Execution Copy

PURCHASE AND DEVELOPMENT AGREEMENT

BETWEEN

CITY OF MANKATO

AND

TRELLIS CO.

This document drafted by:
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PURCHASE AND DEVELOPMENT AGREEMENT

MA130-72-1040309.v7

PURCHASE AND DEVELOPMENT AGREEMENT

This Purchase and Development Agreement (the "Agreement") is made this ____ day of __________________, 2025, by and between the city of Mankato, Minnesota, a municipal corporation under the laws of Minnesota (the "City"), and Trellis Co., a Minnesota nonprofit corporation (the "Developer"), each a Party and, collectively the Parties.

WITNESSETH:

WHEREAS, the Developer has proposed to construct a 40-unit affordable supportive rental housing project to be located at 751 Poplar Street in Mankato, Minnesota (the "Project"); and

WHEREAS, the Developer has requested that the City assist the Developer with certain costs related to the Project; and

WHEREAS, the Parties previously entered into a Memorandum of Understanding and Exclusive Development Rights and Responsibilities dated May 28, 2024 (the "MOU") which includes certain terms and conditions regarding the Project and anticipated entering into this Agreement after the Developer had secured financing for the Project; and

WHEREAS, the Developer has now secured financing for the Project and the Parties wish to proceed to a formal agreement.

NOW, THEREFORE, in consideration of the premises and the mutual obligations contained herein, the Parties 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:

Administrative Costs means out of pocket costs incurred by the City together with staff and consultant costs of the City, all attributable to or incurred in connection with the review, negotiation and preparation of this Agreement (together with any other agreements entered into between the Parties hereto contemporaneously therewith) and review and approvals of other documents and agreements in connection with the Project.

Agreement means this Purchase and Development Agreement, as the same may be from time to time modified, amended or supplemented.

Affiliate means a corporation, partnership, joint venture, association, business trust or similar entity organized under the laws of the United States of America or a state thereof which is directly controlled by or under common control with the Developer or any other Affiliate. For purposes of this definition, control means the power to direct management and policies through the ownership of (i) a general partnership interest in a limited partnership, (ii) a managing member interest in a limited liability company, or (iii) at least a majority of its voting securities, or the right to designate or elect at least a majority of the members of its governing body by contract or otherwise.

Architect means Urbanworks Architecture LLC.

ARPA Funds means the funds initially granted by Blue Earth County to the Developer in the amount of $2,000,000, which funds may be contributed or loaned to an Affiliate of the Developer for purposes of constructing and operating the Project.

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 certificate regarding completion of the Project to be executed by the City in substantially the form attached hereto as Exhibit C.

City means the city of Mankato, a municipal corporation under the laws of Minnesota.

City Approvals means, collectively, the Land Use Plan amendment, rezoning, planned unit development, vacation of public right-of-way and plat approvals granted by the City for the Project.

Closing Date or Closing means April 30, 2026, or such other date as agreed to by the Parties, or as extended as provided herein.

Construction Documents means the following documents, all of which shall be in form and substance acceptable to the City: (a) evidence satisfactory to the City showing that the Project conforms to applicable zoning, subdivision and building code laws and ordinances, including a copy of the building permit for the Project; (b) a copy of the executed standard form of agreement between owner and architect for architectural services for the Project, if any, and (c) a copy of the executed general contractor's contract for the Project, if any.

Construction Plans means the plans, specifications, drawings and related documents for the construction of the Project which shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the building official of the City.

County means Blue Earth County, Minnesota.

Declaration means the Declaration of Restrictive Covenants in substantially the form attached hereto as Exhibit D to be recorded against the Subject Property.

Deed means the Limited Warranty Deed in the form attached hereto as Exhibit F, to be executed by the City conveying the Subject Property to the Developer.

Developer means Trellis Co., a Minnesota nonprofit corporation, and its authorized successors and assigns.

Event of Default means any of the events described in Section 5.1 hereof.

Land Use Plan means the city's general plan of development which guides the use of the Subject Property.

Memorandum of Understanding or MOU means the Memorandum of Understanding and Exclusive Development Rights and Responsibilities dated May 28, 2024 entered into by the Parties regarding the Project.

Preliminary Plans means the floor plans, renderings, elevations and material specifications for the Project prepared by the Architect and listed in Exhibit B attached hereto.

Project means the construction of a 40-unit affordable supportive rental housing project to be constructed and owned by the Developer on the Subject Property and identified as Phase I in the MOU.

Qualifying Tenant or Tenants means one or more of the tenants of the Rental Housing Units whose household income is 50 percent or less of area median income.

Rental Housing Unit means one of the 40 supportive rental housing units in the Project.

State means the State of Minnesota.

Subject Property means the real property legally described in Exhibit A attached hereto.

Termination Date means the date (i) the Declaration lapses or is no longer in effect or (ii) 50 years from the date a temporary certificate of occupancy is received from the City, whichever occurs first.

Unavoidable Delays means delays, outside the control of the Party claiming their occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, acts of war or terrorism, 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, acts of the public enemy or acts of terrorism and discovery of unknown hazardous materials or other concealed site conditions or delays of contractors due to such discovery.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City.

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

(2) The City has previously entered into the MOU with the Developer and intends this Agreement to supersede the MOU with regard to the Project.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Land Use Plan and the terms and conditions of the City Approvals.

(4) Other than as provided in this Agreement, the City makes no representation or warranty, either express or implied, as to the Subject Property or its condition, or that the Subject Property will be suitable for the Developer's purposes or needs.

(5) No city council member or officer of the City benefits financially from this Agreement within the meaning of Minnesota Statutes, sections 412.311 and 471.87.

(6) The City is the fee simple owner of the Subject Property.

(7) The City is not a "foreign person", "foreign partnership", "foreign trust" or "foreign estate", as those terms are defined in Section 1445 of the Internal Revenue Code.

(8) There is: (i) no "Well" on the Subject Property within the meaning of Minnesota Statutes, Section 103I and (ii) no "Individual Sewage Treatment Systems" on the Subject Property within the meaning of Minnesota Statutes, section 115.55.

(9) No above ground or underground tanks are located in or about the Subject Property.

(10) Neither the execution or delivery of this Agreement nor the consummation of the transaction as contemplated herein will conflict with or result in a breach of any contract, license or undertaking to which the City is a party or by which any of its property is bound, or constitute a default thereunder or, except as contemplated herein, result in the creation of any lien or encumbrance upon the Subject Property.

(11) There are no legal or administrative proceedings threatened or pending against the City which would adversely affect its right to convey the Subject Property to the Developer as contemplated in this Agreement. To the best of the City's knowledge, there are no condemnation or eminent domain proceedings pending or threatened with respect to the Subject Property and there are no legal or administrative proceedings pending or threatened affecting the Subject Property.

(12) To the best of the City's knowledge, the City represents and warrants that the City is not indebted for labor or material that might give rise to the filing of notice of mechanic's lien against the Subject Property.

(13) To the best of the City's knowledge, there are no other material facts which contradict the City's representations contained herein. Should the City become aware of any such material facts, City shall immediately notify the Developer.

(14) The City represents that there are no unrecorded interests, contracts, or agreements with respect to the Subject Property that will survive the Closing Date.

Section 2.2. Representations and Warranties of the Developer.

(1) The Developer is a Minnesota nonprofit corporation, validly organized and existing in good standing under the laws of the State, and has power and authority to enter into this Agreement and to perform its obligations hereunder and is not in violation of any provision of the laws of the State.

(2) The Developer will acquire fee title to the Subject Property and will cause the Project to be constructed in accordance with the terms of this Agreement, the City Approvals, the Construction Plans and all other applicable local, state and federal laws and regulations including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations.

(3) The construction of 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 financial assistance and benefit to the Developer provided for by the City in this Agreement.

(4) The Developer will 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 obtained or met for the construction and operation of the Project.

(5) 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 breach of, the terms, conditions or provisions 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.

(6) The Developer understands that the City may subsidize or encourage the development of other projects in the City, including properties that compete with the Project, and that such subsidies may be more favorable that the terms of this Agreement. The City has informed the Developer that development of the Subject Property will not be favored over the development of other properties.

ARTICLE III

ACQUISITION AND CONVEYANCE OF SUBJECT PROPERTY

Section 3.1. Purchase and Sale of Subject Property; Purchase Price.

Subject to the terms of this Agreement, the City agrees to sell to the Developer, and Developer agrees to purchase from the City, the Subject Property for a purchase price in the amount of $100,000 (the “Purchase Price”). The Purchase Price shall be paid as provided in Section 3.3 hereof.

Section 3.2. Developer's Right to Inspect; As Is Conveyance.

(a) The Developer is hereby granted the right to enter upon and inspect, analyze and test the Subject Property for all reasonable purposes, including conducting soil tests. The Developer shall pay for the cost of all investigations of the Subject Property which are ordered by Developer for purposes of conducting its own investigations of the Subject Property. Developer hereby agrees to indemnify and hold the City harmless from any claims, damages, costs and liability, including without limitation reasonable attorney's fees, resulting from entering upon the Subject Property or the performing of the analysis, tests or inspections referred to in this section; provided, however, the indemnity which is the subject of this section shall not cover liability to the extent it arises from, in whole or in part, the gross negligence or willful misconduct of the City or its agents, contractors, employees, representatives or invitees, or pre-existing conditions of the Subject Property.

(b) In recognition of the significant financial and other contributions which the City has made to the Project, the Developer agrees to take the conveyance of Subject Property on an "AS IS" "WHERE IS" basis, with all faults and defects, without any warranties, express or implied, except such representations and warranties as specifically set forth in this Agreement, and the Developer waives any claims against the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (for purposes of this Section, collectively the "Indemnified Parties"), for indemnifications, contribution, reimbursement or other payments arising under federal and state law and common law relating to environmental or any other condition of the Subject Property.

Section 3.3. Payment of Purchase Price.

The Purchase Price for the Subject Property shall be paid by Developer to the City as follows: \$15,000 as earnest money ("Earnest Money") at the time of execution of this Agreement, which shall be applied to the Purchase Price, and the balance at Closing by wire or certified funds. The Developer shall assume or pay all taxes, special assessment, and similar governmental impositions due and payable in the year of Closing, prorated to the Closing Date, and in all future years.

Section 3.4. Contingencies to Closing on Subject Property.

(1) Developer's Contingencies. The Developer's obligation to close on the purchase of the Subject Property is expressly conditioned upon each of the following contingencies being satisfied or waived:

(a) The City shall have performed all of the obligations required to be performed by the City under this Agreement as of the Closing Date, including but not limited to, delivery of all of the City's Documents described in Section 3.6(2) hereof;

(b) The Developer shall have received all land use entitlements, other permits and other approvals needed to authorize the construction of the Project;

(c) The Developer shall have obtained financing acceptable to the Developer for development of the Project; and

(d) On the Closing Date, the Title Company (as hereinafter defined) shall be irrevocably committed to issue to Developer an owner's policy of title insurance with respect to the Subject Property in form and substance approved by Developer.

(2) City's Contingencies. The City's obligation to close on the sale of the Subject Property is expressly conditioned upon each of the following contingencies being satisfied or waived:

(a) Developer shall have performed all of the obligations required to be performed by Developer under this Agreement as of the Closing Date;

(b) Developer shall have delivered to the City all of the Developer's Documents described in Section 3.6(3);

(c) The Developer shall have submitted the Construction Plans to the City for approval pursuant to Section 4.4 hereof; and

(d) Developer shall have obtained financing for the acquisition of the Subject Property.

(3) City's and Developer's Options. In the event that any of the foregoing contingencies fail to be satisfied on or before the Closing Date, the Developer or the City, as the case may be, may:

(a) terminate this Agreement by written notice to the other Party and the Earnest Money shall be returned to the Developer; or

(b) waive such failure and proceed to close; or

(c) the Parties may mutually agree to extend the Closing Date.

Section 3.5. Title Examination/Curing Title Defects.

The City has provided the Developer a commitment for title insurance from the Title Company ("Title Commitment") for the Subject Property insuring title thereto in the full amount of the Purchase Price. The Developer shall have 20 business days after receipt of the Title Commitment to examine the same and to deliver written objections to title, if any, to the City. Any matter shown in the Title Commitment to which the Developer has not made an objection shall be a "Permitted Exception" under this Agreement. Following its receipt of the Developer's written objections to title, the City shall have 45 days (the "Cure Period") to make commercially reasonable efforts to correct all objections, in its sole discretion, during which period the Closing will be postponed as necessary. The City shall have no obligation to cure any defects in the title of the Subject Property, and if any objections are not cured within the Cure Period and the City has informed the Developer that it will undertake no further efforts to cure the objections to title, the Developer will have the option to do any of the following:

(i) terminate this Agreement and receive a full refund of all Earnest Money; (ii) extend the Cure Period so long as the City is making a good faith effort for a period mutually agreed upon by the Parties; or (iii) waive the objections and proceed to Closing in which case the Developer shall be deemed to have accepted the Subject Property subject to any and all uncured objections, and such accepted objections shall be deemed Permitted Exceptions.

Section 3.6. Closing.

(1) Time and Place. The Developer shall select a title company licensed to do business in Minnesota (the "Title Company") to facilitate the sale and closing of the Subject Property (the "Closing"). Subject to the terms and conditions of this Agreement, the Closing on the purchase and sale of the Subject Property shall occur on or before April 30, 2026 (the "Closing Date") and shall take place at such place which is mutually acceptable to the Parties. The City shall deliver possession of the Subject Property on the Closing Date.

(2) City's Documents. At the Closing the City shall execute, where appropriate, and deliver all of the following "City's Documents":

(a) The Deed, in substantially the form as Exhibit F attached hereto, properly executed on behalf of the City conveying the Subject Property to the Developer, together with any other documents reasonably required by the Title Company to be delivered by the City;

(b) Abstracts of title, if any, in the City's possession to any portion of the Subject Property which is abstract property, and any owner's duplicate certificate of title to any portion thereof which is registered property. The City has no obligation to have any abstracts updated;

(c) An affidavit of City regarding liens, judgements, tax liens, bankruptcies, parties in possession, survey and mechanics' or materialmen's liens and other matters affecting title to the Subject Property and/or as may be reasonably required by Title Company to delete the so-called "standard exceptions" from the title insurance policy;

(d) A transferor's certification stating that the City is not a "foreign person", "foreign partnership", "foreign trust" or "foreign estate" as those terms are defined in Section 1445 of the Internal Revenue Code, and containing such additional information as may be required thereunder;

(e) A settlement statement consistent with this Agreement;

(f) A certificate signed by the City warranting that there are no "Wells" on the Subject Property within the meaning of Minnesota Statutes, section 103I or if there are "Wells", a well certificate in the form required by law;

(g) If the Subject Property contains or contained a storage tank, an affidavit with respect thereto, as required by Minnesota Statutes, section 116.48;

(h) If the Subject Property contains an individual sewage treatment system, a disclosure statement as required by Minnesota Statutes, section 115.55; and

(i) Such other documents as shall be required to carry out the intent of this Agreement.

(3) Purchase Price and Developer's Documents. At the Closing, the Developer shall deliver the remainder of the Purchase Price and shall execute, where appropriate, and deliver all of the following "Developer's Documents":

(a) Any affidavits, certificates, or other documents that may be required under applicable law and/or that are reasonably determined by the Title Company in order to record the City's documents, as applicable, and/or issue the Title Policy (if obtained by the Developer);

(b) Funds sufficient for payment by the Developer at Closing of the recording charges or fees for all documents which are to be placed on record, the fee or charge imposed by any closing agent designated by the Title Company, and any other incidental or related closing costs;

(c) Proof of insurance required by this Agreement;

(d) The Construction Documents; and

(e) Such other documents as shall be required to carry out the intent of this Agreement.

Section 3.7. Closing Costs. The Developer shall pay the premium for the Developer's owner's policy of title insurance (the "Title Policy") (if obtained by the Developer), filing and recording fees, and the costs of the Title Company to conduct and insure the Closing. The Developer shall also pay any state deed tax on the Deed on behalf of the City.

