AGENDA

Economic Development Authority
Monday, May 11, 2026
(following Council Meeting at 6 p.m.)
IGC - Council Chambers

1. **Call Meeting to Order**

2. **Approval of Agenda**

3. **Approval of Minutes**

   Economic Development Authority Meeting of April 13, 2026

4. **Economic Development Authority Business**

   A. Resolution considering bids on Capital Improvement Project 11237; Mankato Orness Plaza RTU Replacement.

   B. Resolution adopting Tax Abatement Policy.

   C. Resolution authorizing the Executive Director to enter into a Housing Trust Fund Grant Agreement with the Connections Shelter for summer shelter expansion.

   D. Resolution authorizing the Executive Director to enter into an Intergovernmental Agreement with the Economic Development Authority of Blue Earth County.

   E. Resolution approving Property Management Agreement with Blue Earth County for Affordable Housing units.

   F. Resolution authorizing the Rental Assistance Demonstration (RAD) / Section 18 Conversion and Disposition to the City of Mankato.

   G. Resolution approving Housing Trust Fund Rental Assistance Demonstration (RAD) Conversion Cashflow Loan for BEC RAD Conversion.

   H. Resolution approving Memorandum of Understanding for Coordinated Entry Navigation Services.

5. **Adjournment**

Economic Development Authority

Meeting Date: 05/11/2026

Title: Minutes

Submitted By: Renae Kopischke, City Clerk

Agenda Item:

Economic Development Authority Meeting of April 13, 2026

Attachments

Minutes

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.

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. 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

AGENDA RECOMMENDATION

Economic Development Authority **4. A.**

Meeting Date: 05/11/2026

Agenda Item:

Resolution considering bids on Capital Improvement Project 11237; Mankato Orness Plaza RTU Replacement.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

Capital Improvement Project 11237; Mankato Orness Plaza RTU replacement was advertised for public bidding beginning on April 17, 2026.

The work includes replacement of the existing rooftop units (RTU), serving Orness Plaza. One provides conditioned fresh air for the apartments, and one provides conditioned air for the atrium. There are also two alternative bid items. Alternate #1 is to replace exhaust fans, PRVs and associated components that will work in conjunction with the new air handler bringing in fresh air for the apartments. Alternate #2 is for a modification to the two roof top 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. The scope of work at Orness Plaza was identified through performing multi-site capital needs assessments completed by Dominion Due Diligence Group (D3G).

One bid was submitted by a qualified contractor. The apparent low and only bidder is Skogen Mechanical with a base bid of $273,000, a bid on Alternate #1 of $122,000, a bid on Alternate #2 of $31,670 for a total bid amount of $426,670.

Staff recommend awarding the base bid and Alternate #2 in the amount of $304,670. Funding will come from the Housing Capital Fund.

Attachments

11237 Resolution

11237 Bid Tab

RESOLUTION ACCEPTING BIDS ON
IMPROVEMENT NUMBER 11237

WHEREAS, pursuant to an advertisement for bids for Improvement Number 11237, the Orness Plaza EDA RAD Conversion RTU Replacements bids were received, opened, and tabulated according to the law, and the following bids were received complying with the advertisement:

Company Name	City, State	Base Bid	Alternate 2	Total
Skogen Mechanical	Mankato, MN	$273,000	$31,670	$304,670

AND WHEREAS, it appears that Skogen Mechanical of Mankato, MN is the lowest responsible bidder;

NOW THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF MANKATO, MINNESOTA:

1. The Executive Director is hereby authorized and directed to enter into contract with Skogen Mechanical of Mankato, MN in the name of the Economic Development Authority of Mankato, MN Orness Plaza RTU replacements according to the plans and specifications therefore approved by the Authority and on file in the office of the Executive Director.

This resolution shall become effective upon its adoption.

Passed this 11th day of May 2026.

____
Najwa Massad
Board Chair

ATTEST:________________________________
Susan MH Arntz
Executive Director

MANKATO, Minnesota

Leading the way...

BID TABULATION

MANKATO EDA RAD

CONVERSION ORNESS PLAZA RTU

CITY PROJECT# - 11237

Bid Opening: **May 4th @ 10:00 AM**

Name	Addendum Acknowledged	Contractor Compliance Form (Required to be submitted w/Bid)	Non-Collusive Affidavit (Submitted within 3 days of Bid)	Bid Bond (Required to be submitted w/Bid)	HUD-5369-A (Required to be submitted w/Bid)	HUD-2530 (Submitted within 3 days of Bid)	Total Bid
Skogen Mechanical	X	X	X	X	X	X	$273,000 - BASE $122,000 - Alt 1 $31,670 - Alt 2

AGENDA RECOMMENDATION

Economic Development Authority **4. B.**

Meeting Date: 05/11/2026

Agenda Item:

Resolution adopting Tax Abatement Policy.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

On April 13, 2026, the EDA reviewed a draft tax abatement policy and application. Due to an increase in inquiries regarding the use of tax abatement, and given the flexibility associated with this financing tool, staff recommended the development of a formal policy to guide its usage.

During the meeting, the EDA discussed whether certain uses could be excluded from consideration under a tax abatement policy. Staff subsequently consulted with the City Attorney, who advised that the City may exclude specific uses; however, that there may be circumstances in which flexibility is warranted, as some projects may provide unique benefits or incentives to the City. The City is not obligated to grant a tax abatement in any instance. Approval requires a finding that the benefits of the abatement meet or exceed the associated costs and that the abatement serves a public purpose consistent with at least one of the criteria outlined in Minnesota Statutes § 469.1813.

