their successors in office.

9.2 Amendments

Any amendments to this grant contract agreement, with the exception of Grant Adjustment Notices (GANs), must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract agreement or their successors in office.

9.3 Grant Adjustment Notices (GANs)

GANs must be approved by the State in writing and may require a written change request by the Grantee. A GAN may be used for non-substantive changes that do not affect grant requirements, including, but not limited to, changing grant status activity, or changing budget amounts within approved grant eligible activities that do not increase the awarded value. All other changes require formal amendment as stated in Section 9.2.

9.4 Waiver

If the State fails to enforce any provision of this grant contract agreement, that failure does not waive the provision or the State's right to enforce it.

9.5 Grant Contract Agreement Complete

This grant contract agreement contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract agreement, whether written or oral, may be used to bind either party.

10 Liability

Subject to the provisions and limitations of Minn. Stat. § 466, the Grantee must indemnify, save and hold the State, its agents and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract agreement by the Grantee or the Grantee's agents, employees or independent contractors. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract agreement.

11 State Audits

Under Minn. Stat. § 16B.98, Subd. 8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant contract agreement or transaction are subject to examination by the Commissioner of Administration, by the State granting agency and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant contract agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

The Grantee shall maintain adequate financial records consistent with generally accepted accounting principles. The Grantee shall submit accounting system records that track the use of grant proceeds and all matching funds by eligible Redevelopment Costs for each year in which grant disbursements and expenditures were made. The records shall reflect both expenditures and revenues and shall be submitted after all grant proceeds and matching funds have been expended or at the State's request.

12 Government Data Practices and Intellectual Property Rights

12.1 Government Data Practices

The Grantee and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by the State under this grant contract agreement, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the Grantee under this grant contract agreement. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

12.2 Intellectual Property Rights

The Grantee represents and warrants that Grantee's intellectual property used in the performance of this grant contract agreement does not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 10, the Grantee will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the State, at the Grantee's expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of Grantee's intellectual property used in the performance of this grant contract agreement infringe upon the intellectual property rights of others. The Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Grantee's or the State's opinion is likely to arise, the Grantee must, at the State's discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing intellectual property as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

13 Workers Compensation

The Grantee certifies that it is in compliance with Minn. Stat. § 176.181, Subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

14 Publicity and Endorsement

14.1 Publicity

Any publicity regarding the subject matter of this grant contract agreement must identify the State as the sponsoring agency. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications or services provided resulting from this grant contract agreement. For DEED logos, please contact the State's Authorized Representative.

14.2 Endorsement

The Grantee must not claim that the State endorses its products or services.

15 Governing Law, Jurisdiction and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract agreement. Venue for all legal proceedings out of this grant contract agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

16 Termination

16.1 Termination by the State

(a) Without Cause. The State may terminate this grant contract agreement without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

(b) With Cause. The State may immediately terminate this grant contract agreement if the State finds that there has been a failure to comply with the provisions of this grant contract agreement, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

16.2 Termination by the Commissioner of Administration

The Commissioner of Administration may immediately and unilaterally cancel this grant contract agreement if further performance under the agreement would not serve agency purposes or is not in the best interest of the State.

16.3 Termination for Insufficient Funding

The State may immediately terminate this grant contract agreement if:

(a) It does not obtain funding from the Minnesota Legislature.

(b) Or, if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

17 Data Disclosure

Under Minn. Stat. § 270C.65, Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

18 Conflicts of Interest

The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per Minn. Stat. § 16B.98 and Department of Administration, Office of Grants Management, Policy Number 08-01 Conflict of Interest Policy for State Grant-Making (Current Policies tab). When a conflict of interest concerning State grant-making is suspected, disclosed or discovered, transparency shall be the guiding principle in addressing it.

In cases where a potential or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the Grantee throughout the life of the grant contract agreement, they must immediately notify the State for appropriate action steps to be taken, as defined above.

The Grantee must complete a Conflict-of-Interest Disclosure Form.

19 Grant Repayment

If a project fails to substantially provide the public benefits listed in the grant application within five years from the date of the grant award, the State may require that 100% of the grant amount be repaid by the Grantee over a term not to exceed ten years. The State may exercise discretion to require repayment of only a portion of the grant amount taking into account the public benefits generated by the completed development.

20 Minnesota Business Subsidy Law

The Grantee must comply, if appropriate, with the Minnesota Business Subsidy Law, Minn. Stat. §§ 116J.993 through 116J.995.

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1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. § 16A.15.