Section 3.8. No Environmental Representations. The City makes no representations concerning nor shall have any responsibility or obligation to undertake any cleanup or remediation on the Subject Property.

Section 3.9. Defaults.

(1) City's Default. If the City should default under this Agreement, then the Developer shall be entitled, at the Developer's option, to (i) declare this Agreement to be null and void, in which event the earnest money paid by the Developer shall be returned to the Developer and this Agreement shall terminate and, except as provided to the contrary herein, neither Party shall have any further claims against, obligations to or rights against the other under this Agreement or in connection with the transaction contemplated by this Agreement, or (ii) enforce specific performance of the City's obligations under this Agreement; provided, however, that any such action for specific performance must be instituted within six months after the scheduled Closing Date, and if such notice is not delivered to the City within such six month period, then any right to seek specific performance is waived.

(2) Developer's Default. If the Developer should materially default under this Agreement, the City shall provide written notice to the Developer of such default. If the Developer fails to cure such default within 30 days of the date of such notice, this Agreement shall terminate, and upon such termination the City's sole remedy shall be to retain the amount of the earnest money as liquidated damages.

ARTICLE IV

UNDERTAKINGS BY DEVELOPER AND CITY

Section 4.1. Public Assistance.

The Developer has obtained financing for the Project, including the ARPA Funds, but cannot obtain the remainder of the funds from other sources to complete the Project. The City agrees to make the following financial assistance available to the Developer for the Project:

(a) a CDBG grant of $100,000 for acquisition and/or other CDBG-eligible purposes;

(b) a DEED grant of $115,554 for contamination cleanup; and

(c) 40 project-based rental assistance vouchers.

With respect to the DEED grant, the City and the State have entered into Grant Contract Agreement No. CCGP-25-0004-Z-FY26. The Developer and the City agree to execute a subrecipient funding agreement in the general form attached hereto as Exhibit E.

With respect to the CDBG grant, the Developer and the City agree to execute a subrecipient funding agreement in the general form attached hereto as Exhibit G.

Section 4.2. Compliance with Environmental Requirements.

(1) The Developer shall comply with all applicable local, State, and federal environmental laws and regulations, and will obtain, and maintain compliance under, any and all necessary environmental permits, licenses, approvals or reviews.

(2) The City makes no warranties or representations regarding, nor does it indemnify the Developer with respect to, the existence or nonexistence on or in the vicinity of the Subject Property of any toxic or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, or any hazardous substance as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. §§ 961-9657, as amended) (collectively, the "Hazardous Substances").

(3) The Developer agrees to take all necessary action to remove or remediate any Hazardous Substances located on the Subject Property to the extent required to construct the Project by and in accordance with all applicable local, state and federal environmental laws and regulations.

Section 4.3. Construction Plans.

(1) Prior to the commencement of construction of the Project, the Developer will deliver to the City the Construction Plans, Construction Documents and a sworn construction cost statement certified by the Developer and the general contractor for the Project (the "Sworn Construction Cost Statement") all in form and substance acceptable to the City. The Construction Plans for the Project shall be consistent with the City Approvals, this Agreement, the Preliminary Plans and all applicable State and local laws and regulations previously submitted to the City. The City's building official and engineer shall promptly review any Construction Plans upon submission and deliver to the Developer a written statement approving the Construction Plans or a written statement rejecting the Construction Plans and specifying the deficiencies in the Construction Plans. The City's building official and engineer shall approve the Construction Plans if they: (i) substantially conform to the terms and conditions of this Agreement; (ii) are consistent with the City Approvals; (iii) are consistent with the Preliminary Plans and (iv) do not violate any applicable federal, State or local laws, ordinances, rules or regulations. If the Construction Plans are not approved by the City, the Developer shall make such changes as the City may reasonably require and resubmit the Construction Plans to the City for approval, which will not be unreasonably withheld, conditioned or delayed.

(2) No changes shall be made to the Construction Plans for the Project without the City's prior written approval, unless the aggregate of such changes do not increase or decrease the cost of the Project by more than 10%. No changes which are materially inconsistent with the City Approvals or which materially alter (a) the Project's site plan, (b) exterior appearance, (c) construction quality, or (d) exterior materials included in the Construction Plans shall be made without the City's prior written consent. The approval of the City will not be unreasonably withheld, conditioned or delayed.

Section 4.4. Commencement and Completion of Construction; Radon Testing.

(1) Subject to the terms and conditions of this Agreement and to Unavoidable Delays, the Developer will commence construction of the Project by June 30, 2026, and shall substantially complete the Project by September 30, 2027. The Project will be constructed by the Developer on the Subject Property in conformity with the Construction Plans approved by the City. Prior to completion, upon the request of the City, and subject to applicable safety rules, the Developer will provide the City reasonable access to the Subject Property. "Reasonable access" means at least one site inspection per week during regular business hours. During construction, marketing and rentals of the Project, the Developer will deliver progress reports to the City from time to time as reasonably requested by the City.

(2) Following completion of the Project but before issuance of the Certificate of Completion, the Developer shall conduct a test for radon. If the radon level in the Project is at or above 4.0 pCi/L, the Developer agrees to install radon mitigation in compliance with the requirements for facilities utilizing CBDG funds.

Section 4.5. Certificate of Completion.

The Developer shall notify the City when construction of the Project has been substantially completed. The City shall, within 20 days after such notification, inspect the Project in order to determine whether the Project has been constructed in substantial conformity with the approved Construction Plans. If the City determines that the Project has not been constructed in substantial conformity with the approved Construction Plans, the City shall deliver a written statement to the Developer indicating in adequate detail the specific respects in which the Project has not been constructed in substantial conformity with the approved Construction Plans and Developer shall have a reasonable period of time to remedy such deficiencies. The City shall re-inspect the Project within a reasonable period of time after receiving notice that such deficiencies have been remedied in order to determine whether the Project has been constructed in substantial conformity with the approved Construction Plans and this Agreement. Within a reasonable period of time after determining that the Project has been constructed in substantial conformity with the approved Construction Plans, the City will furnish to the Developer a Certificate of Completion substantially in the form attached hereto as Exhibit C certifying the completion of the Project. The Certificate of Completion issued for the Project shall conclusively satisfy and terminate the agreements and covenants of the Developer in this Agreement solely with respect to construction of the Project, including the related responsibilities under Sections 4.6(1) through (7) of this Agreement. The issuance of a Certificate of Completion shall not be construed to relieve the Developer of any approval required by the City in connection with the construction, completion or occupancy of the

Project nor shall it relieve the Developer of any other obligations under this Agreement or the City Approvals.

Section 4.6. Additional Responsibilities of the Developer.

(1) The Developer will construct and maintain the Project substantially in accordance with the terms of this Agreement, the City Approvals and all other applicable local, State, and federal laws and regulations including, but not limited to zoning, building code, public health laws and regulations and the Enterprise Green Communities standards prescribed by the Minnesota Housing Finance Agency.

(2) The Developer will work with the City to secure project-based rental assistance vouchers for the maximum number of units approved by the United States Department of Housing and Urban Development.

(3) The Developer will enter into an agreement with Trellis Management Co., a Minnesota corporation, in its capacity as property manager, to operate the Project. The operator will be experienced at operating a supportive housing project. The agreement with the operator must be reviewed and approved by the City before execution, which approval shall not be unreasonably withheld.

(4) The Developer will obtain, 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 obtained or met before the Project may be lawfully constructed.

(5) The Developer will not construct any building or other structures on, over, or within the boundary lines of any public utility easement unless such construction is provided for in such easement or has been approved by the utility involved.

(6) The Developer, at its own expense, will replace any public facilities and public utilities damaged during the construction of the Project, in accordance with the technical specifications, standards and practices of the owner thereof.

(7) The Developer will provide and maintain or cause to be maintained at all times and, from time to time at the request of the City, furnish the City with proof of payment of premiums on insurance of amounts and coverages normally held by owners of property similar to the Project.

Section 4.7. Encumbrance of the Subject Property.

Prior to the Termination Date, without the prior written consent of the City, neither the Developer nor any successor in interest to the Developer will engage in any financing or any other transaction creating any mortgage or other encumbrance or lien upon the Subject Property, or portion thereof, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Subject Property except for the purpose of obtaining funds only to the extent necessary for financing or refinancing (i) the acquisition, construction and development of the Project (including, but not limited to, land and building acquisition, labor and materials, professional fees, development fees, real estate taxes, reasonably required reserves, construction interest, organization and other direct and indirect costs of development and financing, costs of constructing the Project, and an allowance for contingencies), and (ii) the repair, replacement, renovation and/or rehabilitation of the Project (including, but not limited to, related acquisition costs, labor and materials, professional fees, development fees, real estate taxes, reasonably required reserves, construction interest, organization and other direct and indirect costs of development and financing, costs of repairing, replacing, renovating and/or rehabilitating the Project, and an allowance for contingencies), in each instance, including without limitation regulatory agreements and land use restriction agreements in connection with such financings; provided, however, nothing contained in this Section prohibit the Developer from making transfers in accordance with Section 6.3. The City hereby consents to any mortgages securing the ARPA Funds, any other construction or permanent financing for the Project and to the succession of the mortgagee thereunder (or any assignee of the mortgagee) or any purchasers at or after foreclosure thereof, by the successful bidder at the sale, and to title to the Subject Property.

Section 4.8. Business Subsidy Act.

The subsidy granted to the Developer pursuant to this Agreement is assistance for housing and therefore the Project is exempt from the provisions of Minnesota Statutes, Section 116J.993 to 116J.995.

Section 4.9. Declaration Regarding Income Restrictions.

The Developer agrees that the Project will be subject to the following tenant income restrictions:

(1) The Developer will cause 100 percent of the Rental Housing Units to be occupied by Qualifying Tenants whose household income is 50 percent or less of the area median income. The Project may be subject to additional income restrictions associated with other elements of the Project's financing. Nothing in this Section 4.11 or in the Declaration attached hereto as Exhibit D is intended to supersede such other income restrictions. The Developer will deliver the executed Declaration to the City in recordable form at Closing.

(2) As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a certification in which the prospective Qualifying Tenant certifies as to his or her income. In addition, the person will be required to provide whatever other information, documents, or

certifications are reasonably deemed necessary by the City to substantiate his or her income, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant. Certifications will be maintained on file by the Developer with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the immediately preceding calendar year. Notwithstanding anything to the contrary contained in this Agreement, so long as the Project is 100% affordable, annual income certifications and determinations shall not be required after initial occupancy except as may be required pursuant to the terms of the housing assistance payments contract for the Project.

(3) The form of lease to be utilized by the Developer in renting any Rental Housing Unit to any person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to income.

(4) Upon written request of the City, which such request shall occur no more than once in any year, the Developer shall submit evidence of tenant incomes, showing that all of the Rental Housing Units meet the income restrictions set forth in the Declaration. The City will review the submitted evidence related to the income restrictions.

(5) While the covenants in this Section 4.9 are in effect, the City and its representatives will have the right at all reasonable times, and after reasonable notice, to inspect and to examine and copy all books and records of the Developer and its successors and assigns pertaining to the income of Qualifying Tenants residing in the Project.

(6) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the rental restrictions provided in this Agreement and the Declaration is to ensure compliance of the Project with the income covenants set forth herein.

(7) The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the Termination Date that the transferee assume in writing, in a form acceptable to the City, all duties and obligations of the Developer under this Section 4.9 and the Declaration regarding income restrictions and verification of Qualified Tenants by means of an assumption agreement acceptable to the City. The Developer will deliver an executed copy of the assumption agreement to the City prior to the transfer.

ARTICLE V

EVENTS OF DEFAULT

Section 5.1. 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 timely pay any ad valorem real property taxes assessed with respect to the Subject Property on and after the Closing Date, unless such tax is contested in good faith by the Developer;

(2) Subject to Unavoidable Delays, failure by the Developer to commence construction of the Project by June 30, 2026, and to proceed with due diligence to substantially complete the construction of the Project pursuant to the terms, conditions and limitations of this Agreement and obtain a temporary certificate of occupancy from the City by September 30, 2027;

(3) Termination of the Declaration by the Developer prior to 50 years from the date a temporary certificate of occupancy is received from the City for all Rental Housing Units on the Subject Property;

(4) Failure of the Developer to observe or perform any other material covenant, condition, obligation or agreement on its part to be observed or performed under the Declaration or this Agreement; or

(5) If, prior to the Completion Date, the Developer shall

(a) file 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) be 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 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 90 days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Notwithstanding anything to the contrary set forth in this Agreement, each lender providing construction or permanent financing for the Project and any low-income housing tax credit investor member or partner of the Developer (each a "Financing

Party" and collectively, the "Financing Parties") shall have the right, but not the obligation, to cure an Event of Default during the cure period provided for the Developer and the City shall also send a copy of such notice of an Event of Default at the same time and in the same manner to such Financing Party as set forth herein. No notice or demand under this Agreement shall be effective until after it is received by any such Financing Party. The Parties hereto will accept a cure performed by a Financing Party as it were performed by the defaulting Party. The prior written consent of the Financing Parties shall be required for any modifications or amendments to this Agreement.

Section 5.2. Remedies on Default.

Whenever any Event of Default referred to in Section 5.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of 30 days' written notice to the Developer, but only if the Event of Default has not been cured within said 30 days; provided that if such Event of Default cannot be reasonably cured within the 30 day period, and the Developer has provided assurances reasonably satisfactory to the City that it is proceeding with due diligence to cure such default, such 30 day cure period shall be extended for a period deemed reasonably necessary by the City to effect the cure, but in any event not to exceed 90 days:

(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 its default and continue its performance under this Agreement.

(2) The City may terminate this Agreement;

(3) The City may refuse to Close on the sale of the Subject Property; provided, however, the foregoing remedy shall be void and of no further force once the City conveys the Subject Property to the Developer on the Closing Date and such remedy shall in no way be construed as a reversionary right in favor of the City; and

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

The City agrees to give the Financing Parties the same notice of any Event of Default provided to the Developer herein.

Section 5.3. No Remedy Exclusive. Except as provided in Section 3.9(2) of this Agreement with respect to the purchase and sale of the Subject Property, 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 5.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by either Party and thereafter waived by the 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 5.5. Indemnification of City.

(1) The Developer releases from and covenants and agrees that the City, and its governing body's members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (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, or any other loss, cost expense, or penalty, except to the extent caused by any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties.

(2) Except for any 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.

(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.

Section 5.6. Reimbursement of Attorneys' Fees.

If the Developer shall default under any of the provisions of this Agreement, and the City shall employ attorneys or incur other reasonable expenses for the collection of payments due hereunder, or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer contained in this Agreement, the Developer will within 30 days reimburse the City for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1. Restriction on Use.

The Developer agrees for itself, its successors and assigns and every successor in interest to the Subject Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as an affordable supportive rental housing development in accordance with this Agreement and the Declaration.

Section 6.2. Reports.

The Developer shall provide the City reports in a timely manner with such information about the Project as the City may reasonably request for purposes of satisfying any reporting requirements imposed by law on the City.

Section 6.3. Limitations on Transfer and Assignment.

(1) Except as provided in this Section 6.3, the Developer will not sell, assign, convey, lease or transfer in any other mode or manner (collectively, "Transfer") this Agreement, or the Subject Property or the Project, or any interest therein, without the express written approval of the City, which consent will not be unreasonably withheld, conditioned or delayed. The City shall, within 20 days after such a written request for approval of a Transfer, deliver a written statement to the Developer indicating whether the Transfer is approved or specifying the additional conditions to be satisfied in accordance with Section 6.2(3). The provisions of this Section 6.3 apply to all subsequent Transfers by authorized transferees;

(2) The City shall be entitled to require, as conditions to any approval of any Transfer of this Agreement, the Subject Property, the Project, or applicable portion thereof, that:

(a) Any proposed transferee shall have the qualifications and financial responsibility, as determined by the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer;

(b) Any proposed transferee, by instrument in writing satisfactory to the City shall, for itself and its successors and assigns, and expressly for the benefit of the City have expressly assumed any of the remaining obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject;

(c) There shall be submitted to the City for review all instruments and other legal documents involved in effecting the Transfer, and if approved by City, its approval shall be indicated to the Developer in writing;

(d) The Developer and its transferees shall comply with such other conditions as are necessary in order to achieve and safeguard the Project as an affordable supportive housing project; and

(e) In the absence of a specific written agreement by the City to the contrary, no such Transfer or approval by the City thereof shall be deemed to relieve the Developer or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Project, from any of its obligations with respect thereto.