The EDA also discussed application fees, specifically whether applicants requesting Tax Increment Financing (TIF) should be required to pay a separate application fee for tax abatement if TIF is not approved. Staff recommends that all applications requesting TIF include the applicable application fee, and all applications requesting tax abatement include the applicable application fee. Staff work closely with applicants to evaluate project eligibility for available programs and will advise applicants if a project appears ineligible prior to submission. However, if an applicant chooses to proceed with a TIF application that is ultimately deemed ineligible, the City will still incur costs associated with its TIF consultant, as well as potential additional costs related to the review of a tax abatement request. Accordingly, clarifying language regarding application fees has been added to the attached policy.

Attached is an updated draft tax abatement policy and application. The updated draft includes redline to view the changes. Changes include adding a qualification within Section V to consider requests for affordable housing and that projects shall not place an unreasonable or disproportionate burden on the City's public infrastructure or utilities.

The requested action is adoption of the attached resolution approving the tax abatement policy.

Attachments

Resolution

Draft Tax Abatement Policy and Application (redline)

RESOLUTION ADOPTING TAX ABATEMENT POLICY

WHEREAS, the Mankato Economic Development Authority (the “EDA”) is authorized under applicable state law to promote, encourage, and facilitate economic development, redevelopment, and housing within its jurisdiction; and

WHEREAS, the EDA recognizes that tax abatement is an economic development tool that can be used to encourage private investment, job creation, housing development, and the revitalization of underutilized or blighted properties; and

WHEREAS, the Authority desires to establish a formal Tax Abatement Policy (the “Policy”) to provide guidelines, criteria, and procedures for the consideration and approval of tax abatement requests; and

WHEREAS, the Policy is intended to ensure that tax abatement is used in a manner that is fiscally responsible and consistent with the EDA’s economic development goals; and

WHEREAS, the EDA has reviewed the proposed Tax Abatement Policy and finds that it is in the best interests of the EDA and the community to adopt such Policy;

NOW, THEREFORE, BE IT RESOLVED by the Mankato Economic Development Authority that the Tax Abatement Policy is hereby approved. This Resolution shall become effective upon its passage and without publication.

Adopted this 11th day of May 2026.

____
Najwa Massad, Board Chair

Attest: _______________________________
Susan MH Arntz, Executive Director

Tax Abatement
Policy & Application

Dated:

City of Mankato
Economic Development

Table of Contents

I. POLICY PURPOSE

For the purposes of this document, the term "City" shall include the City of Mankato City Council and Economic Development Authority.

The purpose of this policy is to establish the City of Mankato's position relating to the use of Tax Abatement for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting Tax Abatement assistance. The fundamental purpose of providing Tax Abatement in the City of Mankato is to encourage desirable development or redevelopment that would not otherwise occur *but-for* the assistance provided through the Tax Abatement.

The City of Mankato is granted the power to utilize Tax Abatement by Minnesota Statutes, Sections 469.1812 to 469.1815 (the "Minnesota Tax Abatement Act"), as amended. It is the intent of the City to provide the minimum amount of Tax Abatement, as well as other incentives, at the shortest term required for the project to proceed. Preference is given to projects in which the total amount of Tax Abatement request includes participation from the county. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on City services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of Tax Abatement to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

II. DIFFERENCE BETWEEN TAX ABATEMENT AND TAX INCREMENT FINANCING

The primary difference between Tax Abatement and Tax Increment Financing (TIF) is the way in which the dollars are awarded to the project. When TIF is awarded to a project by the City, the other taxing jurisdictions (the school district and the county) are required to contribute their portion of the increased taxes to the project. Conversely, when Tax Abatement is requested, each political subdivision has the option of granting its portion of the increased taxes to the project. Subsequently, the dollars generated for the project with Tax Abatement are generally less than the dollars generated with TIF.

III. OBJECTIVES OF TAX ABATEMENT

As a matter of adopted policy, the City will consider using Tax Abatement to assist private development projects to achieve one or more of the following objectives:

A. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits as defined in the City's business subsidy guidelines.

B. To enhance and diversify the City of Mankato's economic base.

C. To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.

D. To facilitate the development process and to achieve development on sites which would not be developed without Tax Abatement assistance.

E. To remove blight and/or encourage redevelopment of commercial and industrial areas in the City that result in high quality redevelopment and private reinvestment.

F. To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.

G. To create opportunities for affordable housing.

H. To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

I. To significantly increase the City of Mankato's tax base.

IV. POLICIES FOR THE USE OF TAX ABATEMENT

a. Tax Abatement assistance will generally be provided to the developer upon receipt of taxes by the City, otherwise referred to as the *pay-as-you-go* method.

b. Any developer receiving Tax Abatement assistance shall provide a minimum of ten percent (10%) owner cash equity investment in the project.

c. Tax Abatement will not be used in circumstances where land and/or property price is in excess of fair market value.

d. Developer shall be able to demonstrate a market demand for a proposed project.

e. Tax Abatement will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.

f. Tax Abatement shall not be used for projects that would place extraordinary demands on City services or for projects that would generate significant environmental impacts.

g. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: agreements, letters of credit, personal guaranties, etc.

h. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.

i. For the purpose of underwriting the proposal, the developer shall provide any requested market, financial, environmental, construction plans or other data requested by the City or its consultants.

j. Tax Abatement proposals shall not be used to support speculative office projects. Speculative projects are defined as those projects which have pre-leasing agreements or letters of intent for less than 50% of the available space.

