MINUTES

Mankato Economic Development Authority
Regular Meeting
April 13, 2026 - 6:53 p.m.
IGC - Council Chambers

1. **Call Meeting to Order**

   Members Present: Dennis Dieken, Michael McLaughlin, Jenn Melby-Kelley, Jessica Hatanpa, Kevin Mettler, Mike Laven, and Chair Najwa Massad.

   Staff Present: Executive Director Susan Arntz, Community Development Director Mark Konz, Associate Director of Housing and Economic Development Nancy Bokelmann, Economic Development Coordinator Courtney Kramlinger, Construction/Facilities Services Director Jim Tatge, Facilities Manager Dustin Bornholdt, and Clerk Renae Kopischke.

2. **Approval of Agenda**

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

3. **Approval of Minutes**

   Ms. Hatanpa moved and Mr. Laven seconded a motion to approve the Economic Development Authority minutes of the Regular Meeting of January 26, 2026, as written. The motion carried unanimously.

4. **Economic Development Authority Business**

   A. Mr. Bornholdt stated that Capital Improvement Project 11203; Mankato Orness Plaza EDA RAD Conversion Improvements and appliance replacement, was advertised for public bidding beginning on March 13, 2026.

   Mr. Bornholdt explained that the project as bid included two bid packages; bid package one for replacement of common area flooring, new ceiling tile in the atrium, LVT flooring in resident units, mechanical system upgrades and fire alarm systems, bid package two for replacement of all the appliances, both refrigerators and ranges in every apartment in the complex. He mentioned that the improvements were identified through multi-site capital needs assessments performed by Dominion Due Diligence Group (D3G).

   Mr. Bornholdt indicated that two bids were submitted for bid package one, with the apparent low bidder being WEB Construction Co. with a base bid of $294,179. He noted that two bids were submitted for bid package two, with the apparent low bidder being Quality Appliance with a base bid of $141,900. Staff recommend awarding both bid packages with funding from the Housing Capital Fund.

Ms. Hatanpa moved and Mr. Dieken seconded a motion approving the Resolutions accepting bids for Capital Improvement Project 11203; Orness Plaza RAD Conversion Improvements and Orness Plaza RAD Appliance Replacement. The motion carried unanimously.

B. Mr. Bornholdt stated that Capital Improvement Project 11204; Mankato Scattered Sites EDA RAD Conversion Improvements, was advertised for public bidding beginning on March 13, 2026.

Mr. Bornholdt summarized that the project, as bid, included replacement of appliances, LVT flooring; concrete patios, driveways, sidewalks; electrical upgrades and fire alarm systems. He added that the work would take place at various sites with the locations and the scope of work being identified through performing multi-site capital needs assessments performed by Dominion Due Diligence Group (D3G).

Mr. Bornholdt reported that only one bid was submitted by Wilcon Construction Services with a base bid of $215,000. Staff recommend awarding the bid in the amount of $215,000, with funding from the Housing Capital Fund.

Mr. Laven moved and Ms. Hatanpa seconded a motion approving the Resolution accepting bids for Capital Improvement Project 11204; Mankato EDA Scattered Sites RAD Conversion Improvements. The motion carried unanimously.

C. Mr. Bornholdt stated that Capital Improvement Project 11237; Mankato Orness Plaza Rooftop Unit replacement, was advertised for public bidding beginning on March 13, 2026.

Mr. Bornholdt indicated that the work includes replacement of the existing rooftop units serving Orness Plaza (one provides conditioned fresh air for the apartments, and one provides conditioned air for the atrium). He noted that there were also two alternative bid items; Alternate 1 is to replace exhaust fans, PRV's and associated components that will work in conjunction with the new air handler bringing in fresh air for the apartments, and Alternate 2 is for a modification to the two rooftop units to include heat pump technology for both energy efficiency in the swing seasons but also to reduce the long term carbon footprint of the facility. He mentioned that the scope of work at Orness Plaza was identified through multi-site capital needs assessments completed by Dominion Due Diligence Group (D3G).

Mr. Bornholdt commented that only one bid was submitted by Skogen Mechanical with a base bid of $273,000, a bid on Alternate 1 of $122,000, a bid on Alternate 2 of $21,000, for a total bid amount of $416,000. He reported that since the bidder did not submit all the required documentation, they did not meet the requirements for bid award. Staff recommend rejecting the bid and are seeking authorization to rebid and re-advertise the project.

Mr. McLaughlin moved and Mr. Dieken seconded a motion approving the Resolution rejecting bids for Capital Improvement Project 11237; Orness Plaza HVAC Upgrades Phase 1. The motion carried unanimously.

D. Ms. Bokelmann reported that with the transfer of the Pipestone Housing Choice Voucher (HCV) Program, it has been determined that the Pipestone HRA's program was expanded to include Rock County, where no Public Housing Authority (PHA) currently administers an HCV Program. She noted that the U.S. Department of Housing and Urban Development (HUD) requires that a PHA administer the program and allows for expanded jurisdiction to address geographic gaps in program coverage.