(3) The Developer agrees to pay all reasonable legal fees and expenses of the City to review the documents submitted to the City in connection with any Transfer.

(4) Nothing contained in this Section shall prohibit the Developer from (i) entering into leases with Qualifying Tenants in the ordinary course of business, (ii) entering into easements or other agreements necessary for the construction or operation of the Project, (iii) admitting or removing limited partners or transferring limited partner interests in the Developer, or interests in the general partner of the Developer, or admitting or removing partners in accordance with the applicable organizational documents and (vi) collaterally assigning its interest in this Agreement to any of the Developer's Financing Parties for the acquisition, construction or development of the Project. Notwithstanding anything to the contrary in this Agreement, the Developer may assign its obligations under this Agreement to Mankato Housing Limited Partnership, a Minnesota limited partnership, the general partner of which is Trellis Mankato Housing GP LLC, a Minnesota limited liability company, which is controlled by the Developer, and upon such assignment, Trellis Co., as the initial Developer, shall be released from its obligations under this Agreement.

Section 6.4. 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 Subject 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 this 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. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.5. Titles of Articles and Sections.

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

Section 6.6. Notes 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:

Trellis Co.
614 North First Street, Suite 100
Minneapolis, Minnesota 55401
Attn: Justin Eilers

And with a copy to: Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: John Stern

(2) in the case of the City is addressed to or delivered personally to:
City of Mankato
Attn: Susan M. H. Arntz
10 Civic Center Plaza
Mankato, MN 56001

And with a copy to: Kennedy & Graven, Chartered
150 South Fifth Street
Suite 700
Minneapolis, MN 55402
Attn: Pamela J.F. Whitmore

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. Any Financing Party may notify the City that it is a Financing Party for purposes of this Agreement and designate its notice information by providing notice to the City in the same manner as the Developer provides notices to the City pursuant to this Section.

Section 6.7. No Additional Waiver Implied by One Waiver.

If any agreement contained in this Agreement should be breached by either Party and thereafter waived by the 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 6.8. Counterparts.

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

Section 6.9. Law Governing.

This Agreement will be governed and construed in accordance with the laws of Minnesota.

Section 6.10. Term; Termination.

Unless terminated earlier in accordance with its terms, this Agreement shall terminate 50 years after the date a temporary certificate of occupancy is obtained for the Project from the City.

Section 6.11. Provisions Surviving Rescission, Expiration or Termination.

Sections 5.5 and 5.6 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 6.12. Superseding Effect.

Except with regard to the City Approvals, this Agreement reflects the entire agreement of the Parties with respect to the development of the Project, and supersedes in all respects all prior agreements of the Parties, whether written or otherwise, including but not limited to the MOU regarding Phase I. The MOU will continue to be applicable to Phase II.

Section 6.13. Relationship of Parties.

Nothing in this Agreement is intended, or shall be construed, to create a partnership or joint venture 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 6.14. Venue.

All matters, whether sounding in tort or in contract, relating to the validity, construction, performance, or enforcement of this Agreement shall be controlled by and determined in accordance with the laws of the State of Minnesota, and the Developer agrees that all legal actions initiated by the Developer or City with respect to or arising from any provision contained in this Agreement shall be initiated, filed and venued exclusively in the State of Minnesota, Blue Earth County, District Court and shall not be removed therefrom to any other federal or state court.

* * * * * * * *

THE CITY OF MANKATO

By: ___________________________________
Najwa Massad, Mayor

By: ___________________________________
Susan MH Arntz, City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2025, by Najwa Massad, the mayor of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2025, by Susan MH Arntz, the city manager of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

____
Notary Public

TRELLIS CO., a Minnesota nonprofit corporation

By:___________________________________
Elizabeth Flannery
Its: President

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2025, by Elizabeth Flannery, the President of Trellis Co., a Minnesota nonprofit corporation, on behalf of the nonprofit corporation.

____
Notary Public

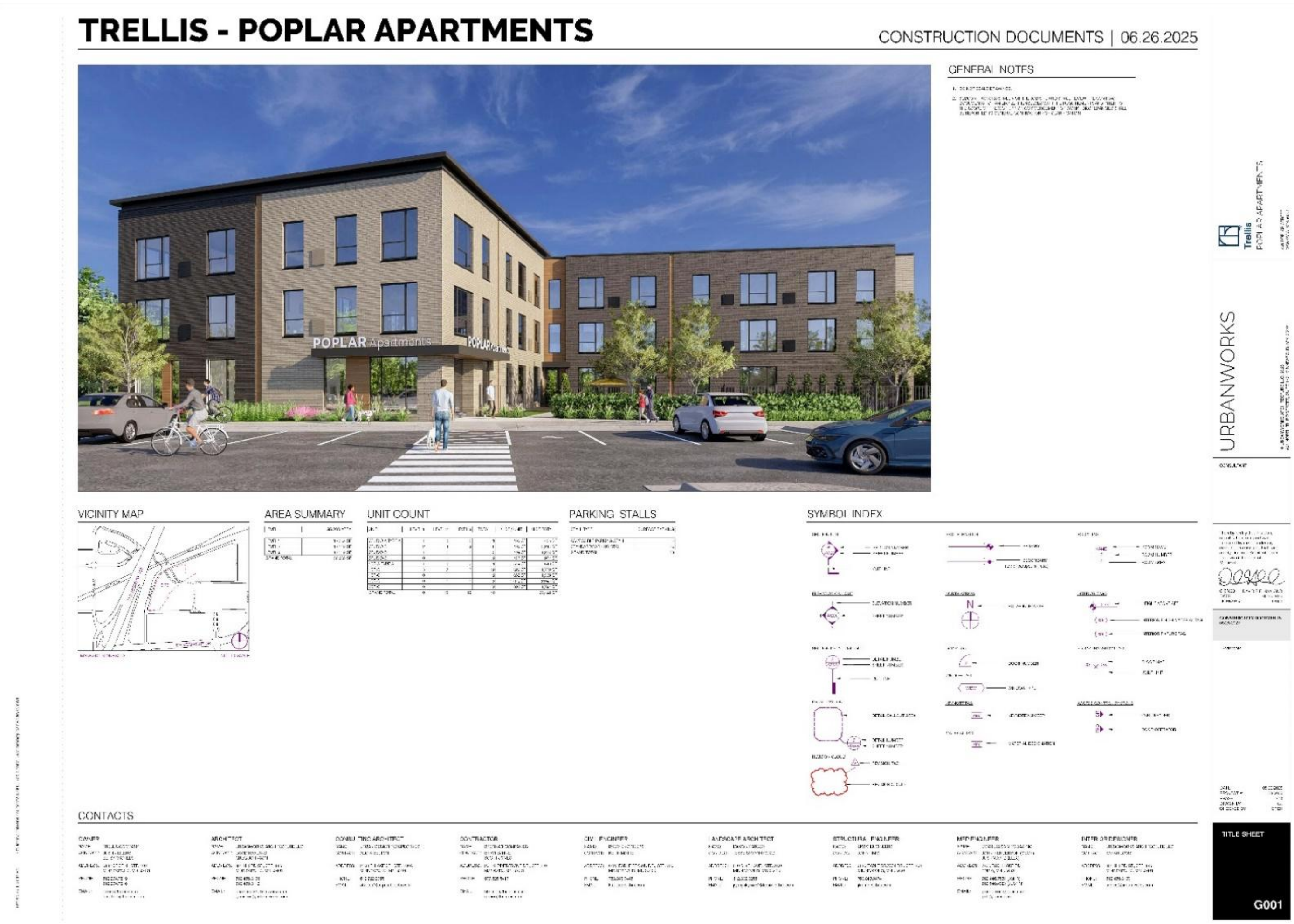
EXHIBIT A

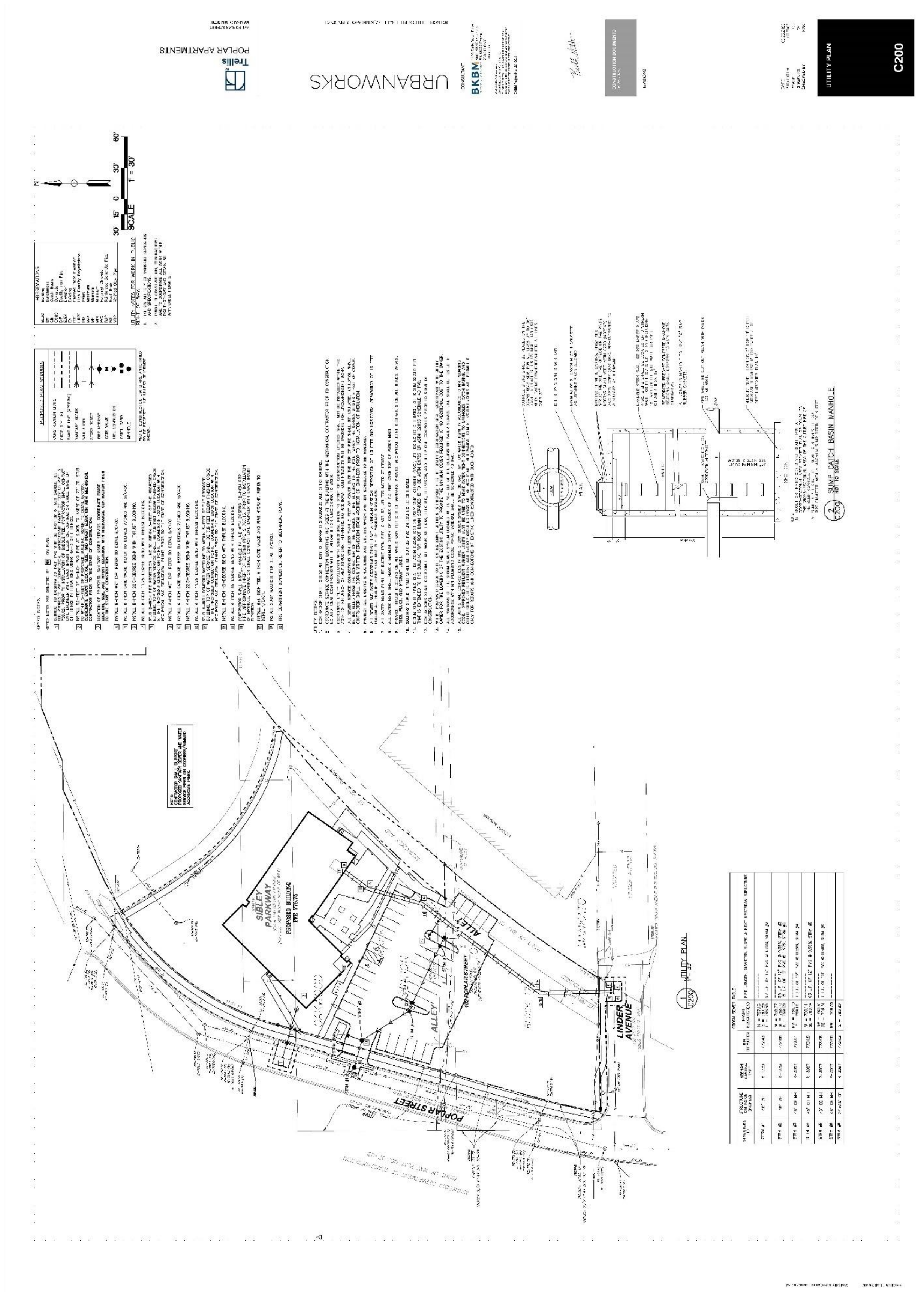
Legal Description of Property

Lot 1, Block 1, Mankato Housing LP, Blue Earth County, Minnesota

EXHIBIT B

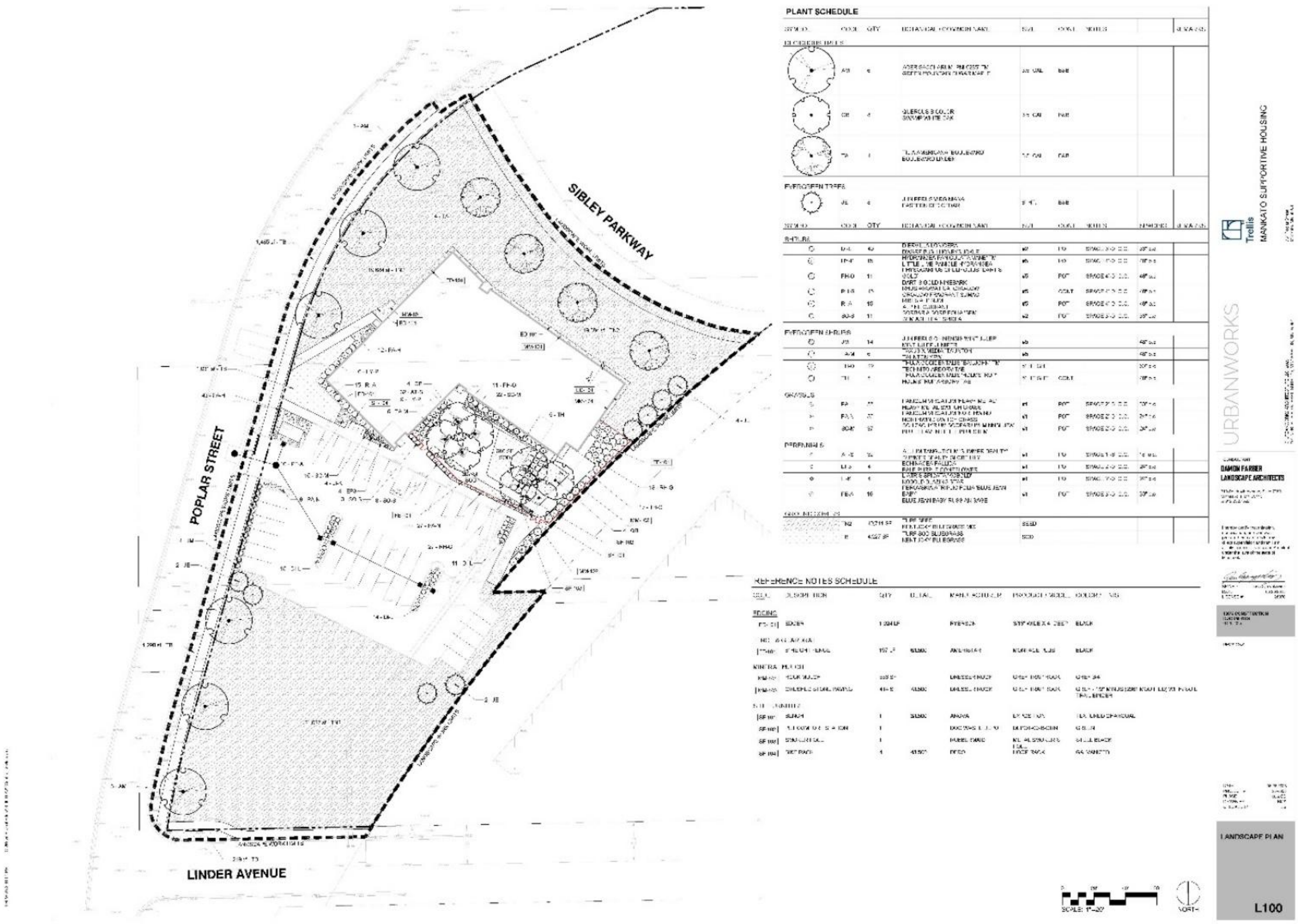
<u>List of Preliminary Plan Documents</u>