In addition, leasable office projects must meet the following guidelines:
1. Evidence of the 50% occupancy must be reported to the Director of Community Development six months following an issued Certificate of Occupancy.
2. Of the occupants certified at the six month period, 50% of the jobs must be considered "new" jobs to the City of Mankato, meaning jobs not located in the City at any time prior to occupying space in the project.
3. Business retention jobs will be considered on a one-for-one match to job creation only in cases where job loss is specific and demonstrable in accordance with the Minnesota Business Subsidy Law. Evidence may include documentation that the company will have to close involuntarily, or the company has received an attractive offer to move to another state or community.

k. All Tax Abatement proposals shall optimize the private development potential of a site.

V. PROJECT QUALIFICATIONS

All Tax Abatement projects considered by the City of Mankato must meet ***each*** of the following requirements:

a. The project shall meet at least one of the objectives set forth in Section III of this document.

b. The use of Tax Abatement will be limited to:
- Industrial development, expansion, redevelopment, or rehabilitation; or
- Commercial redevelopment or rehabilitation; or
- Research and development facilities; or
- Affordable housing; or
- Office facilities with a minimum new construction of 25,000 square feet; or

c. The developer shall demonstrate that the project is not financially feasible *but-for* the use of Tax Abatement.

d. The City will consider the use of Tax Abatement assistance for projects that may not meet the *but-for* and job creation criteria, but rather would be considered as a "location incentive". These projects may result in other public benefits such as a significant tax base increase, the creation of higher paying jobs (at least twice the minimum hourly rate stated in the City's business subsidy guidelines), and is likely to assist in the marketing and attraction of additional desired developments.

e. The project shall comply with all provisions set forth in the Minnesota Tax Abatement Law, Minnesota Statutes 469.1812 to 469.1815, as amended.

f. The project shall be consistent with the City's Land Use Plan and Zoning Ordinances.

g. The project shall be consistent with the City's economic development policies and priorities.

h. The project shall obtain all required zoning approvals prior to consideration of a Tax Abatement request by the Economic Development Authority (EDA).

~~h.~~ The City reserves the sole and absolute discretion to deny any request for Tax Abatement if the proposed project is determined to impose an unreasonable or excessive burden upon the City's public facilities, including but not limited to municipal water systems, sanitary sewer infrastructure, stormwater management systems, or transportation networks. The City may likewise deny a request if the project would necessitate a disproportionate or inequitable expenditure of public funds for the expansion, upgrade, or extension of municipal infrastructure in order to accommodate the proposed development.

i. The project shall serve at least two of the following public purposes:
- Job creation or job retention.
- Significantly increase the tax base.
- Enhancement or diversification of the City's economic base.
- Development or redevelopment that will spur additional private investment in the area.
- Fulfillment of defined City objectives, such as those identified in the City's Strategic Plan, among others.
- Removal of blight or the rehabilitation of a high profile or priority site.

j. Tax Abatement may be considered for projects that do not qualify for Tax Increment Financing (TIF), provided the project meets the applicable objectives, policies, and financial feasibility criteria outlined in this document. The City will not provide Tax Abatement assistance to projects that also receive TIF.

VI. SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

All developers/businesses receiving Tax Abatement assistance from the City of Mankato shall be subject to the provisions and requirements set forth by the City's business subsidy guidelines as amended and Minnesota Statutes Sections 116J.993 to 116J.995 (the "Minnesota Business Subsidy Law"), if applicable.

VII. APPLICATION PROCESS FOR TAX ABATEMENT

A. CITY OF MANKATO

1. Applicant submits the completed application ~~along~~ together with ~~a~~ $4,400 application fee. Applications will not be reviewed or processed without payment of this fee. The application fee will be used toward the cost of services provided in the evaluation of financial feasibility and preparation of legal documents and agreements. Projects that demand professional services in excess of the application shall be required to reimburse the City for the additional expenses.

2. City staff reviews the application and completes the Application Review Worksheet. City staff forwards application to ~~Baker Tilly~~the City's consultant to complete but-for test analysis to evaluate financial need for Tax Abatement.

3. Results of the Worksheet and ~~Baker Tilly's~~consultant's analysis are submitted to the appropriate governing authorities (EDA) for recommendation to the City Council of approval or denial of the request.

4. If preliminary approval is granted, all necessary notices, resolutions and agreements are prepared by City staff and/or consultants.

5. Public hearing(s) on the proposed request are held.

6. The City Council grants final approval or denial of the request.

B. APPLICATIONS TO OTHER JURISDICTIONS

It is recommended that applicants intending to seek Tax Abatement from Blue Earth County and/or School District 77 make their applications to those bodies concurrent with their application to the City of Mankato. For more information on applying for Tax Abatement through Blue Earth County and/or School District 77, contact:

Blue Earth County
507-304-4150

School District 77
507-387-1868

10 Civic Center Plaza
Post Office Box 3368
Mankato, Minnesota 56002-3368

Phone: (507) 387-8600
Fax: (507) 388-7530
www.mankatomn.gov

City of Mankato
Financial Incentive Application
Tax Abatement Financing

VIII. APPLICATION FOR TAX ABATEMENT

Public Information Notice
Generally, correspondence to and from Staff is considered public information. Specific data related to a financial assistance request is deemed not public: Financial Information, Financial Statements, Net worth Calculations, Business Plans, Income and Expense projections, Balance Sheets, Customer Lists, Income Tax returns. When public financial assistance is received, only the following remains not public: Business Plans, Income and Expense projections, Customer lists, Income tax returns, design, market, and feasibility studies not paid for with public funds. The City does allow an applicant to submit sensitive financial information directly to the City's financial consultant, for additional security.