Ms. Bokelmann explained that to implement assistance in Rock County, the Economic Development Authority (EDA) is required to establish payment standards. She stated that payment standards determine the maximum monthly subsidy a family may receive from the EDA and are based on Fair Market Rents (FMRs), which are published annually by HUD for each county, and are typically set at the 40th percentile of rents for standard-quality rental housing units within a given market area. She added that the payment standards must be established within a HUD-approved “basic range” of 90 to 110 percent of the published FMR for each unit size; thus, the recommended payment standards are set between 100 and 110 percent of FMR's.

Ms. Bokelmann indicated that the EDA is required to review the appropriateness of its payment standards annually upon publication of new FMRs, as well as at other times as needed. She summarized the factors considered when determining whether adjustments are necessary.

<u>Ms. Hatanpa moved and Ms. Melby-Kelley seconded a motion approving the Resolution adopting the payment standard schedule for the Housing Choice Voucher Program in Rock County</u>. The motion carried unanimously.

E. Ms. Bokelmann reported on the request for the Economic Development Authority to allocate Housing Trust Fund resources to support the expansion of Connections Shelter’s emergency shelter operations through the summer months of 2026. She noted that the proposed expansion will provide continuous, low-barrier overnight shelter from May 1 through September 30, addressing a critical seasonal gap in the community’s homeless response system.

Ms. Bokelmann indicated that Connections Shelter is uniquely positioned to implement this expansion immediately, leveraging an established facility, trained staff, and a proven service model grounded in housing first, harm reduction, and trauma-informed care philosophies. She commented that funding this proposal represents a strategic investment in stabilizing vulnerable residents, improving housing outcomes, and advancing the community’s goal of a sustainable year-round shelter system.

Ms. Bokelmann touched on the need as well as the projected costs for summer operations of $145,283, which is primarily driven by personnel expenses required to maintain safe and consistent operations. She stated that key costs included salary and staffing ($123,803) and non-personnel expenses ($17,400). She explained that Connections has secured $10,000 in CDBG funding to expand this summer’s services, with additional private fundraising efforts underway, including a community match to provide ongoing sustainability for year-round shelter services. The Housing Trust Fund request is for up to $135,283.

Ms. Hatanpa inquired whether the funding request would be ongoing, or if there was a plan moving forward.

Discussion centered on Connection’s Shelter, funding, and the need for options during the summer.

Andrew Pietsch, Blue Earth County, stated there was a summer shelter last year that was a partnership between Partners for Affordable Housing and Connection’s Shelter. He commented that they did not learn a lot about the need during the summer months due to the timing and the closing of one location and people not knowing another location was open; thus, they dispersed. He noted that if Connection’s Shelter was to stay open for the summer, it would help provide a baseline as to the need in the future for the summer months. He touched on the Phase I and Phase II processes that have been talked about for the past few years, which included the completion of Poplar apartments being Phase 1. He mentioned that Phase II is for the 24/7, 365 days a year, shelter which is still being discussed as staff have been collaborating with all the shelters for the last nine months to try to figure out what it looks like long term. He indicated that during the discussions with Connection's Shelter and the money being taken out of the Housing Trust Fund budget, it was made very clear that it is a temporary thing to get through this summer while the planning continues for Phase II.

Mr. McLaughlin stated that he was aware that North Mankato also uses the shelter and wondered if there had been discussions with them on funding. Ms. Bokelmann replied that there has been ongoing collaboration and that she believed that Connection's Shelter has received funding from North Mankato as well.

Mr. Laven moved and Mr. Mettler seconded a motion approving the Resolution authorizing use of the Housing Trust Fund to support Connections Shelter Summer Expansion. The motion carried unanimously.

F. Ms. Bokelmann indicated that the Economic Development Authority's (EDA) commitment has enabled Southwest Minnesota Housing Partnership (SWMHP) to leverage significant additional public and private resources, substantially increasing housing production and accelerating delivery timelines.

Ms. Bokelmann stated that with the addition of New Markets Tax Credit (NMTC) financing, SWMHP now has greater flexibility to strategically layer County and City funds, Minnesota Housing Finance Agency (MHFA) resources, and NMTC capital on a project-by-project basis. She noted that this integrated approach has strengthened the program's efficiency and impact, allowing for increased production of permanently affordable homes.

Ms. Bokelmann commented that the progress is now clearly visible in Mankato, with 21 homes projected to be delivered to income-qualified buyers in 2026. She summarized the program status and provided updates on the different phases.

Ms. Bokelmann reported that the demand for PCLT homes continues to increase through outreach efforts, partnerships, and market visibility. She explained that SWMHP continues to prioritize long-term affordability by targeting housing costs closer to 30% of household income, which often requires reducing mortgage amounts to approximately $160,000–$215,000 through layered financing. She mentioned that local lenders, including Old National Bank, U.S. Bank, and Guild Mortgage, are now actively financing PCLT homes, improving transaction efficiency and buyer access.