UTILITY PLAN
C200
URBANWORKS
Trellis
POPLAR APARTMENTS
BKBM
SIBLEY PARKWAY
PROPOSED BUILDING
POPLAR STREET
LINDER AVENUE
ALLEY
SCALE
1" = 30'
SUMP CATCH BASIN MANHOLE
NOT TO SCALE

B-2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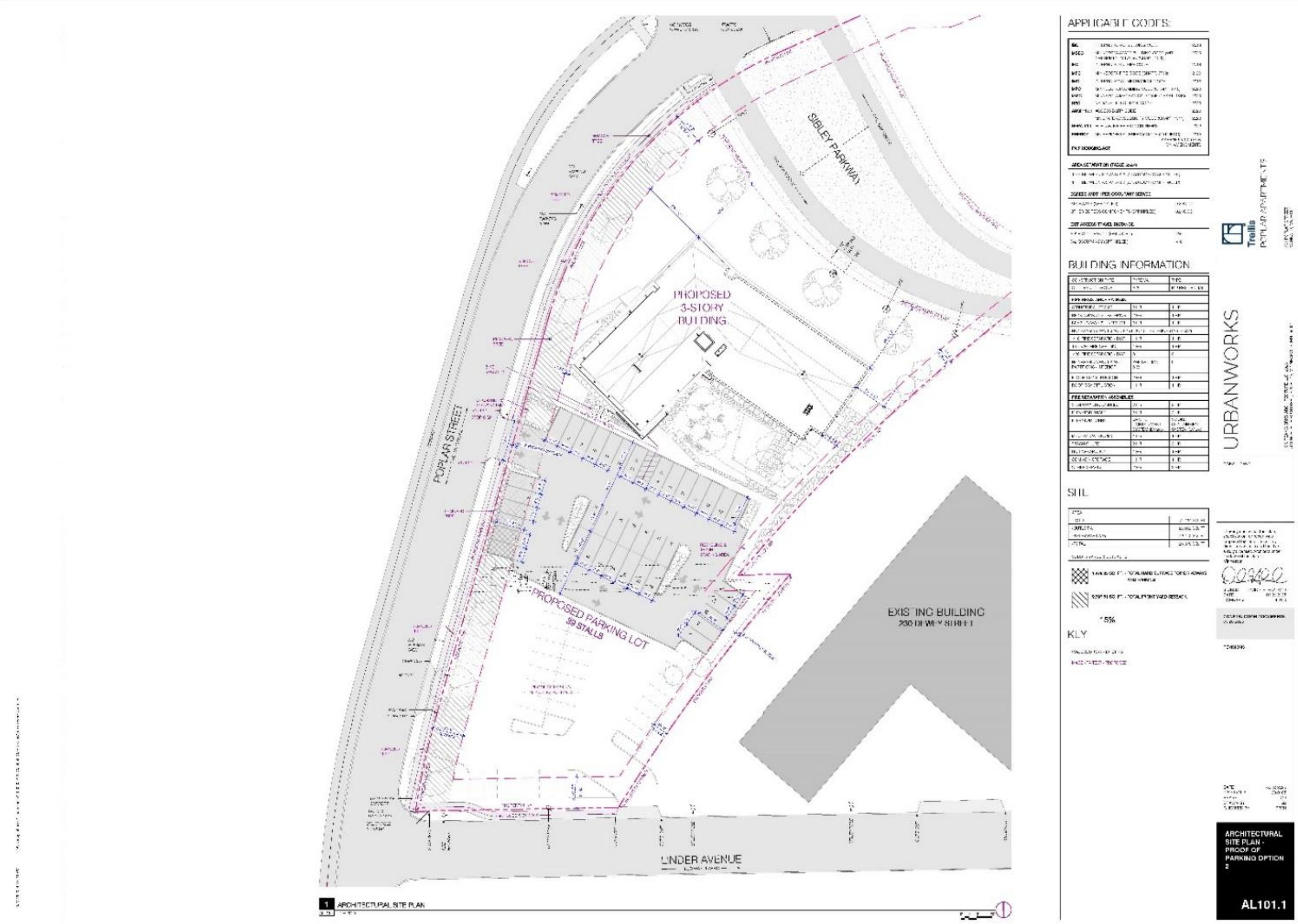
EVERGREEN TREES
SHRUBS
EVERGREEN SHRUBS
GRASSES
PERENNIALS
SIBLEY PARKWAY
POPLAR STREET
LINDER AVENUE
REFERENCE NOTES SCHEDULE
Trellis
MANKATO SUPPORTIVE HOUSING
URBANWORKS
DAMON FARBER LANDSCAPE ARCHITECTS
LANDSCAPE PLAN
L100
NORTH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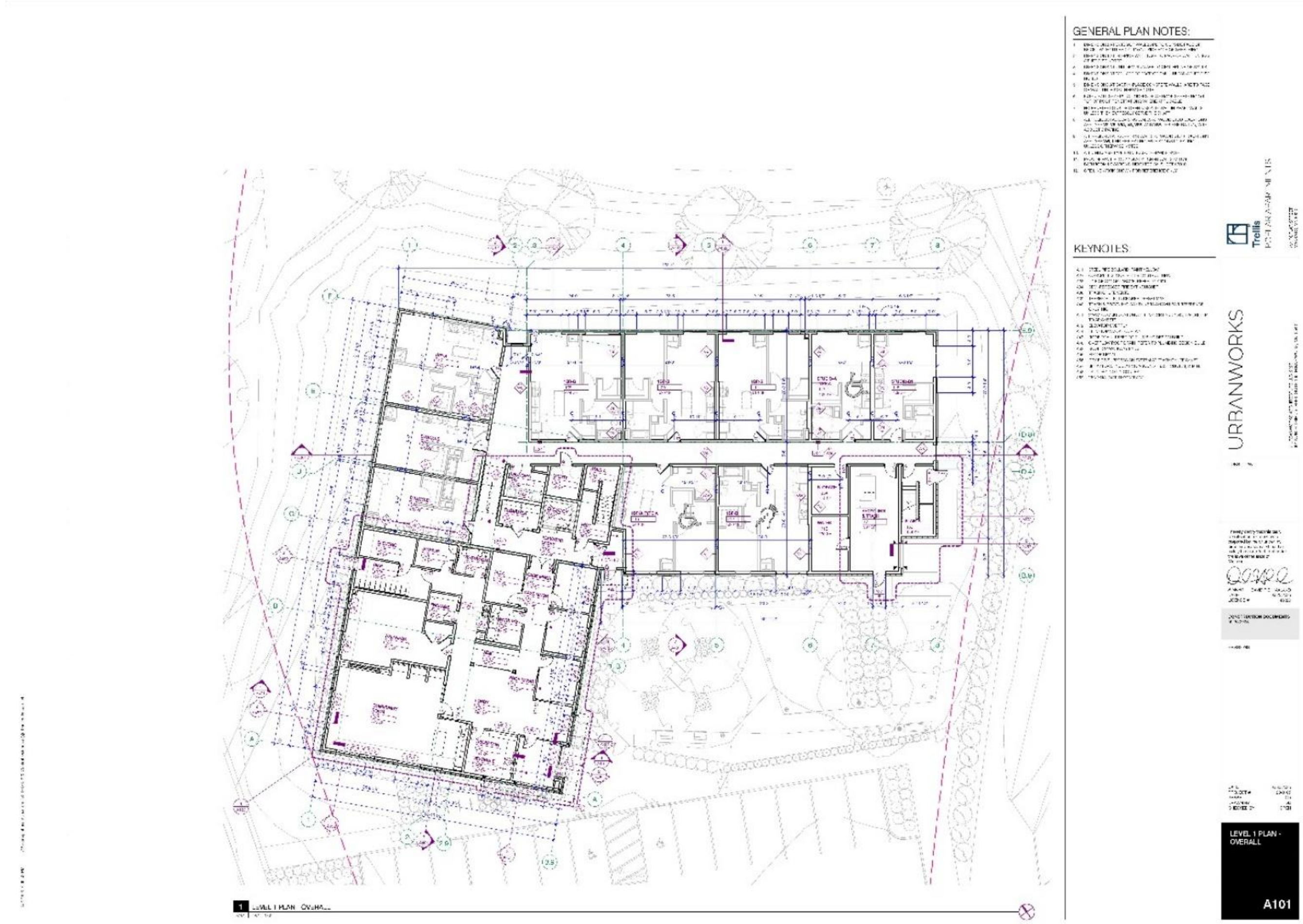
PROPOSED 3-STORY BUILDING
POPLAR STREET
PROPOSED PARKING LOT
39 STALLS
EXISTING BUILDING
200 DEWEY STREET
LINDER AVENUE
1 ARCHITECTURAL SITE PLAN
BUILDING INFORMATION
SITE
KEY
Trellis
POPLAR APARTMENTS
URBANWORKS
ARCHITECTURAL SITE PLAN - PROOF OF PARKING OPTION 2
AL101.1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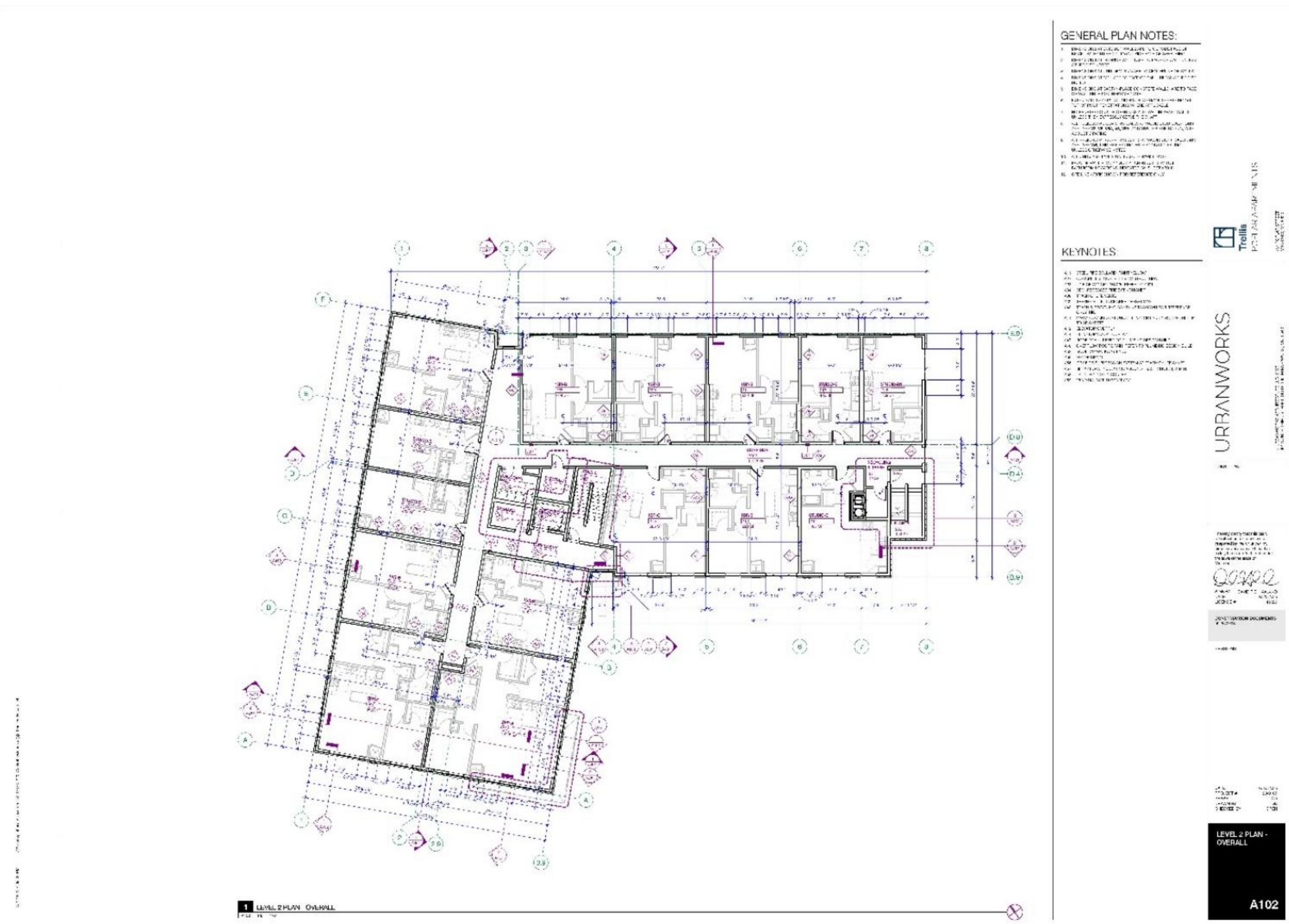
KEYNOTES
Trellis
URBANWORKS
1 LEVEL 1 PLAN - OVERALL
LEVEL 1 PLAN - OVERALL
A101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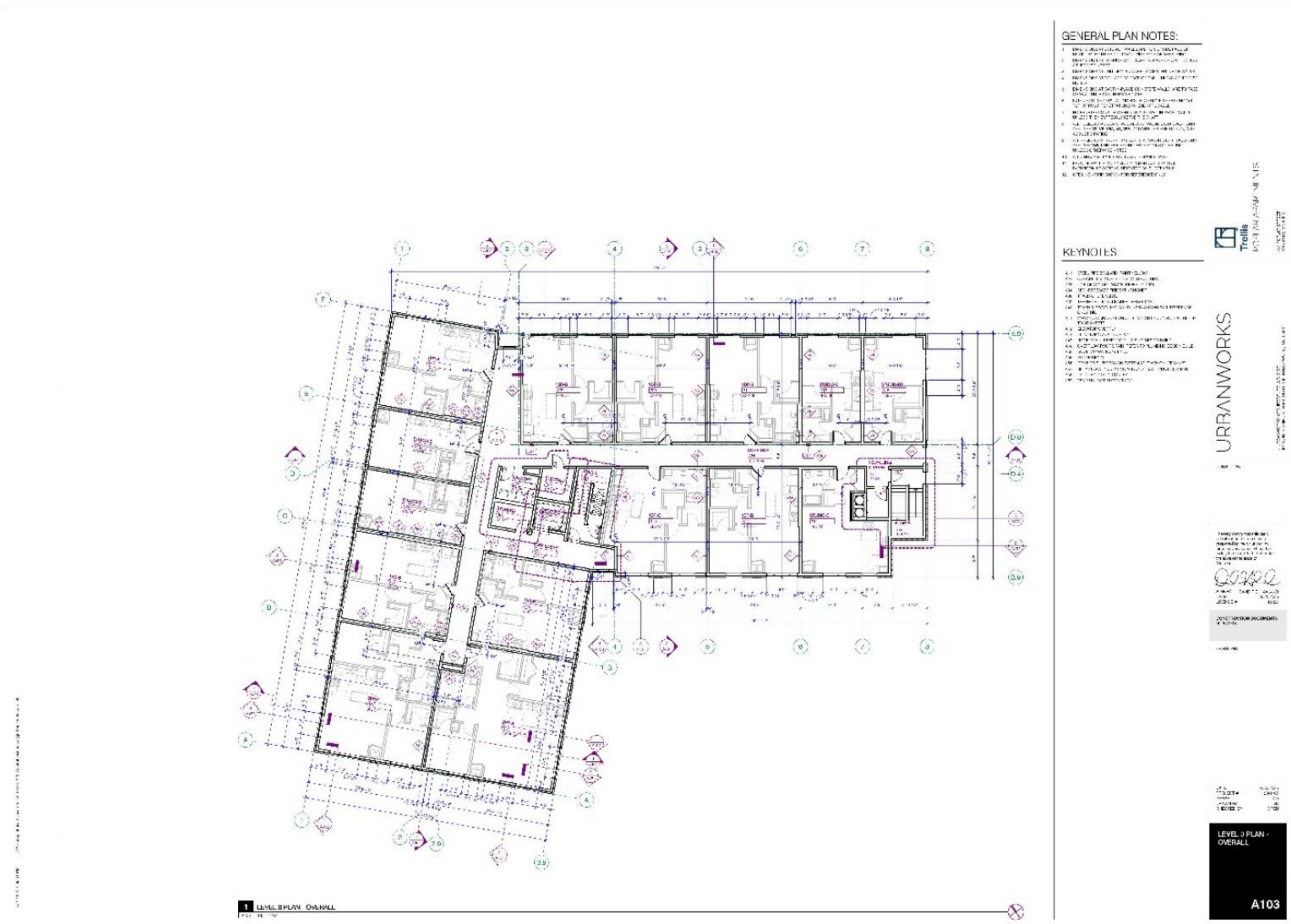
Trellis
URBANWORKS
LEVEL 2 PLAN - OVERALL
A102
1 LEVEL 2 PLAN - OVERALL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KEYNOTES
URBANWORKS
LEVEL 3 PLAN - OVERALL
A103
1 LEVEL 3 PLAN - OVERALL

EXHIBIT C

Form of Certificate of Completion of Project

WHEREAS, the city of Mankato, a municipal corporation under the laws of Minnesota (the "City"), and Trellis Co., a nonprofit corporation under the laws of the state of Minnesota (the "Developer"), have entered into a certain Purchase and Development Agreement (the "Agreement") dated the ____ day of __________, 2025, and recorded in the office of the _________________ in Blue Earth County, Minnesota as Document No. __________, which Agreement contained certain covenants and restrictions regarding completion of the Project, as defined in the Agreement; and [DRAFTER'S NOTE: INCLUDE ANY APPLICABLE ASSIGNMENTS WHEN THE CERTIFICATE OF COMPLETION IS READY TO BE SIGNED AND RECORDED.]