A. APPLICANT INFORMATION

Name of Business Entity's____

Address ____

Primary Contact ____

Address____

Phone_____________ Fax______________ Email______________________

Brief description of the business entity, including history, principal product or service:

____

____

____

____

Brief description of the proposed project:

____

____

____

____

Attorney Name ____
Address____
Phone _______________Fax______________Email______________________

Accountant Name____
Address____
Phone____________________Fax______________________Email____________________

Contractor Name ____
Address____
Phone____________________Fax______________________Email____________________

Engineer Name ____
Address____
Phone____________________Fax______________________Email____________________

Architect Name ____
Address____
Phone____________________Fax______________________Email____________________

B. PROJECT INFORMATION

1. The project will be:
   ____Industrial: ___New Construction ____Expansion ____Redevelopment / Rehab.
   ___Office/research facility
   ____Commercial Redevelopment/Rehabilitation
   ____Other____

2. In addition to the City of Mankato, applicant is requesting Tax Abatement from:
   _______Blue Earth County__________School District 77

3. The project will be: ___Owner Occupied ____Leased Space

4. Project Address ____
   Parcel Identification Number(s)____________________________________

5. Site Plan and Construction Plans Attached: _____Yes _____No

6. Total Amount of Tax Abatement Requested: $_________________over_____years.
   City Portion: Annual $____________Total $________
   County Portion: Annual $____________Total $________
   ISD 77 Portion: Annual $____________Total $________

7. Current Real Estate Taxes on Project Site: $__________________________
   Estimated Real Estate Taxes upon Completion: Phase I $_________________
   Phase II $_________________

8. Construction Start Date: _______________________________________
   Construction Completion Date: _______________________________________
   If Phased Project: _____________Year ______________% Completed
   _____________Year ______________% Completed

C. PUBLIC PURPOSE

It is the policy of the City of Mankato that the use of Tax Abatement should result in a benefit to the public. Please indicate how this project will serve a public purpose.

___Job Creation/Retention Number of existing jobs ________________________
Number of jobs created by project _______________
Average hourly wage of jobs created/retained _______

___New industrial development which will result in additional private investment in the area.

___Enhancement and/or diversification of the City of Mankato's economic base.

___The project contributes to the fulfillment of the City's Strategic Plan.

___Removal of blight.

___Rehabilitation of a high profile or priority site.

___Significantly increase the City's tax base.

D. SOURCES & USES

SOURCES	NAME	AMOUNT
Bank Loan	________________________	$ _________________
Other Private Funds	________________________	$ _________________
Owner Cash Equity	________________________	$ _________________
Fed Grant/Loan	________________________	$ _________________
State Grant/Loan	________________________	$ _________________
EDA Loan	________________________	$ _________________
Tax Abatement	________________________	$ _________________
ID Bonds	________________________	$ _________________
TOTAL		**$** _________________

USES	AMOUNT
Land Acquisition	$_________________
Site Development	$_________________
Construction	$_________________
Machinery & Equipment	$_________________
Architectural & Engineering Fees	$_________________
Legal Fees	$_________________
Interest During Construction	$_________________
Debt Service Reserve	$_________________
Contingencies	$_________________
TOTAL	**$** _________________

E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation:

______A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans

______B) Financial Statements for Past Two Years

    ______Profit & Loss Statement
    ______Balance Sheet

______C) Current Financial Statements

    ______Profit & Loss Statement to Date
    ______Balance Sheet to Date

______D) Two Year Financial Projections

______E) Personal Financial Statements & Current Tax Return of all Major Shareholders

______F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration

______G) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in the Project

______H) Application fee of $4,400.

______I) Construction Plans and Itemized Project Construction Statement

______J) Attach the following documentation as Exhibits

    ______Exhibit A – Corporation/Partnership Description
    ______Exhibit B – Description of Project
    ______Exhibit C – List of Shareholders/Partners
    ______Exhibit D – *But-For* Analysis
    ______Exhibit E – List of Prospective Lessees
    ______Exhibit F – Legal Description and PID Number(s)

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Mankato to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name____Date______________