Signed: Robin Culbertson

Date: 10/15/24

SWIFT Contract/PO No(s): 258784 PR 90634 PO 3-584012

2. GRANTEE

The Grantee certifies that the appropriate person(s) has executed the grant contract agreement on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: City Manager

Date: _____

By: _____

Title: _____

Date: _____

3. STATE OF MINNESOTA: DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

By: _____
(WITH DELEGATED AUTHORITY)

Title: Deputy Commissioner

Date: _____

Distribution:
Agency
Grantee
State's Authorized Representative

To: Minnesota Department of Labor and Industry

Prevailing-wage compliance unit

443 Lafayette Road N.

St. Paul, MN 55155

Re: Prevailing-wage certification – Minnesota Statutes § 116J.871

_____ is a recipient of financial assistance from the _____ for the project identified below.

As required by Minn. Stat. § 116J.871, subd. 2(a), _____ hereby certifies to the commissioner of the Department of Labor and Industry, that laborers and mechanics at the project site during construction, installation, remodeling or repairs for which the financial assistance will be provided, in whole or part, will be paid the prevailing-wage rate as defined in Minn. Stat. § 177.42, subd. 6. Prevailing wages paid to laborers and mechanics at the project site shall comply with the prevailing-wage rates determined for _____ county, Minnesota.

_____ understands that failure to pay prevailing wages is a misdemeanor and that each day of violation is a separate offense under Minn. Stat. § 116J.871, subd. 3.

Project name: _____
(Insert project name)

Project start date: _____
(Insert project start date)

Project site address: _____
(Insert project site address)

Financial assistance contract number: _____
(Insert financial assistance contract number)

By: _____ Signature: _____
(Print name of authorized representative) (Signature of authorized representative)

Its: _____ Date: _____
(Authorized representative's title) (Date signed and certified)

Information for recipients

Recipients must ensure all laborers and mechanics at the project site during construction, installation, remodeling or repairs for which the financial assistance from a state agency or allocating agency will be provided is performed under contracts that specifically include the prevailing-wage rate requirements of the Minnesota Prevailing Wage Act ("MPWA"), Minnesota Statutes sections 177.41-.44 and Minnesota Rules, sections 5200.1000-.1120.

Recipients also must ensure that contractors and their subcontractors will comply with the requirements of the MPWA, including recordkeeping, completion and submission of certified payroll reports, posting and contract requirements and the requirement that laborers and mechanics at the project site during construction, installation, remodeling or repairs for which the financial assistance will be provided are paid the applicable prevailing-wage rate(s) for each classification of work they perform. These requirements and enforcement provisions are set forth at Minn. Stat. § 116J.871, subd. 2(a).

In accordance with the MPWA and because the commissioner, pursuant to Minn. Stat. § 177.30(a)(7), has deemed certain payroll information necessary and appropriate, recipients must also ensure that each employer performing work at the project site during construction, installation, remodeling or repairs for which financial assistance from a state agency is provided will prepare, maintain as required, and provide to the Department of Labor and Industry upon request, certified payroll reports with respect to the wages and benefits paid to employees specifying for each employee: the employee's name; prevailing-wage job classifications; hours worked each day; total hours; rates of pay; gross amount earned; each deduction for taxes; total deductions; net pay per week; dollars contributed per hour for each benefit, including name and address of administrator; benefit account number; and telephone number for health and welfare, vacation or holiday, apprenticeship training, pension, and other benefit programs.

These same certified payroll records must be submitted to the contracting authority no more than 14 days after the end of each pay period and retained by the employer for a minimum of three years after the final payment is made on the project. Minn. Stat. §§ 177.30 (a)(7), 177.43, subd. 3. A sample certified payroll form is available at dli.mn.gov/sites/default/files/pdf/pw_certified_payroll_form.pdf. The state agency or allocating agency awarding the financial assistance is considered the contracting authority. Minn. Stat. § 116J.871, subd. 2(b).

Recipients of financial assistance from a state agency or allocating agency should contact the Department of Labor and Industry for applicable prevailing-wage rates and guidance on how to comply with prevailing wage-requirements in section 116J.871 and the MPWA:

Division of Labor Standards

Karen Bugar, State Program Administrative Director

443 Lafayette Road N, St. Paul, MN 55155

651-284-5091 or dli.prevwage@state.mn.us

Email a completed copy of this form to dli.prevwage@state.mn.us or mail a copy of this form to the Department of Labor and Industry at the address on page 1 of this form. A copy should also be submitted to the state agency or allocating agency awarding the financial assistance.