WHEREAS, the Developer has performed said covenants and conditions in a manner deemed sufficient by the City to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all construction of the Project specified to be done and made by the Developer has been completed and the covenants and conditions in the Agreement have been performed by the Developer, and the _______________________ in Blue Earth County, Minnesota, is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions relating to completion of the Project and the expiration of certain obligations contained in the Agreement to the extent expressly provided for therein.

Dated: _______________.

CITY OF MANKATO

By ______________________________
__________, Mayor

By ______________________________
__________, City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 202__, by _________________, the mayor of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 202__, by _________________, the city manager of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

____
Notary Public

This document drafted by:
KENNEDY & GRAVEN, CHARTERED (PJFW)
150 South Fifth Street
Suite 700
Minneapolis, Minnesota 55402
(P) 612-337-9300
(F) 612-337-9310

EXHIBIT D

Form of Declaration of Restrictive Covenants

THIS DECLARATION OF RESTRICTIVE COVENANTS, dated this ___ day of _____________, 2025 (the "Declaration"), by Trellis Co., a Minnesota nonprofit corporation (the "Developer"), is given for the benefit of the city of Mankato, a municipal corporation under the laws of Minnesota (the "City").

RECITALS

WHEREAS, the City and the Developer entered into that certain Purchase and Development Agreement, dated _________________, 2025 (the "Agreement"); and

WHEREAS, pursuant to the Agreement, the Developer is obligated to cause construction of a 40-unit affordable supportive rental housing project (the "Project") to be located on the property described in Exhibit A attached hereto (the "Subject Property"), and to cause compliance with certain affordability covenants described in the Agreement; and

WHEREAS, the Agreement requires that the Developer cause to be executed an instrument in recordable form substantially reflecting the covenants set forth in the Agreement; and

WHEREAS, the Developer intends, declares, and covenants that the restrictive covenants set forth herein will be and are covenants running with the Subject Property for the term described herein and binding upon all subsequent owners of the Subject Property for the term described herein, and are not merely personal covenants of the Developer; and

WHEREAS, capitalized terms in this Declaration have the meaning provided in the Agreement unless otherwise defined herein.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Developer agrees as follows:

1. Term of Restrictions.

(a) Occupancy and Rental Restrictions. The term of the Occupancy Restrictions set forth in Section 3 of this Declaration will commence on the date a temporary certificate of occupancy is received from the City for all Rental Housing Units on the Subject Property and continue through the Declaration Termination Date defined below (the "Qualified Project Period").

(b) Termination of Declaration. This Declaration shall terminate 50 years from the date a temporary certificate of occupancy is received by the Developer from the City for all Rental Housing Units on the Subject Property.

In addition, in the event of foreclosure or transfer of title by deed in lieu of foreclosure, upon completion of the foreclosure and expiration of the applicable mortgagee redemption period, or recording of a deed in lieu of foreclosure, any mortgagee (or any assignee of the mortgagee) or any purchasers at or after foreclosure thereof, by the successful bidder at the sale, to the title to the Subject Property, may terminate this Declaration, by providing written notice to the City and by filing a termination document in the applicable real property records in Blue Earth County, and thereafter this Declaration shall be of no further force and effect; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of this Declaration as the result of the foreclosure, or the delivery of a deed in lieu of foreclosure, or a similar event, the Developer or any related person (within the meaning of Section 1.103-10(e) of the Treasury Regulations) obtains an ownership interest in the Project for federal income tax purposes.

Each of the events set forth in the first two paragraphs of this Section 1(b) are referred to individually and collectively herein as the "Declaration Termination Date." The City will terminate the Note if this Declaration is terminated prior to full payment of the Note.

(c) Removal from Real Estate Records. After the Declaration Termination Date of this Declaration, the City will, upon request by the Developer or its assigns, file any document appropriate to remove this Declaration from the real estate records of Blue Earth County, Minnesota.

2. Project Restrictions.

(a) The Developer represents, warrants, and covenants that:

(i) All leases of Rental Housing Units to Qualifying Tenants (as defined in Section 3(a) hereof) will contain clauses, among others, wherein each individual lessee:

(1) Certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(b) hereof); and

(2) Agrees that the family income at the time the lease is executed will be deemed a substantial and material obligation of the lessee's tenancy; that the lessee will comply promptly with all requests for income and other information relevant to determining low or moderate income status from the Developer or the City, and that the lessee's failure or refusal to comply with a request for information with respect thereto will be deemed a violation of a substantial obligation of the lessee's tenancy.

(ii) So long as the project-based rental assistance exists for such Rental Housing Unit(s), the tenant-paid portion of the gross rent for all such Rental Housing Units for Qualifying Tenants shall not exceed 30 percent of the imputed income limitation applicable to such unit.

(b) The Developer will permit any duly authorized representative of the City to inspect the books and records of the Developer pertaining to the income of Qualifying Tenants residing in the Project.

3. Occupancy Restrictions. The Developer represents, warrants, and covenants that:

(a) Qualifying Tenants. "Qualifying Tenants" means tenants whose household income is 50 percent or less of the area median income for the standard metropolitan statistical area which includes Mankato, Minnesota, as that figure is determined and announced from time to time by HUD, as adjusted for family size (the "Median Income") for the applicable calendar year. The occupants of a Rental Housing Unit will not be deemed to be Qualifying Tenants if all the occupants of such Rental Housing Unit at any time are "students," as defined in Section 152(f)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), not entitled to an exemption under the Code. The determination of whether an individual or family is of qualifying income will be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. If during their tenancy a Qualifying Tenant's income exceeds 140% of the applicable level of Median Income, the next available Rental Housing Unit (determined in accordance with the Code and applicable regulations) (the "Next Available Unit Rule") must be leased to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. If the Next Available Unit Rule is violated, the Rental Housing Unit will not continue to be treated as a Qualifying Unit.

(b) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant will be required annually to sign and deliver to the Developer a Certification of Tenant Eligibility substantially in the form attached as Exhibit B hereto, or in any other form as may be approved by the City (the "Eligibility Certification"), in which the prospective Qualifying Tenant certifies as to having a qualifying income. The Qualifying Tenant will be required to provide whatever other information, documents, or certifications are deemed necessary by the City to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that the tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof. Eligibility Certifications will be maintained for the duration of the Qualified Project Period on file by the Developer with respect to each Qualifying Tenant who resides in a Rental Housing Unit or resided therein during the Qualified Project Period.

Notwithstanding anything to the contrary contained in this Declaration (including, without limitation, Sections 3(a) and (b), so long as the Project is 100% affordable, annual income certifications and determinations shall not be required after initial occupancy except as may be required pursuant to the terms of the housing assistance payments contract for the Project.

(c) Lease. The form of lease to be utilized by the Developer in renting any Rental Housing Units in the Project will provide for termination of the lease and consent by the person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by the person with respect to the Eligibility Certification. The Developer covenants and agrees that during the Qualified Project Period it will not increase the rent charged to any tenant of a Rental Housing Unit within the Project during such tenant's lease term and, at any rate, will not increase the rent charged to any tenant more than once in any 6-month period.

(d) Annual Report. The Developer covenants and agrees that during the term of this Declaration, it will prepare and submit to the City on or before July 1 of each year, a certificate substantially in the form of Exhibit C attached hereto, executed by the Developer, (a) identifying the tenancies and the dates of occupancy (or vacancy) for all Qualifying Tenants in the Project, including the number and percentage of the Rental Housing Units of the Project which were occupied by Qualifying Tenants (or held vacant and available for occupancy by Qualifying Tenants) at all times during the year preceding the date of the certificate; (b) describing all transfers or other changes in ownership of the Project or any interest therein; and (c) stating, that to the best knowledge of the person executing the certificate after due inquiry, all the Rental Housing Units were rented or available for rental on a continuous basis during the year to members of the general public and that the Developer was not otherwise in default under this Declaration during the year.

(e) Notice of Non-Compliance. The Developer will immediately notify the City if at any time during the term of this Declaration fewer than all of the Rental Housing Units are occupied or available for occupancy as required by the terms of this Declaration.

4. Transfer Restrictions. The Developer covenants and agrees that the Developer will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Occupancy Restrictions provided herein (the "Transfer") that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the City, all duties and obligations of the Developer under this Declaration, including this Section 4, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the "Assumption Agreement"). The Developer will deliver the Assumption Agreement to the City prior to the Transfer. Notwithstanding anything to the contrary in this Declaration, the Developer may assign its obligations under this Agreement to Mankato Housing Limited Partnership, a Minnesota limited partnership, the general partner of which is Trellis Mankato Housing GP LLC, a Minnesota limited liability company, which is controlled by the Developer, and upon such assignment, Trellis Co., as the initial Developer, shall be released from its obligations under this Declaration.

5. Enforcement.

(a) The Developer will permit, during normal business hours and upon reasonable notice, any duly authorized representative of the City to inspect any books and records of the Developer regarding the Project with respect to the incomes of Qualifying Tenants.

(b) The Developer will submit any other information, documents or certifications requested by the City which the City deems reasonably necessary to substantiate the Developer's continuing compliance with the provisions specified in this Declaration.

(c) The Developer acknowledges that the primary purpose for requiring compliance by the Developer with the restrictions provided in this Declaration is to ensure compliance of the property with the housing affordability covenants set forth in the Agreement, and by reason thereof, the Developer, in consideration for assistance provided by the City under the Agreement that makes possible the construction of the Project (as defined in the Agreement) on the Subject Property, hereby agrees and consents that the City will be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Developer of its obligations under this Declaration in a state court of competent jurisdiction. The Developer hereby further specifically acknowledges that the City cannot be adequately compensated by monetary damages in the event of any default hereunder.

(d) The Developer understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the City may exercise any remedy available to it under Article V of the Agreement.

6. Indemnification. The Developer hereby indemnifies, and agrees to defend and hold harmless, the City from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits, allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Developer to comply with the terms of this Declaration, or on account of any representation or warranty of the Developer contained herein being untrue.

7. Agent of the City. The City will have the right to appoint an agent to carry out any of its duties and obligations hereunder, and will inform the Developer of any agency appointment by written notice.

8. Severability. The invalidity of any clause, part or provision of this Declaration will not affect the validity of the remaining portions thereof.

9. Notices. All notices to be given pursuant to this Declaration must be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to any other place as a party may from time to time designate in writing. The Developer and the City may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications are sent. The initial addresses for notices and other communications are as follows:

(1) in the case of the Developer is addressed to or delivered personally to:

Trellis Co.
614 North First Street, Suite 100
Minneapolis, Minnesota 55401
Attn: Justin Eilers

And with a copy to: Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: John Stern

(2) in the case of the City is addressed to or delivered personally to:
City of Mankato
10 Civic Center Plaza
Mankato, MN 56001
Attn: Susan M.H. Arntz, City Manager

And with a copy to: Kennedy & Graven, Chartered
150 South Fifth Street
Suite 700
Minneapolis, MN 55402
Attn: Pamela J.F. Whitmore

10. Governing Law. This Declaration is governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

11. Attorneys' Fees. In case any action at law or in equity, including an action for declaratory relief, is brought against the Developer to enforce the provisions of this Declaration, the Developer agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the City in connection with the action.

12. Declaration Binding. This Declaration and the covenants contained herein will run with the Subject Property and will bind the Developer and its successors and assigns and all subsequent owners of the Subject Property or any interest therein, and the benefits will inure to the City and its successors and assigns until the Declaration Termination Date of this Declaration as provided in Section 1(b) hereof.

* * * * * *

IN WITNESS WHEREOF, the Developer has caused this Declaration of Restrictive Covenants to be signed by its respective duly authorized representatives, as of the day and year first written above.

TRELLIS CO., a Minnesota nonprofit corporation

By:__________________________________
Elizabeth Flannery, President

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2025, by Elizabeth Flannery, the President of Trellis Co., a Minnesota nonprofit corporation, on behalf of the nonprofit corporation.

____
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:
Kennedy & Graven, Chartered (PJFW)
150 South Fifth Street
Suite 700
Minneapolis, MN 55402
(612) 337-9300

This Declaration is acknowledged and consented to by:

THE CITY OF MANKATO

By: ________________________________
Najwa Massad, Mayor

By: ________________________________
Susan MH Arntz, City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2025, by Najwa Massad, the mayor of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2025, by Susan MH Arntz, the City Manager of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

____
Notary Public

Exhibit A to Declaration of Restrictive Covenants

Description

Lot 1, Block 1, Mankato Housing LP, Blue Earth County, Minnesota

Exhibit B to Declaration of Restrictive Covenants

Certification of Tenant Eligibility

TENANT INCOME CERTIFICATION ☐ Initial Certification ☐ Recertification ☐ Other ________________	Effective Date: __________________________ Move-in Date: ___________________________ (MM/DD/YY): __________________________

PART I. DEVELOPMENT DATA		
Property Name: ____________ Apartments Address: _________________________, Mankato, Minnesota	County: Blue Earth Unit Number: ________________	BIN #: ________________ # Bedrooms: ___________

PART II. HOUSEHOLD COMPOSITION						
HH Br #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)				
HH Br #	(A) Employment or Wages	(B) Soc. Security / Pensions	(C) Public Assistance	(D) Other Income
TOTAL	$	$	$	$
Add totals from (A) through (D) above			TOTAL INCOME (E):	$

PART IV. INCOME FROM ASSETS				
HH Mbr#	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
		TOTALS:	$	$
Enter Column (H) Total if over $5,000 $________________	Passbook Rate x 2.00 %	=	(J) Imputed Income	$
Enter the greater of the total column I, or J: imputed income			TOTAL INCOME FROM ASSETS (K)	$
(L) Total Annual Household Income from all sources [Add (E) + (K)]				$

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full-time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	(Date)	Signature	(Date)
Signature	(Date)	Signature	(Date)

PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES From Item (L) on page 1 $

Current Income Limit per Family Size: $ __________________

Household Income at Move-in $__________________

Household Meets Income Restriction at:

☐ 60% ☐ 50%
☐ 40% ☐ 30%
☐ ___%

RECERTIFICATION ONLY:

Current Income Limit x 140%

$ ________________________________

Household income exceeds 140% at recertification:

☐ Yes ☐ No

Household Size at Move-in: ______________

PART VI. RENT

Not Applicable

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL-TIME STUDENTS?