IX. SAMPLE *BUT-FOR* ANALYSIS

	WITH NO TAX ABATEMENT			WITH TAX ABATEMENT		
	SOURCES AND USES			SOURCES AND USES		
	SOURCES			SOURCES		
Mortgage			9,600,000			8,667,000
Equity			2,400,000			2,400,00
Tax Abatement			0			933,000
TOTAL SOURCES			12,000,000			12,000,000
	USES			USES		
Land			1,500,000			1,500,000
Site Work			300,000			300,000
Soil Correction			468,000			468,000
Demolition			100,000			100,000
Relocation			65,000			65,000
Subtotal Land Costs			2,433,000			2,433,000
Construction			6,750,000			6,750,000
Finish Manufacturing			250,000			250,000
Subtotal Construction Costs			7,000,000			7,000,000
Soft Costs			350,000			350,000
Taxes			35,000			35,000
Finance Fees			850,000			850,000
Project Manager			542,000			542,000
Developer Fee			540,000			540,000
Contingency			250,000			250,000
Subtotal Soft Costs			2,567,000			2,567,000
TOTAL USES			12,000,000			12,000,000
	Income Statement			Income Statement		
		Sq. Ft.	Per Sq. Ft.		Sq. Ft.	Per Sq. Ft.
Rent-Space 1	100,000	$8.00	800,000	100,000	$8.00	800,000
Rent-Space 2	25,000	$8.50	212,500	25,000	$8.50	212,500
Rent-Space 3	25,000	$9.00	225,000	25,000	$9.00	225,000
Other	0	$0.00	0	0	$0.00	0
			1,237,500			1,237,500
Mortgage	20 Term		1,051,646	20 Term		949,439
	9.00% Interest			9.00% Interest		
	9,600,000 Principal			8,667,000 Principal		
Net Income			185,854			288,061
Total Return on Equity			7.74%			12.00%

X. TAX ABATEMENT APPLICATION REVIEW WORKSHEET

TO BE COMPLETED BY CITY STAFF

1. **The project meets the criteria set forth in Section V of the Tax Abatement policy**.

_______a) Meets at least one of the objectives in Section III.
_______b) Demonstrates need for Tax Abatement with the *but-for* analysis.
_______c) Consistent with all City plans and ordinances.
_______d) Serves at least two public purposes as defined in Section V(g).

2. Ratio of Private to All Public Investment in Project: **Points:______**

$_____________Private Investment	5:1	5
$_____________Public Investment	4:1	4
_____________**Ratio Private: Public Financing**	3:1	3
	2:1	2
Less than	2:1	1

3. Job Creation in the City of Mankato: **Points:______**

_______Number of new jobs as a result of the project.	25+	5
_______Number of existing/retained jobs	20+	4
_______**Total**	15+	3
	10+	2
Less than	10	1

4. Ratio of Public Investment to Job Creation: **Points:______**

$_____________Public Investment	$8,000 or less	5
_____________Number of *new* jobs created/retained	$10,000 or less	4
$_____________of Public Investment per *new* job	$12,000 or less	3
	$15,000 or less	2
	Over $15,000	1

5. Wage Level of *new* jobs created/retained **Points:______**

Minimum hourly wage	Over $21/ hour	5
of jobs created/retained: ___________	$18-21 / hour	4
	$14-17 / hour	3
	$10-13 / hour	2
	Under $10/ hour	1

6. Project size: **Points: ______**

The project will result in the construction	40,000+	5
of square feet ______________	30,000+	4
	20,000+	3
	10,000+	2
	10,000 or less	1

7. Market Value/Tax Base Generation: **Points: ______**

The project will result in a per square foot estimated market value (land and building) of__________________

Industrial	Commercial	
$80/sf+	$110/sf+	5
$70/sf+	$100/sf+	4
$60/sf+	$90/sf+	3
$50/sf+	$80/sf+	2
$40/sf+	$70/sf+	1

8. Type of Project: **Points:______**

_______100% Owner Occupied 5

_______Mix Owner Occupied & Investment 4

_______Investment Property 3

9. Use: **Points:______**

_______Industrial or Business Park Project 5

_______Commercial Rehabilitation/Redevelopment 4

10. Likelihood that the project will result in unsubsidized, spin-off development. **Points:______**

______High 5

______Moderate 3

______Low 1

Sub - Total Points: ______ of a possible 45 points.

Total Points: _______

Overall project desirability:	**Rating**	**Points**	**Max Eligibility**
	High	45-38 points	100%
	Moderate	37-29 points	75%
	Low	28-20 points	50%
	Not Eligible	19-0 points	0%

AGENDA RECOMMENDATION

Economic Development Authority **4. C.**

Meeting Date: 05/11/2026

Agenda Item:

Resolution authorizing the Executive Director to enter into a Housing Trust Fund Grant Agreement with the Connections Shelter for summer shelter expansion.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

On April 13, 2026, the EDA Board approved a Housing Trust Fund allocation of up to $135,283 to support the expansion of Connections Shelter's emergency shelter operations from May 1 through September 30, 2026. The Blue Earth County EDA also approved the Housing Trust Fund support for this shelter expansion on April 21, 2026. This action addresses the seasonal gap in shelter services and supports a continuous, low-barrier shelter model during the summer months.

This memorandum seeks formal authorization for the Executive Director to enter into a recipient agreement with Connections Shelter to implement the approved funding allocation. The program will operate a 48-bed overnight shelter daily from 5:00 PM to 8:00 AM and emphasizes low-barrier access, housing-focused case management, and coordinated service delivery.

The total project cost is $145,283, with $10,000 secured through Community Development Block Grant funding and the remaining amount funded through the Housing Trust Fund, not to exceed $135,283.

Staff recommends that the EDA Board authorize the Executive Director to execute the recipient agreement on behalf of the Housing Trust Fund with Connections Shelter for summer shelter expansion.