Ms. Bokelmann stated that the city's initial investment has been highly leveraged, with its share of subsidy decreasing significantly over time—from fully funding early write-downs to approximately 11% in current projects. The County's investments will be seen in Phase IV and V homes this year. She added that the initiative continues to attract additional funding from multiple partners, including MHFA, Greater Minnesota Housing Fund, Blue Earth County, philanthropic organizations, and NMTC financing.

Ms. Bokelmann mentioned that although SWMHP was not awarded MHFA funding for Phase V, the organization can proceed with a portion of planned development due to NMTC resources already secured; specifically, five of the originally planned 10 new construction homes can move forward, provided that local gap financing is secured. She stated that SWMHP requests approval of the following funding commitments, consistent with prior Letters of Support: City of Mankato: $125,000 ($25,000 per home); and Blue Earth County: $75,000 ($15,000 per home).

Ms. Bokelmann concluded that staff recommends approval of the Phase V contract to sustain the strong momentum of the initiative and position the project for continued success. She noted that approval at this stage is critical to maintaining construction timelines for 2026 and ensuring that progress remains on schedule and aligned with prior commitments. It will also allow the project to fully leverage existing NMTC allocations, maximizing available resources and preserving the financial structure already in place.

Mr. McLaughlin asked how many homes were to be built as part of Phase IV. Ms. Bokelmann believed that there were 10.

Brief discussion on AMI. It was noted that different funding sources limit AMI to 80%; however, if there are homes that are not using the NMTC, then 100% AMI can be looked at.

Mary Grack, SWMHP, explained that one of the major funding sources for impact funds is an affordability gap, and to access those funds, the state does not allow the AMI to go above the 80%; thus, options are being reviewed. She mentioned that the affordability gap takes it from the appraised value to what the applicant can afford, which means most would need the gap to make it affordable.

Mr. Mettler moved and Ms. Hatanpa seconded a motion approving the Resolution authorizing the Executive Director to enter into a contract with Partnership Community Land Trust for implementation services for a Community Land Trust (Phase V). The motion carried unanimously.

G. Mr. Konz stated that staff have received an increase in inquiries over the past year regarding the use of tax abatement, and currently, the city does not have a policy for usage beyond what is set by Minnesota Statute.

Mr. Konz explained that Minnesota law allows cities, counties, school districts, and towns to use property tax abatement to promote local economic development (Minn. Stat. §§ 469.1812, 469.1813, 469.1814, 469.1815). He indicated that this tool allows a jurisdiction to use property tax revenue to support development, often through an agreement with a property owner who commits to building or improving property that benefits the local economy. He noted that a jurisdiction may only abate the property taxes it imposes, not those from other taxing authorities or the state. He added that a political subdivision must provide notice of the prospective abatement and hold a public hearing, and after the hearing, an abatement resolution may be adopted that specifies the terms of the abatement.

Mr. Konz mentioned that tax abatement is more flexible and simpler to establish compared to Tax Increment Financing (TIF); thus, given the flexibility with tax abatement and increased inquiries surrounding usage, staff finds it would be helpful to have a tax abatement policy to guide usage. He noted that abatements generally have shorter durations and fewer statutory restrictions than TIF, and abatements can last no longer than 15 years, though the Statute allows some exceptions under certain criteria to allow up to 20 years. Historically, Blue Earth County has not participated in tax abatements related to site development and instead has focused abatement on major transportation improvements involving highway interchanges and arterial/collector roadways (i.e. Victory Drive). He summarized a couple instances where tax abatement was previously used in Mankato.

Ms. Kramlinger commented that staff reviewed tax abatement policies adopted by other Minnesota cities. She referred to the attached summary of cities that have their own criteria to guide usage. She noted that some cities have criteria established for the type of project and some set priorities for the type of project or improvements. She added that some cities may approve the use of tax abatement for projects that don't qualify for TIF, while other cities list specific types of projects, including providing affordable housing or housing in general, redevelopment of blighted or underutilized or contaminated sites, projects that improve the quality of life in the city, projects that would include completion of transportation and other utility infrastructure improvements in conjunction with the project. She commented that some cities also leave the policy vague to say requests will be reviewed on a case-by-case basis.

Ms. Hatanpa referred to projects that have been done over the years with TIF and felt that when doing the qualification, it seemed like most of them would fit into the policy.

Mr. Konz replied that if TIF was not an option there would need to be criteria set in place to rate them to see if they would qualify for tax abatement.

Brief discussion on the scoring of the applications, the limiting to certain use types, and the charging of fees.

Ms. Arntz indicated next steps and asked what direction the Council would like to go. Council consensus was to address the use types and the fees to provide further clarification within the policy.

5. **Adjournment**

There being no further business, Chair Massad moved and Ms. Hatanpa seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 8:00 p.m.

Prepared by:	Approved by:
Renae Kopischke City Clerk	Najwa Massad Chair