☐ yes ☐ no

If yes, enter student explanation** (also attach documentation)

Enter 1-4

Student explanation:

1. TANF assistance
2. Job training program
3. Single parent/dependent child
4. Married/joint return*

***Exception for married/joint return is the only exception available for units necessary to qualify tax-exempt bonds.**

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification

a. Tax Credit ☐	b. HOME ☐	c. Tax Exempt ☐	d. AHDP ☐	e. ______ ☐ (Name of Program)
See Part V above.	*Income Status*	*Income Status*	*Income Status*	*Income Status*
	☐ ≤ 50% AMGI	☐ 50% AMGI	☐ ≤ 50% AMGI	☐ ______
	☐ ≤ 60% AMGI	☐ 60% AMGI	☐ ≤ 80% AMGI	☐ ______
	☐ ≤ 80% AMGI	☐ 80% AMGI	☐ ≤ 0I **	☐ ≤ 0I **
	☐ ≤ 0I **	☐ 0I **		

** Upon recertification, household was determined over income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER / REPRESENTATIVE

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Regulatory Agreement (if applicable), to live in a unit in this Project.

______________________________ ____________

SIGNATURE OF OWNER / REPRESENTATIVE DATE

INSTRUCTIONS FOR COMPLETING
TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I – Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date	Enter the date the tenant has or will take occupancy of the unit.
Effective Date	Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.
Property Name	Enter the name of the development.
County	Enter the county (or equivalent) in which the building is located.
BIN #	Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).
Address	Enter the street address.
Unit Number	Enter the unit number.
# Bedrooms	Enter the number of bedrooms in the unit.

Part II – Household Composition

List all occupants of the unit. State each household member's relationship to the head of the household by using one of the following coded definitions:

H	Head of household	S	Spouse
A	Adult co-tenant	O	Other family member
C	Child	F	Foster child
L	Live-in caretaker	N	None of the above

Enter the date of birth, student status, and Social Security number or alien registration number for each occupant.

If there are more than seven occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III – Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the 12 months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.)
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D) above. Enter this amount.

Part IV – Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the 12 months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).

TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than $5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K) Enter the Greater of the total in Column (I) or (J)

Row (L) Total Annual Household Income from All Sources Add (E) and (K) and enter the total

Exhibit C to Declaration of Restrictive Covenants

Certificate of
Continuing Program Compliance

Date: ___________________

The following information with respect to the Project located at 751 Poplar Street in Mankato, Minnesota (the “Project”), is being provided by Trellis Co. (the “Owner”) to the city of Mankato, Minnesota (the “City”), pursuant to that certain Declaration of Restrictive Covenants, dated the ____ day of ____________, 202_ (the “Declaration”), with respect to the Project:

(A) The total number of Rental Housing Units which are available for occupancy is 40. The total number of these units occupied is _________________.

(B) The following Rental Housing Units (identified by unit number) are currently occupied by “Qualifying Tenants” as the term is defined in the Declaration:

Efficiency	_____
One bedroom	_____
Two bedroom	_____

(C) The following Rental Housing Units which are included in (B) above, have been re-designated as Rental Housing Units for Qualifying Tenants since _______________, 20___, the date on which the last “Certificate of Continuing Program Compliance” was filed with the City by the Owner:

Unit Number	Previous Designation of Unit (if any)	Replacing Unit Number
___________	__________________	__________________
___________	__________________	__________________

(D) The following Rental Housing Units are considered to be occupied by "Qualifying Tenants", as the term is defined in the Declaration based on the information set forth below:

	Unit Number	Last Name of Tenant	Number of Persons Residing in the Unit	Number of Bedrooms	Total Adjusted Gross Income	Date of Initial Occupancy	Age	Date Vacated and Held for Qualifying Tenants, if Applicable
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								

[expand to cover 40 units for Qualifying Tenants]

(E) The Owner has obtained a "Certification of Tenant Eligibility," in the form provided as Exhibit B to the Declaration, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent "Certification of Tenant Eligibility" for each Tenant named in (D) above who signed such a Certification since ______________, 20___, the date on which the last "Certificate of Continuing Program Compliance" was filed with the City by the Owner.

(F) In renting the Rental Housing Units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants); and none of the units listed in (D) above has been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the Rental Housing Units in the Project have been rented pursuant to a written lease, and the term of each lease is at least 12 months.

(G) The information provided in this "Certificate of Continuing Program Compliance" is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any "Certification of Tenant Eligibility" obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

(H) The Project is in continuing compliance with the Declaration.

(I) The Owner certifies that as of the date hereof all of the Rental Housing Units in the Project are occupied or held open for occupancy by Qualifying Tenants, as defined and provided in the Declaration.

(J) The Project is in continuing compliance with the Declaration.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on ____________________, 20__.

TRELLIS CO., a Minnesota nonprofit corporation

By:_________________________________
____

EXHIBIT E

Form of Subrecipient Funding Agreement

SUBRECIPIENT FUNDING AGREEMENT
MINNESOTA DEED CONTAMINATION CLEANUP GRANT PROGRAM
SUPPORTIVE HOUSING PROJECT

THIS AGREEMENT, is entered into by and between the City of Mankato, a Minnesota municipal corporation, whose address is 10 Civic Center Plaza, Mankato, MN 56001 (hereinafter referred to as "City"), and Trellis Co. (hereinafter referred to as “Subrecipient”).

WHEREAS, in cooperation with Subrecipient, the City applied to and received approval for funds in the amount of $115,554.00 from the State of Minnesota, acting by and through its Department of Employment and Economic Development, Business and Community Development Division ("DEED") under its Contamination Cleanup Grant Program (the "Cleanup Grant"); and

WHEREAS, the City desires to award proceeds of the Cleanup Grant in the amount of $115,554.00 (the "Subgrant") to Subrecipient, to assist Subrecipient with the development of the site on the real property located at 751 Poplar Street, Mankato, MN and shown on attached **Exhibit A** (the “Property”) by funding a portion of the costs for the Supportive Housing Project identified in the Cleanup Grant Agreement and Application to DEED described in Section 1 below (the “Project”).

WHEREAS, the Subrecipient will provide no less than seventy five percent (25%) of the Project costs up to $38,519.00 as the required local match under the Cleanup Grant (the “Match Funds”).

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. **AWARD.** The City awards the Subgrant to Subrecipient for cleanup activities as described in the Cleanup Program Grant Agreement No. CCGP-25-0004-Z-FY26 between the City and DEED attached to this Agreement as **Exhibit B** (the "Cleanup Grant Agreement") and the Application to DEED submitted on May 1, 2025 on file in the City’s Office (the “Grant Application”), both of which are incorporated into this Agreement. In the event of a conflict between the Cleanup Grant Agreement, this Agreement and the Grant Application, the documents shall be deemed to be controlling in the following order: 1) the Cleanup Grant Agreement; 2) this Agreement; 3) the Grant Application. The Subgrant and Match Funds must be used exclusively to pay or reimburse actual project costs as reflected in the budget incorporated into the DEED Grant Agreement (“**Project**”). Administrative costs incurred by the Subrecipient are not eligible for reimbursement under this Agreement. Notwithstanding anything to the contrary, the Subrecipient understands and agrees that any reduction or termination of the Cleanup Grant will result in a like reduction or termination of the Subgrant, and that any material change in the timeline or scope of the Project must be approved in writing by the City and DEED.

DEED expects the Project to achieve the following benefits (the "**Project Benefits**"):

Local Tax Base Increase: $12,400

New Jobs: 7.5 FTEs

Retained Jobs: 0 FTEs

Private Investment (construction costs): $1,539,389

2. **PERFORMANCE.** The Subrecipient must comply with all requirements applicable to the City in the Cleanup Grant Agreement. Any action or inaction of Subrecipient which could result in a default under the Cleanup Grant Agreement will constitute noncompliance with this Agreement. If the City finds that there has been a failure to comply with the provisions of this Agreement or that reasonable progress on the Project has not been or will not be made, the City may take action to protect its interests, including refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed. If action to correct substandard performance is not taken by the Subrecipient within 30 calendar days, or such longer period specified by the City after written notice by the City, the City may terminate this Agreement.

3. **PERFORMANCE MONITORING.** The Subrecipient shall comply with all requirements in the DEED Grant Agreement and submit any reporting information on the Project or the Development that is requested by DEED or the City. City shall submit annual reports and a final report (on or before Jun 25th of each year) in the form required by DEED on the distribution of funds and the progress of the Project from the date of this Agreement through June 30th of each year. The City will monitor the Subrecipient's performance against the Project Benefits per the Project's application for DEED funds. If applicable, an approval from the Minnesota Pollution Control Agency or other appropriate State or Federal agency is required upon completion of cleanup activities.

4. **TIME OF PERFORMANCE.** Subrecipient must not begin work under the grant agreement until the grant agreement is fully executed. Subrecipient must provide invoices for eligible grant activities identified in the grant agreement so that the City can submit the first payment request to DEED before June 30, 2026, or the grant may be terminated. Subrecipient shall complete the Project on or before June 30, 2028 (the "End Date"). In order to ensure funds are drawn prior to the End Date, completed disbursement requests shall be received by the City at least forty-five (45) days prior to the End Date.

5. **CONDITIONS PRECEDENT TO DISBURSEMENT.** The following requirements are conditions precedent to the City's disbursement of any of the Subgrant proceeds.

   A. The Subrecipient must have provided evidence satisfactory to the City showing that Subrecipient has site control of the Property.

B. The Subrecipient must have provided to the City such evidence of compliance with all of the provisions of this Agreement as the City may reasonably request.

6. **DISBURSEMENT.** It is expressly agreed and understood that the total amount to be paid by the City under this Agreement shall not exceed $115,554.00. The City will make disbursements only upon receipt of a written disbursement request in the form provided by DEED (the "Disbursement Request") from Subrecipient acceptable to the City and DEED. Payment requests may be made no more than once per month and must be accompanied by itemized invoices from each provider to be paid or cost to be reimbursed, whether such costs are being reimbursed by the Subgrant or not, with specific reference to the eligible Project line item. The City will, upon its approval of the Disbursement Request, forward the Disbursement Request to DEED for approval. Upon DEED approval of the Disbursement Request and receipt by the City of the approved amounts of Cleanup Grant funds, the City will disburse the approved amount of Subgrant funds in accordance with the information provided in the Disbursement Request. In order to ensure that all funds are drawn prior to the City's Cleanup Grant Agreement term end date, all payment requests must be received by forty-five (45) days prior to the End Date. The Subgrant dollars are grant funds only and cannot be used, treated or converted into any type of loan.

7. **NOTICES.** Communication and details concerning this Agreement must be directed to the following Agreement representatives:

City:
Attn: Courtney Kramlinger
10 Civic Center Plaza
Mankato, MN 56001
Telephone: (507) 387-8711
E-mail: ckramlinger@mankatomn.gov

Subrecipient Contact Information:
Name: Justin Eilers
Company: Trellis Co.
Address: 614 First Street North, Ste 100
Minneapolis, MN 55401
Phone: (612) 274-7819
E-mail: jeilers@trellismn.org

8. GENERAL CONDITIONS.

A. **General Compliance.** The Subrecipient agrees to comply with all applicable federal, state and local laws and regulations governing the Project and Cleanup Grant funds provided under this Agreement, including without limitation all applicable OSHA regulations, especially the federal Hazardous Waste Operations and Emergency Response Standards (29 C.F.R. 1910.120 and 29 C.F.R. 1926.65), Minnesota Statutes §§116J.551 - .559, and all federal Davis Bacon and related act requirements.

B. **Subcontracts.**

1. *Compliance with Laws.* The Subrecipient must require that contractors performing work being paid with the Subgrant funds comply with all applicable federal, state and local laws and regulations governing the Project.

2. *OSHA.* Subrecipient must require that contractors performing work being paid with the Subgrant funds be in compliance with all applicable OSHA regulations, especially the Federal Hazardous Waste Operations and Emergency Response Standards (29 C.F.R. 1910.120 and 29 C.F.R. 1926.65).

C. **Termination.** In the event the Cleanup Grant Agreement is terminated, this Agreement shall contemporaneously terminate. Upon termination, Subrecipient will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

D. **Independent Contractor.** Nothing contained in this Agreement is intended to, or may be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Subrecipient will at all times remain an independent contractor with respect to the services to be performed under this Agreement. The City is exempt from payment of all unemployment compensation, FICA, retirement, life and/or medical insurance and workers' compensation insurance because the Subrecipient is an independent contractor.

E. **Indemnification and Hold Harmless.** Subject to the limitations provided in Minnesota Statutes, Chapter 466, to the fullest extent permitted by law, the Subrecipient shall defend, indemnify and hold harmless the City and its members, employees and agents from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from the conduct or implementation of the Project activities funded by the Cleanup Grant and the City's obligations under the Grant Agreement, including without limitation the City's obligations under the Grant Agreement, except to the extent the claims, damages, losses and expenses arise from the City's own willful misconduct. Additionally, and for the avoidance of doubt, the Subrecipient understands and acknowledges that the preceding sentence applies to any and all claims asserted by DEED, the Minnesota Department of Labor and Industry, and any other party related to the Subrecipient's acts or omissions associated with the Project or the Work, including, but certainly not limited to, claims related to the Subrecipient's failure to adhere to the prevailing wage requirements to any extent required and any damages, losses and expenses, including but not limited to attorneys' fees, incurred by the City as a result thereof. The obligations contained herein shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which otherwise would exist between the City and the Subrecipient. The provisions of this section shall survive the expiration or termination of this Agreement. This indemnification shall not be construed as a waiver on the part of the City of any immunities or limits on liability provided by Minnesota Statutes, Chapter 466 or other applicable state or federal law.

F. **Insurance.**

1. *Insurance Required.* During the term of this Agreement, Subrecipient and its contractors and subcontractors rendering services being paid with funds from this Agreement shall procure and maintain Public Liability and Automobile Liability Insurance written on an "occurrence" basis under a Comprehensive General Liability Form with "Broad Form" property damage liability coverage, with XCU exclusion removed, in limits of not less than $1,000,000 per occurrence for personal injury, bodily injury and death, and limits of $1,000,000 for property damage liability, and twice the limits provided when a claim arises out of the release or threatened release of a hazardous substance. If per person limits are specified, they shall be for not less than $1,000,000 per person and be for the same coverages. Coverages of Subrecipient and its contractors/subcontractors shall include:

a. Public liability including premises and operations coverage;

b. Independent contractors' protective contingent liability;

c. Personal injury;

d. Owned, non-owned, and hired vehicles;

e. Contractual liability covering customary construction contract and subcontract indemnity provisions;

f. Products—completed operations; and

g. Workers' Compensation coverage in required statutory limits. Policy shall carry an "all states" endorsement.

2. *Additional Insurance Requirements.* All insurance required in this Article shall be taken out and maintained in responsible insurance companies organized under the laws of the United States and licensed to do business in Minnesota. City shall be named as an additional insured under the Public Liability and Automobile Liability Insurance. City does not represent or guarantee that the types of limits or coverages provided above are adequate to protect Subrecipient's interests and liabilities.

3. *Certificates of Insurance.* Certificates showing that the above-described insurance is carried in the specified amounts shall be furnished to City prior to the disbursement

of any of the Subgrant proceeds, and a certificate showing continued maintenance of such insurance shall be on file with City during the term of this Agreement. The form of each certificate of insurance shall contain an unconditional requirement that the insurer notify City without fail not less than 30 days prior to any cancellation, non-renewal or modification of the policy or coverages evidenced by said certificate and shall further provide that failure to give such notice to City will render any such change or changes in said policy or coverages ineffective as against City.