Attachments

Resolution

Recipient Agreement

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER A HOUSING TRUST FUND GRANT AGREEMENT WITH CONNECTIONS SHELTER FOR SUMMER EXPANSION

WHEREAS, the Mankato Economic Development Authority (EDA) is committed to supporting housing stability and addressing homelessness through strategic investment of Housing Trust Fund resources; and

WHEREAS, the Mankato area currently experiences a critical gap in emergency shelter services during the summer months, contributing to increased unsheltered homelessness, encampments, and reliance on emergency services; and

WHEREAS, Connections Shelter has demonstrated the organizational capacity, experience, and infrastructure necessary to provide effective, low-barrier emergency shelter services grounded in Housing First, harm reduction, and trauma-informed care; and

WHEREAS, Connections Shelter proposes to expand its operations to provide continuous overnight shelter services from May 1 through September 30, 2026, including case management and coordinated entry participation to support housing stability; and

WHEREAS, the total cost of the summer expansion is $145,283, with $10,000 secured from Community Development Block Grant (CDBG) funding and the remaining $135,283 secured from the Housing Trust Fund on April 13, 2026; and

WHEREAS, the proposed funding aligns with community priorities related to housing stability, public health, and equitable access to services;

NOW, THEREFORE, BE IT RESOLVED the EDA authorizes the Executive Director to execute the Housing Trust Fund grant agreement, including standard terms, conditions, and reporting requirements, with the Connections Shelter for the summer shelter expansion.

Adopted on this 11th day of May 2026.

____
Najwa Massad, Board Chair

ATTEST:

____
Susan MH Arntz, Executive Director

AFFORDABLE HOUSING TRUST FUND
RECIPIENT AGREEMENT
Between
Economic Development Authority of Mankato (“Grantor”)
and
Connections Shelter (“Recipient”)
For
Expanded Summer Emergency Shelter Services (2026)

THIS AGREEMENT

This Agreement is entered into this 12th day of May 2026, by and between the Economic Development Authority of Mankato (“Grantor”) and Connections Shelter, a Minnesota nonprofit organization (“Recipient”).

The Grantor has allocated Affordable Housing Trust Fund resources to expand emergency shelter services in the Mankato area during periods of limited availability. The Recipient has demonstrated the capacity to deliver these services in alignment with community needs and established best practices.

Accordingly, the parties agree as follows:

I. SCOPE OF SERVICES

A. <u>Activities</u>

The Recipient shall plan, implement, and operate expanded emergency shelter services from May 1, 2026, through September 30, 2026, as described within this agreement and their proposal attached as Exhibit A. These services are intended to address a critical seasonal gap in shelter availability and support the community’s broader goal of transitioning to a year-round emergency shelter system.

Services shall include operation of a low-barrier emergency shelter providing safe, supervised overnight accommodations, intake and screening, light meals or snacks, hygiene access, and basic supplies. The Recipient shall maintain a safe, adequately staffed environment and be responsive to participant’s needs, including the ability to respond to crises and coordinate with emergency services when necessary.

The Recipient shall also provide on-site case management to connect participants to permanent housing, healthcare, behavioral health services, and other supports. Participation in Coordinated Entry, case conferencing, and outreach efforts to ensure participants are connected to appropriate housing opportunities and services.

Priority shall be given to adults experiencing homelessness, including unsheltered individuals, residing in encampments, and those displaced due to lack of shelter options.

B. Service Model Requirements

The Recipient shall deliver all services in accordance with evidence-based best practices. The program should operate under a Housing First framework, ensuring that individuals are not required to meet preconditions such as sobriety or treatment participation to access shelter. The Recipient shall incorporate harm reduction strategies that prioritize safety and well-being while maintaining a non-punitive approach to substance use and other high-risk behaviors.

All services should be trauma-informed, recognizing the impact of trauma and promoting safety, trust, and empowerment. The Recipient shall utilize person-centered and strengths-based approaches that honor individual choice and support long-term stability. Services must also be culturally responsive, ensuring equitable access and inclusivity for diverse populations, including BIPOC communities, LGBTQ+ individuals, and persons with disabilities.

The Recipient shall utilize data-driven practices, including consistent use of the Homeless Management Information System (HMIS), to monitor outcomes and inform continuous improvement.

C. Site and Operations

The Recipient shall operate the shelter in its current location within the City of Mankato that is suitable for emergency shelter services. The facility must provide safe and climate-appropriate sleeping accommodation and be accessible to individuals with disabilities.

The Recipient shall establish and implement clear operational procedures, including defined hours of operation, check-in and check-out processes, and guest conduct policies. The shelter should maintain adequate staffing levels to ensure safety and quality of services, with a client-to-staff ratio acceptable to the Grantor.

The Recipient shall implement safety and security protocols, including on-site supervision, emergency response procedures, and coordination with local emergency responders. The program shall also include a grievance process to ensure that participant concerns are addressed in a fair and respectful manner.

D. Staffing and Training

The Recipient shall employ qualified staff to operate the shelter and deliver services. Staff shall receive ongoing training to ensure high-quality service delivery and compliance with best practices. Required training areas include trauma-informed care, de-escalation and crisis intervention, harm reduction strategies, Housing First principles, HMIS data compliance, cultural competency, and emergency response procedures such as CPR, First Aid, and naloxone administration.

The Recipient shall maintain appropriate supervision and support for staff and ensure that personnel are equipped to effectively serve individuals with complex needs.

E. Collaboration and Partnerships

The Recipient shall actively collaborate with local service providers, healthcare agencies, and other community stakeholders to ensure comprehensive support for shelter participants. This includes participation in Coordinated Entry, local case conferencing, and street outreach efforts.

The Recipient shall foster partnerships that enhance access to housing resources and promote successful transitions to permanent housing. The Recipient shall also engage with community members, including individuals with lived experience, to inform program development and implementation.

Client confidentiality must be maintained. Participation in the River Valleys CoC Release of Information (ROI) is required to support coordinated service delivery.

F. Data Management and Reporting

The Recipient shall maintain accurate, timely, and complete records of all program activities, client engagement, and outcomes. All data shall be entered into the Homeless Management Information System (HMIS) in compliance with applicable standards and privacy requirements.

The Recipient shall submit monthly reports to the Grantor that include, at a minimum, shelter utilization, participant demographics, services provided, and housing outcomes. These reports should support performance monitoring, accountability, and continuous quality improvement.

Monthly required reporting shall include the HMIS 001 – Core Demographics and Outcomes Report, which provides client demographic characteristics, subpopulation data, exit destinations, and income sources. The Recipient shall also submit the HMIS Data Integrity Report to validate the accuracy and completeness of reported data.

The Recipient shall track and report referrals and coordination with local providers and resources. Narrative or manual records of referrals and service connections shall be consistent with HMIS data, including documented outcomes at program exit.

The Recipient shall collect and report county of residence data for all participants at the point of application and prior to program entry, as captured through the waitlist or intake process. This data shall be included in monthly reporting and must be sufficient to demonstrate local need for services.

G. Performance Measures

The Recipient shall ensure continuous shelter operations throughout the contract period, to provide year-round service, and demonstrate the capacity to effectively serve the target population. The Recipient shall maintain appropriate staffing ratios as outlined in the attached proposal (Exhibit A), actively participate in coordinated housing systems, and demonstrate measurable progress in connecting participants to housing and supportive services.

Failure to meet performance expectations may result in corrective action, contract modification, or termination.

II. TERM

The term of this Agreement shall begin on May 1, 2026, and shall conclude on September 30, 2026. The Agreement may be extended upon mutual written agreement of both parties, subject to funding availability and satisfactory performance.

III. BUDGET

The Recipient shall adhere to an approved line-item budget, attached as Exhibit B, that includes all program-related revenues and expenses, such as personnel, facility costs, supplies, food, and operating costs. All expenditure must be reasonable, necessary, and directly related to program operations.

The total amount of funding provided under this Agreement shall not exceed $135,283.00. Any modifications to the approved budget must be authorized in writing by the Grantor.

IV. PAYMENT

The Grantee will pay to the Recipient funds available under this Agreement based upon information submitted by the Recipient and consistent with any approved budget and Grantee policy concerning payments. Payments will be made for eligible expenses actually incurred by the Recipient, 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 Recipient 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 Recipient. Payments shall be made on a reimbursement basis for eligible expenses incurred by the Recipient. The total amount to be paid by the Grantor under this Agreement shall not exceed One Hundred Thirty-Five Thousand, Two Hundred Eighty-Three Dollars ($135,283.00). Drawdowns for the payment of eligible expenses shall be made against the line-item budgets specified in Paragraph III herein and in accordance with performance.

Payments may be contingent upon certification of the Subrecipient’s financial management system in accordance with the standards specified in Uniform Administrative requirements, cost principles and audit requirements, 2 CFR Part 200 the uniform guidance of the award.

The Recipient shall submit invoices and supporting documentation as required by the Grantor. Staff time provided will be broken down to show specific hours provided for service at shelter.

V. PERFORMANCE MONITORING

The Grantor may monitor performance through reports, HMIS data, and site visits. The Recipient shall cooperate with all monitoring activities. Corrective action may be required for failure to meet expectations.

VI. OTHER GENERAL CONDITIONS

A. General Compliance

The Recipient shall perform all activities funded by this award in accordance with: (i) the award, including any amendments thereto; (ii) the award data attached hereto as Exhibit A. including any amendments thereto; (iii) the approved services within this Agreement, including any amendments thereto. In addition, Recipient shall cooperate fully with the Grantor in its efforts to comply with the requirements of the award, including any amendments thereto.

The Recipient shall perform all activities funded by this award in accordance with all applicable State and local laws, including without limitation laws which regulate the use of the award funds. The term "state and local laws" as used in this Agreement shall mean all applicable statutes, rules, regulations, executive orders, directives, or other laws, including all laws as presently in effect and as may be amended or otherwise altered during the agreement term, as well as all such laws which may be enacted or otherwise become effective during the Agreement term. The term "State and local law" shall include, without limitation:

(1) Grants Administration Regulations. MN Department of Treasury regulations.
(2) Administrative Requirements: Cost Principles; Audit Requirements. Recipient shall comply with the Uniform Administrative Requirements, Cost Principles, and audit requirements, 2 CFR Part 200.
(3) Covenant Against Contingent Fees. Recipient represents and warrants that no person or entity has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. In the event of a breach or violation of this representation and warranty, the Grantor shall have the right to annul this Agreement without liability or, in its discretion, to offset against amounts it owes Recipient under this Agreement or otherwise recover from Recipient the full amount of such commission, percentage, brokerage, or contingent fee, and to seek any other legal remedies available to its because of such breach.
(4) Suspension and Debarment. Recipient represents that neither it nor any of its principals has been debarred, suspended or determined ineligible to participate in federal assistance awards or contracts as defined in regulations implementing Office of Management and Budget Guidelines on Governmentwide Debarment and Suspension (No procurement) in Executive Order 12549. Recipient further agrees that it will notify Grantor immediately if it or any of its principals is placed on the list of parties excluded from federal procurement or no procurement programs available at www.sam.gov.