4. *Contractor/Subcontractor Evidence of Insurance.* The Subrecipient must not commence work until any and all contractors/subcontractors have obtained the required proof of insurance which clearly evidences required insurance coverages. If the Subrecipient fails to furnish proof of insurance coverages from the contractors/subcontractors when requested by the City, the City may withhold payments and/or pursue any other rights or remedy allowed under this Agreement, law, equity, and/or statute.

G. **BUSINESS SUBSIDIES ACT.** The Cleanup Grant granted to the Subrecipient pursuant to this Agreement is assistance for housing and therefore the Project is exempt from the provisions of Minnesota Statutes, Section 116J.993 to 116J.995.

9. ADMINISTRATIVE REQUIREMENTS.

A. **Accounting Standards.** The Subrecipient agrees to maintain the necessary source documentation and enforce sufficient internal controls as dictated by generally accepted accounting practices to properly account for expenses incurred under this Agreement.

B. **Records.**

1. *Retention.* The Subrecipient shall maintain adequate financial records consistent with generally accepted accounting principles. Audits and records, including but not limited to all financial and environmental documents related to the funds provided under this Agreement, shall be accessible to authorized representatives of the City for purposes of examination and audit. In addition, the Subrecipient shall give DEED, the Legislative Auditor, and the State Auditor's Office, through any authorized representatives, access to and the right to examine all records, books, papers, and documents related to this Agreement for a minimum of six (6) years from the end of the Cleanup Grant Agreement term end date.

2. *Close-Out.* The Subrecipient's obligation to the City does not end until all close-out requirements are completed. Activities during this close-out period include: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and receivable accounts to the City), determining the custodianship of records and resolving audit findings.

C. **Procurement.** The Subrecipient must maintain an inventory record of all nonexpendable personal property procured with funds provided under this Agreement. Program income is income generated from grant-funded activities, including interest earned on grant funds. All unexpended program income must revert to the City upon termination of this Agreement.

10. MISCELLANEOUS.

A. **Assignability.** The Subrecipient may not assign or transfer any interest in this Agreement (whether by assignment or novation) without the prior written consent of the City; provided, however, that claims for money due or to become due to the Subrecipient from the City under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer must be furnished promptly to the City. Notwithstanding anything to the contrary in this Agreement, the Subrecipient may assign its rights and obligations under this Agreement to Mankato Housing Limited Partnership, a Minnesota limited partnership, the general partner of which is Trellis Mankato Housing GP LLC, a Minnesota limited liability company, which is controlled by the Subrecipient, and upon such assignment, Trellis Co., as the initial Subrecipient, shall be released from its obligations under this Agreement.

B. **Antitrust.** The Subrecipient hereby assigns to the State of Minnesota any and all claims for overcharges for goods and/or services provided in connection with this contract resulting from antitrust violations which arise under the antitrust laws of the United States and the antitrust laws of the State of Minnesota.

C. **Governing Law and Venue.** This Agreement will be governed by, and construed in accordance with, the laws of the State of Minnesota. The appropriate venue and jurisdiction for any litigation hereunder shall be in a court located in Blue Earth County, Minnesota.

D. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which is deemed an original, but all of which taken together constitute one and the same agreement.

E. **Survival.** Any terms of this Agreement which by their nature extend beyond termination of this Agreement shall survive and bind the parties and their successors and assigns.

F. **Job Listing Agreement.** Minnesota Statutes §116L.66, subd.1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives $200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with Minnesota Works.net at www.minnesotaworks.net as soon as it occurs.

G. **Government Data Practices.** The Subrecipient must comply with the Minnesota Government Data Practices Act, Minnesota Statute Chapter 13, as it applies to all data provided by City under this Agreement and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Subrecipient under this Agreement. The civil remedies of Minnesota Statute §13.08 apply to the release of the data referred to in this clause. If the Subrecipient receives a request to release the data referred to in this clause, the Subrecipient must immediately notify City. City will give the Subrecipient instructions concerning the release of the data to the requesting party before the data is released. The Subrecipient's response to the request shall comply with applicable law.

H. **Intellectual Property Rights.** In the event that Subrecipient secures a copyright protection on any of the materials, reports, or data created as part of the project, the Subrecipient agrees to and does hereby grant to the State of Minnesota and its officers, agents, and employees, acting within the scope of their official duties, a royalty-free, non-exclusive, and irrevocable license to publish, translate, reproduce, deliver, perform, dispose of, and to authorize others to do so for use by the State, its divisions, instrumentalities and local subdivisions, all material now or hereafter covered by any such copyright.

I. **Publicity.** Any publicity regarding the subject matter of this Agreement must identify the State of Minnesota 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 Subrecipient individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Agreement. For DEED logos and formatting, please contact the State's Authorized Representative.

J. **Payment of Contractors and Subcontractors.** The Subrecipient must ensure that all contractors and subcontractors performing work covered by this Agreement are paid for their work that is satisfactorily completed.

K. **Conflict of Interest.** The State of Minnesota through City will take steps to prevent individual and organizational conflicts of interest in reference to Subrecipient 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. When a conflict of interest concerning State grant-making and subsequent City grant-making is suspected, disclosed, or discovered, transparency shall be the guiding principle in addressing it.

Organizational conflicts of interest occur when:

- a Subrecipient is unable or potentially unable to render impartial assistance or advice to City due to competing duties or loyalties.
- a Subrecipient's objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties.
- a Subrecipient has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors.

Organizational conflicts include any individual part of the Subrecipient. Individual conflicts of interest occur when:

- a Subrecipient uses his/her status or position to obtain special advantage, benefit, or access to the Subrecipient's time, services, facilities, equipment, supplies, badge, uniform, prestige, or influence.

- a City employee is an employee or board member of a Subrecipient that is an immediate family member of an owner, employee or board member of the Subrecipient.

The City and the Subrecipient must act immediately upon any suggestion, inquiry, or intimation that an individual or organizational conflict of interest exists at any point in the grant process. Steps must be taken to identify and avoid or mitigate any potential conflicts. The conflict of interest guidelines continue throughout the life of the grant agreement.

The Subrecipient must complete and submit a Conflict of Interest Disclosure Form (See Exhibit D) indicating whether or not a perceived, potential, or actual conflict of interest exists. If the Subrecipient identifies an actual, potential or perceived conflict of interest on the form, the Subrecipient must identify and submit its conflict of interest avoidance or mitigation plan. City will review the form and the Subrecipient's individual or organizational conflict of interest avoidance or mitigation plan and other relevant facts, if needed, to determine if an actual, potential or perceived conflict of interest exists, as defined by policy or other relevant law. If it does, City will pursue appropriate actions to mitigate, neutralize, or avoid the potential, perceived or actual individual or organizational conflicts of interest. These may include, but not be limited to, termination of the grant agreement; disqualification from future grant awards, if it is determined that it improperly failed to disclose a known individual or organizational conflict of interest or misrepresented information regarding such conflict; revising the Subrecipient's duties so that the conflict is mitigated; allowing the Subrecipient to propose the exclusion of task areas that create a conflict, if appropriate; allowing the individual with the conflict to be removed from taking any actions in relation to the grant agreement.

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

All of the above provisions apply to any sub- subrecipients and applicable language must be included in the Subrecipient / sub-subrecipient agreements.

L. **Severability.** In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

M. **Entire Agreement.** This Agreement, including Exhibits A, B and C constitutes the entire Agreement between the City and Subrecipient and supersedes all prior written and oral agreements and negotiations between the parties relating to the subject matter hereto.

City of Mankato	**Trellis Co.**
By: ____________________________	By: ____________________________
Susan MH Arntz, City Manager	Elizabeth Flannery, President

EXHIBIT A
PROPERTY MAP

751 Poplar Street - Project Location

Date: **July 2025**
Author:

EXHIBIT B
Cleanup Development Program
Grant Agreement No. CCGP-25-0004-Z-FY26

SC #: 274117

STATE OF MINNESOTA
GRANT CONTRACT AGREEMENT NO. CCGP-25-0004-Z-FY26
Supportive Housing 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.554 the State is empowered to enter into this grant contract agreement.
2. The State is in need of programs that reduce the potential threat of harmful contaminants to the public's health and the environment, create jobs, increase local property tax, and provide other public benefits by redeveloping polluted 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:***
July 24, 2025, 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. 7, no payments will be made to the Grantee until this grant contract agreement is fully executed.

1.2 ***Expiration date:***
June 30, 2028, 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. State and Federal Environmental Standards; 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.551 through 116J.559 and the application submitted on May 1, 2025, for funding for the Supportive Housing 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 cleaned up and redeveloped as proposed in the grant application and upon which funding was based. Any material changes in the cleanup plans and/or 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 Cleanup 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 June 30, 2026, 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 eligible Cleanup Costs and does not include investigation costs incurred prior to the grant award.

(e) Provide evidence to the State prior to the closeout of the grant that the cleanup has been completed and approved by the Minnesota Pollution Control Agency.

(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 compliant with all applicable OSHA regulations, especially the federal Hazardous Waste Operations and Emergency Response Standards (29 CFR 1910.120 and 29 CFR 1926.65).

(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 Cleanup Costs. The Grantee may not use these funds for administrative costs associated with managing this grant or the project this grant is funding. Pursuant to Minn. Stat. § 116J.552, Subd. 2, costs of implementing the response action plan (RAP) incurred before the grant award date may be eligible at the discretion of the State, if the costs were completed after the RAP was approved by the Minnesota Pollution Control Agency and the RAP was approved within 180 days of the application deadline. Costs incurred for the development of the RAP incurred prior to grant award may be considered match eligible at the discretion of the State. Any reimbursement made for services provided prior to the effective date will be governed by the terms of this grant contract agreement.

Grant Eligible Activities	Amount
Contaminated Soil Excavation, Transportation, and Disposal	$122,573.00
Environmental Oversight and Reporting	$31,500.00
Total	$154,073.00

(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 $115,554.00.

In accordance with Minn. Stat. § 116J.554, Subd. 1, the grant may pay for up to 75% of the eligible costs for a qualifying site. This requires a local match of at least 25%. For the purpose of this project, based on the budget above, the local match portion is at least $38,519.00. Of the total match requirement, 12% of the cleanup costs as defined by Minn. Stat. § 116J.552, Subd. 2 must come from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality. The rest of the local match may be paid with tax increments, regional, state, or federal money available for the redevelopment of brownfields or any other money available to the municipality.

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 75% of the total approved Cleanup 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. To ensure that all funds are drawn prior to the expiration date of the grant, the final payment request 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 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: https://mn.gov/admin/osp/government/suspended-debarred/.

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, Great Northern Building, 180 East Fifth Street, Suite 1200, Saint 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, 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 Cleanup 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 State and Federal Environmental Standards

The Grantee must provide evidence that work performed under this grant contract agreement complies with state and federal environmental standards. An approval from the Minnesota Pollution Control Agency or other appropriate state or federal agency is required upon completion of the cleanup activities.

20 Minnesota Business Subsidy Law

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

(The rest of this page is left intentionally blank)

SC #: ________

1. STATE ENCUMBRANCE VERIFICATION

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

Signed: Robin Culbertson

Date: 07/28/25

SWIFT Contract/PO No(s): 274117 PR 96598 PO 3-612159

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

EXHIBIT A
PREVAILING WAGE CERTIFICATION

DEPARTMENT OF LABOR AND INDUSTRY

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

Insert recipient's name __________ is a recipient of financial assistance from the Insert state agency or allocating agency __________ for the project identified below.

As required by Minn. Stat. § 116J.871, subd. 2(a), Insert name of recipient, address and email __________ 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 Insert county name __________ county, Minnesota.

Insert recipient's name __________ 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)

443 Lafayette Road N., St. Paul, MN 55155 • 651-284-5005 • dli.mn.gov

EXHIBIT C

Disbursement Request Form

This form gives Subrecipients an opportunity to disclose any actual, potential or perceived conflicts of interest that may exist when receiving a grant. It is the Subrecipient's obligation to be familiar with the Office of Grants Management (OGM) Policy 08-01, Conflict of Interest Policy for State Grant-Making and to disclose any conflicts of interest accordingly.

All Subrecipients must complete and sign a conflict of interest disclosure form.

- ☐ I or my subgrant organization do NOT have an ACTUAL, POTENTIAL, or PERCEIVED conflict of interest.

If at any time after submission of this form, I or my grant organization discover any conflict of interest(s), I or my grant organization will disclose that conflict immediately to the appropriate agency or grant program personnel.

- ☐ I or my subgrant organization have an ACTUAL, POTENTIAL, or PERCEIVED conflict of interest. (*Please describe below*):

If at any time after submission of this form, I or my grant organization discover any additional conflict of interest(s), I or my grant organization will disclose that conflict immediately to the appropriate agency or grant program personnel.

Printed name: ____________________________________

Signature: ____

Title: ____

Organization: Trellis Co.______________________________

Date: ____

EXHIBIT F

Form of Limited Warranty Deed

LIMITED WARRANTY DEED

STATE DEED TAX DUE HEREON: $_______
eCRV number: _______
Date: ____________________, 2025

FOR VALUABLE CONSIDERATION, the city of Mankato, Minnesota, a municipal corporation under the laws of Minnesota ("Grantor") hereby conveys and quitclaims to Trellis Co,, a Minnesota nonprofit corporation ("Grantee"), real property in Blue Earth County, Minnesota, legally described as follows:

Lot 1, Block 1, Mankato Housing LP, Blue Earth County, Minnesota

(the "Property")

together with all hereditaments and appurtenances belonging thereto.

Grantor warrants that Grantor has not done or suffered anything to encumber the property, except for those encumbrances listed on the attached Exhibit A.

Check here if all or part of the described real property is Registered (Torrens) ■

Check applicable box:

☐ The Seller certifies that the Seller does not know of any wells on the described real property.

☐ A well disclosure certificate accompanies this document.

☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

GRANTOR:
THE CITY OF MANKATO

____
Najwa Massad, Mayor

____
Susan MH Arntz, City Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2025, by Najwa Massad, the mayor of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

____
Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2025, by Susan MH Arntz, the City Manager of the city of Mankato, a Minnesota municipal corporation, on behalf of the municipal corporation.

____
Notary Public

This instrument drafted by:

Kennedy & Graven, Chartered
150 South Fifth Street
Suite 700
Minneapolis, MN 55402

Tax Statements for the real property described in this instrument should be sent to:

Trellis Co.
614 North First Street, Suite 100
Minneapolis, Minnesota 55401
Attn: Justin Eilers

EXHIBIT A
Permitted Encumbrances
[NTD: To be replaced with final owner's proforma exceptions]

1. Real estate taxes and special assessments not yet due and payable.

2. Vesting deed from Parcel 1 uses a description of the North 46.66 feet of the South Half of Block 17, Oakwood Addition to City of Mankato. The vesting deed for Parcel 3 uses a legal description of all of Block 17 except the North 46 2/3 feet of the South Half of Block 17, Oakwood Addition to the City of Mankato. The legal description of Parcel 1 leaves a potential small gap between the parcels.

3. Terms and conditions of Minnesota Department of Transportation Right of Way Plat No. 07-29 filed December 3, 1991 as Document No. 323CR300.

4. All minerals and mineral rights were reserved by State of Minnesota, in an Conveyance of Forfeited Land filed as Document No. 473CR363.

5. Terms and conditions of City of Mankato, vacating a part of Linder Avenue, filed September 01, 1983 as Document No. 344060.

6. Subject to the rights and interests of the Chicago, Milwaukee, St. Paul and Pacific Railway Company as set forth in deed recorded in Book 17 of Deeds on page 631 in the office of the Register of Deeds in and for Blue Earth County, Minnesota, as recited on the Certificate of Title.

7. Storm and sanitary sewer easement(s) over part of the Land in favor of City of Mankato, as created in Easement for Sewer Line filed August 22, 1961 as Document No. T10398.

8. Highway easement over part of the Land and taking rights of access to highway 256 in favor of State of Minnesota, as created in Final Certificate filed May 22, 1967 as Document No. T15318.

9. Terms and conditions of City of Mankato, Resolution, vacating a portion of Mound Avenue, filed April 16, 1980 as Document No. T26660.

10. Terms and conditions of City of Mankato Resolution, renaming West Street to Poplar Street, filed February 09, 1993 as Document No. T45237.

11. Terms and conditions of City of Mankato Resolution, changing street names, filed December 28, 2010 as Document No. T108787.

12. Subject to title to and easements in Linder Street and Poplar Street as laid

EXHIBIT G

FORM OF

SUBRECIPIENT AGREEMENT
between

CITY OF MANKATO (Grantee)

and

TRELLIS CO. (Subrecipient)

for

Community Development Block Grant Program

THIS AGREEMENT is entered this _____ day of ___________, 2025 (the "Effective Date") by and between the City of Mankato, a Minnesota municipal corporation (herein called the "Grantee"), and Trellis Co., a Minnesota nonprofit corporation (herein called the "Subrecipient").

WHEREAS, Subrecipient develops housing affordable for low and moderate income households, with units dedicated to serve homeless families and individuals.

WHEREAS, the Grantee has applied for and received Community Development Block Grant ("CDBG") funds from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383; and

WHEREAS, the Grantee wishes to engage the Subrecipient to assist the Grantee in utilizing $100,000 of the CDBG funds (the "CDBG Funds") for costs associated with the acquisition of the real property on which the Project (as defined below) will be situated.

NOW, THEREFORE, it is agreed between the parties hereto that;

I. SCOPE OF SERVICE

A. Activities

The Subrecipient will own and be responsible for the construction of Poplar Apartments, a 40-unit affordable supportive rental housing project with forty Section 8 Project Based Housing Choice Vouchers (the "Project"). Eligible tenants residing at the Project will have an income at or below 50% of the area median, and rents will be in compliance with the Low Income Housing Tax Credit Section 42 rent requirements. The Project will also serve low-income households participating in the Housing Choice Voucher Program. The CDBG Funds will be used solely for site acquisition costs for the Project.

Program Delivery

Activity #1 – Development of the Project. The Project will be located at 751 Poplar Street, Mankato, Minnesota, and will be home to tenants whose incomes are 50% of the area median income and 40 Section 8 Project Based Housing Choice Vouchers. All applicable federal regulations, including the Housing Choice Voucher Program, will be followed, as well as local and state building requirements. The CDBG Funds will be used solely for site acquisition costs for the Project. Distribution of the CDBG Funds to the Subrecipient will be made on or before the date on which the Subrecipient acquires the Project property.

B. National Objectives

All activities funded with CDGB Funds must meet one of the CDBG program's National Objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums or blight; or meet community development needs having a particular urgency, as defined in 24 CFR 570.208.

The Subrecipient certifies that the activity carried out under this Agreement will meet the National Objective of benefitting low- and moderate-income persons.

The majority of the clients served by the Subrecipient are low- and moderate income persons; this will be documented by the Subrecipient and will be verifiable.

C. Levels of Accomplishment – Goals and Performance Measures

The levels of accomplishment may include such measures as persons or households assisted, and should also include time frames for performance.

The Subrecipient agrees to provide the following levels of program services:

Activity	Buildings	Total Units	Cost per Building
#1	1	40	$100,000

Completion of the Project and lease-up should supply housing for 40 low-income households.

D. Staffing

Staffing will be provided by the Grantee, the Subrecipient, and its subcontractors.

E. Performance Monitoring

The Grantee will monitor the performance of the Subrecipient against goals and performance standards as stated above. Substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the Grantee, contract suspension or termination procedures will be initiated.

II. TIME OF PERFORMANCE

Subrecipient agrees to perform construction of the Project according to the terms of the construction contract and Proceed to Work. The term of this Agreement and the provisions herein shall be extended to cover any additional time period required to construct the Project for low to moderate income citizens. The construction of the Project is expected to commence by June 30, 2026 and be finished by September 30, 2027.

III. BUDGET

Line Item	Amount:
Acquisition Costs	$100,000
TOTAL	**$100,000**

Any indirect costs charged must be consistent with the conditions of Paragraph VIII (C) (2) of this Agreement. In addition, the Grantee may require a more detailed budget breakdown than the one contained herein, and the Subrecipient shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the Grantee. Any amendments to the budget must be approved in writing by both the Grantee and the Subrecipient.

IV. PAYMENT

It is expressly agreed and understood that the total amount to be paid by the Grantee under this Agreement shall not exceed One Hundred Thousand and 00/100 Dollars ($100,000.00). Distribution of the CDBG Funds to the Subrecipient will be made on or before the Effective Date and shall reimburse the Subrecipient for acquisition costs incurred when acquiring the Project property, which occurred __________ of 2025.

Distributions may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 24 CFR 84.21.

V. NOTICES

Notices required by this Agreement shall be in writing and delivered via mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date of delivery or sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this Agreement shall be directed to the following contract representatives:

Grantee	Subrecipient
Susan MH Arntz, City Manager	Elizabeth Flannery, President
City of Mankato	Trellis Co.
Address: 10 Civic Center Plaza,	Address:614 North First St, Suite 150
PO Box 3368	Minneapolis, MN 55401
Mankato, MN 56002-3368	Telephone: (612) 274-7815
Telephone: (507) 387-8695	Email: eflannery@trellismn.org
Email: sarntz@mankatomn.gov	

VI. SPECIAL CONDITIONS

None

VII. GENERAL CONDITIONS

A. General Compliance

The Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG)) including subpart K of these regulations, except that (1) the Subrecipient does not assume the Grantee's environmental responsibilities described in 24 CFR 570.604 and (2) the Subrecipient does not assume the Grantee's responsibility for initiating the review process under the provisions of 24 CFR Part 52. The Subrecipient also agrees to comply with all other applicable Federal, state and local laws, regulations, and policies governing the funds provided under this Agreement. The Subrecipient further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. "Independent Contractor"

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Subrecipient shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance, as the Subrecipient is an independent contractor.

C. Hold Harmless

The Subrecipient shall hold harmless, defend and indemnify the Grantee from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Subrecipient's performance or nonperformance of the services or subject matter called for in this Agreement.

D. Workers' Compensation

The Subrecipient shall provide Workers' Compensation Insurance coverage for all of its employees (if any) involved in the performance of this Agreement.

E. Insurance & Bonding

The Subrecipient agrees to carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the Grantee.

The Subrecipient agrees to comply with the bonding and insurance requirements of 24 CFR 84.31 and 84.48, Bonding and Insurance.

F. Amendments

The Grantee or Subrecipient may mutually agree to amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing by a duly authorized representative of each organization, and approved by the Grantee's governing body. Such amendments shall not invalidate this Agreement, nor relieve or release the Grantee or Subrecipient from their respective obligations under this Agreement.

The Grantee may, in its discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both Grantee and Subrecipient.

G. Suspension or Termination

In accordance with 24 CFR 85.43, the Grantee may suspend or terminate this Agreement if the Subrecipient materially fails to comply with any terms of this Agreement, which include (but are not limited to) the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;

2. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement;

3. Ineffective or improper use of funds provided under this Agreement; or

4. Submission by the Subrecipient to the Grantee reports that are incorrect or incomplete in any material respect.

In accordance with 24 CFR 85.44, prior to the initial distribution of the CDBG Funds, this Agreement may also be terminated for convenience by either the Grantee or the Subrecipient, in whole or in part, by setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination, the Grantee determines that the remaining portion of the award will not accomplish the purpose for which the award was made, the Grantee may terminate the award in its entirety.

VIII. ADMINISTRATIVE REQUIREMENTS

A. Financial Management

1. Accounting Standards

If applicable, the Subrecipient agrees to comply with 24 CFR 84.21−28 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

2. Cost Principles

If applicable, the Subrecipient shall administer its program in conformance with OMB Circulars A-122, "Cost Principles for Non-Profit Organizations," or A-21, "Cost Principles for Educational Institutions," as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

B. Documentation and Record Keeping

1. Records to be Maintained

If applicable, the Subrecipient shall maintain all records required by the Federal regulations specified in 24 CFR 570.506, which are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

a. Records providing a full description of each activity undertaken;
b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;

c. Records required to determine the eligibility of activities;
d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
f. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21−28; and
g. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

2. Retention

The Subrecipient shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of four (4) years. The retention period begins on the date of the submission of the Grantee's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the four-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the four-year period, whichever occurs later.

3. Client Data

The Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to Grantee monitors or their designees for review upon request.

4. Disclosure

The Subrecipient understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the Grantee's or Subrecipient's responsibilities with respect to services provided under this Agreement, is prohibited by the State of Minnesota law, unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

5. Close-outs

The Subrecipient's obligation to the Grantee shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Grantee), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Subrecipient has control over CDBG Funds, including program income.

6. <u>Audits & Inspections</u>

All Subrecipient records with respect to any matters covered by this Agreement shall be made available to the Grantee, grantor agency, and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Subrecipient within 30 days after receipt by the Subrecipient. Failure of the Subrecipient to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Subrecipient hereby agrees to have an annual agency audit conducted in accordance with current Grantee policy concerning Subrecipient audits and OMB Circular A-133.

C. <u>Reporting and Payment Procedures</u>

1. <u>Program Income</u>

The Subrecipient shall report annually all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with the CDBG Funds made available under this Agreement. The use of program income by the Subrecipient shall comply with the requirements set forth at 24 CFR 570.504. By way of further limitations, the Subrecipient may use such income during the contract period for activities permitted under this Agreement and shall reduce requests for additional funds by the amount of any such program income balance on hand. All unexpended program income shall be returned to the Grantee at the end of the contract period. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the Grantee.

2. <u>Indirect Costs</u>

If indirect costs are charged, the Subrecipient will develop an indirect cost allocation plan for determining the appropriate Subrecipient's share of administrative costs and shall submit such plan to the Grantee for approval, in a form specified by the Grantee.

3. Payment Procedures

The Grantee will pay to the Subrecipient funds available under this Agreement based upon information submitted by the Subrecipient and consistent with any approved budget and Grantee policy concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Subrecipient, and not to exceed actual cash requirements. Payments will be adjusted by the Grantee in accordance with advance fund and program income balances available in Subrecipient accounts. In addition, the Grantee reserves the right to liquidate funds available under this Agreement for costs incurred by the Grantee on behalf of the Subrecipient.

4. Progress Reports

The Subrecipient shall submit regular Progress Reports to the Grantee in the form, content, and frequency as required by the Grantee.

D. Procurement

1. Compliance

The Subrecipient shall comply with current Grantee policy concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with the CDBG Funds provided herein. All of such program assets (unexpended program income, property, equipment, etc.) shall revert to the Grantee upon termination of this Agreement.

2. OMB Standards

Unless specified otherwise within this Agreement, the Subrecipient shall procure all materials, property, or services in accordance with the requirements of 24 CFR 84.40−48.

3. Travel

The Subrecipient shall obtain written approval from the Grantee for any travel outside the metropolitan area to be paid for with the CDBG Funds provided under this Agreement.

E. Use and Reversion of Assets

In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this

Agreement shall be (a) transferred to the Grantee for the CDBG program or (b) retained after compensating the Grantee in an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment.

IX. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT

The Subrecipient agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570.606(c) governing the Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in 24 CFR 570.606(d) governing optional relocation policies. The Subrecipient shall provide relocation assistance to displaced persons as defined by 24 CFR 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. The Subrecipient also agrees to comply with applicable Grantee ordinances, resolutions and policies concerning the displacement of persons from their residences.

X. PERSONNEL & PARTICIPANT CONDITIONS

A. Civil Rights

1. Compliance

The Subrecipient agrees to comply with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086.

2. Nondiscrimination

The Subrecipient agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in Section 109 of the HCDA are still applicable.

3. Land Covenants

This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and 24 CFR 570.601 and 570.602. In regard to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, the Subrecipient shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the Grantee and the United States are beneficiaries of and entitled to enforce such covenants. The Subrecipient, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

4. Section 504

The Subrecipient agrees to comply with all Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against the individuals with disabilities or handicaps in any Federally assisted program. The Grantee shall provide the Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

B. Affirmative Action

1. Approved Plan

The Subrecipient agrees that it shall be committed to carry out pursuant to the Grantee's specifications an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966. The Grantee shall provide Affirmative Action guidelines to the Subrecipient to assist in the formulation of such program. The Subrecipient shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.

2. Women- and Minority-Owned Businesses (W/MBE)

The Subrecipient agrees to use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As used in this Agreement, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

3. Access to Records

The Subrecipient shall furnish and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the Grantee, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

4. Notifications

The Subrecipient agrees to send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the Subrecipient's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

5. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

The Subrecipient agrees to state that it is an Equal Opportunity or Affirmative Action employer in all solicitations or advertisements for employees placed by or on behalf of the Subrecipient,

6. Subcontract Provisions

The Subrecipient agrees to include the provisions of Paragraphs X.A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subrecipients or subcontractors.

C. Employment Restrictions

1. Prohibited Activity

The Subrecipient is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

2. Assignability

The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the Grantee thereto; provided, however, that claims for money due or to become due to the Subrecipient from the Grantee under this Agreement may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Grantee.

D. Subcontracts

1. Approvals

Other than contracts related to the construction and development of the Project, the Subrecipient shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the written consent of the Grantee prior to the execution of such agreement.

2. Monitoring

The Subrecipient will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

3. Content

The Subrecipient shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

4. Selection Process

The Subrecipient agrees to undertake to insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the Grantee along with documentation concerning the selection process.

Notwithstanding anything to the contrary herein, Subrecipient shall be permitted to delegate certain performance and other obligations hereunder to Mankato Housing Limited Partnership, a Minnesota limited partnership, the general partner of which is Trellis Mankato Housing GP LLC, a Minnesota limited liability company, which is controlled by Subrecipient, without further notice to Grantee.

5. Hatch Act

The Subrecipient agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

6. Conflict of Interest

The Subrecipient agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:

a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.
b. No employee, officer or agent of the Subrecipient shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.

c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency.

7. Lobbying

The Subrecipient hereby certifies that:

a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

c. It will require that the language of paragraph (d) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly:

d. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

8. Copyright

If this Agreement results in any copyrightable material or inventions, the Grantee and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.

9. Religious Activities

The Subrecipient agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

XI. ENVIRONMENTAL CONDITIONS

A. Air and Water

The Subrecipient agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

- Clean Air Act, 42 U.S.C., 7401, *et seq*.;
- Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq*., as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder;

- Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

B. Flood Disaster Protection

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Subrecipient shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

C. Lead-Based Paint

The Subrecipient agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

D. Historic Preservation

The Subrecipient agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation

Procedures for Protection of Historic Properties, insofar as they apply to the performance of this agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

XII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

XIII. SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

XIV. WAIVER

The Grantee's failure to act with respect to a breach by the Subrecipient does not waive its right to act with respect to subsequent or similar breaches. The failure of the Grantee to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

XV. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Grantee and the Subrecipient for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the Grantee and the Subrecipient with respect to this Agreement. This Agreement may be executed in any number of counterparts, all of which shall constitute a single agreement, any one of which bearing signatures of all parties shall be deemed an original.

[*The remainder of this page has been left blank intentionally.*]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

Grantee: City of Mankato

By: ___________________________

Susan MH Arntz

Its: City Manager

State of Minnesota
ss
County of Blue Earth

On this ___ day of _______________, 2025, before me appeared, Susan MH Arntz, City Manager of the City of Mankato, Minnesota.

____
Notary Public

Subrecipient:

By: Trellis Co.

By: ________________________________

Elizabeth Flannery

Its: President

State of Minnesota
ss
County of ________

The foregoing instrument was acknowledged before me this _____ day of ______________, 2025 by Elizabeth Flannery, President of Trellis Co., a Minnesota nonprofit corporation.

____
Notary Public

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