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 Recipient shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The Grantor 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 Recipient shall hold harmless, defend and indemnify the Grantor from 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 Recipient shall provide Workers' Compensation Insurance coverage for all its employees involved in the performance of this Agreement.

E. Insurance and Bonding

a. Bonding: The Recipient will be required to always maintain, during the term of the Contract, a fidelity bond or insurance coverage for employee dishonesty with a minimum amount of $100,000.00 covering the activity of each person authorized to receive or distribute monies under the term of this Contract. A copy of the Recipient' s bond or insurance certificate shall be delivered to the Grantor at the beginning of this Contract term and on an annual basis thereafter.

b. Indemnity: The Recipient agrees that it will always defend, indemnify, and hold harmless, the Grantor against all liability, loss, damages, costs and expenses which the Grantor, may hereafter sustain, incur, or be required to pay:

(1) By reason of any applicant or eligible person suffering bodily or personal injury, death, or property loss or damage either while participating in or receiving the care and services to be furnished under this contract, or while on premises owned, leased, or operated by the Recipient, or while being transported to or from said premises in any vehicle owned, operated, leased, chartered, or otherwise contracted for by the Recipient or any officer, agent, or employee thereof; or

(2) By reason of any applicant or eligible person causing injury to, or damage to, the property of another person, during any time when the Recipient or any officer, agent, or employee thereof has undertaken or is furnishing the care and services called for under this Contract; or

(3) By reason of any negligent act or omission or intentional act of the Recipient, its agents, officers, or employees which causes bodily injury, death, personal injury, property loss, or damage to another during the performance of Purchased Services under this contract.

c. Insurance: The Recipient further agrees, to protect itself as well as the Grantor under the indemnity contract provision set forth above, its officers, agents, employees, and servants as additional insureds, but only as the operations under this contract. It will always during the term of the Contract, and beyond such term when so required, have and keep in force a general liability insurance policy. Any insurance required to be provided by the Recipient shall be primary, and not excess, to any other coverage carried by the Grantor. The selected insurance company of the Recipient must be acceptable to the Grantor. The Recipient is responsible for any deductible or self-insured retention contained within the insurance program.

(l) The Recipient will purchase occurrence-based liability insurance. The policy shall include coverage for all applicable liabilities arising out of premises, operations, independent Subrecipients, products, completed operations, personal and advertising injury, and liability assumed under a contract. An umbrella liability policy may be used in conjunction with the primary coverage limits to meet the minimum limit requirements for each coverage. The Grantor shall be listed as an additional insured.

(2) The applicable liability insurance coverage will meet the limits as shown below or be equal to the tort liability limits under Minnesota Statues, M.S. 466.04 whichever is greater:

a) Commercial General Liability Coverage
   - $3,000,000.00 for general aggregate coverage
   - $3,000,000.00 for products and completed operations aggregate
   - $1,500,000.00 for each occurrence
   - $1,500,000.00 for personal injury and advertising injury
   - $100,000.00 for fire damage limit
   - $5,000.00 for medical expenses

b) Auto liability coverage of $1,500,000.00 per occurrence. Auto coverage should include any auto, including hired and non-owned.

c) Worker's Compensation and employer's liability coverage: Worker's Compensation limits are to be statutory per applicable state and federal laws. Minimum employer's liability coverage: Bodily injury by accident: $500,000.00 each accident
   - Bodily injury by disease: $500,000.00 each employee
   - Bodily injury by disease: $500,000.00 policy limit

(3) The Grantor must all be listed as additional insured, and the Grantor shall be sent a current, appropriately signed certificate of insurance on an annual basis. The certificate should identify the Grantor as an additional insured for relevant coverages, except Worker's Compensation. The certificate must show that the Grantor will receive sixty (60) calendar days prior written notice in the event of cancelation, nonrenewal, or material change in the described policy.

(4) If the Recipient is unable to obtain the required insurance coverage, or if the coverage is cancelled during the term of this Agreement, the Recipient must notify the Grantor contract manager (or the contract manager's designee) by telephone or e-mail the same business day as the Recipient receives notice of cancellation or inability to obtain coverage. The Recipient shall also provide written notice to the Grantor contract manager within five (5) business days. The Recipient shall make immediate good faith efforts to obtain or replace the coverage in the open market. If such efforts are unsuccessful, the Recipient shall apply to the Minnesota Joint Underwriting Association for Insurance coverage. Failure to maintain required insurance coverage shall be considered an event of default pursuant to this Agreement.

F. <u>Amendments</u>

The Grantee or Recipient 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 representee 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 Recipient 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 Recipient.

G. Suspension or Termination

The Grantee may suspend or terminate this Agreement if the Recipient materially fails to comply with any terms of this Agreement, which include (but are not limited to) the following:

a. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and guidelines, policies or directives as may become applicable at any time;
b. Failure, for any reason, of the Recipient to fulfill in a timely and proper manner its obligations under this Agreement;
c. Ineffective or improper use of funds provided under this Agreement; or
d. Submission by the Recipient to the Grantee reports that are incorrect or incomplete in any material respect.

Prior to the initial distribution of Funds, this Agreement may also be terminated for convenience by either the Grantee or the Recipient, 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.

VII. ADMINISTRATIVE REQUIREMENTS

A. Financial Management

a. 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.

b. Cost Principles
If applicable, the Subrecipient shall administer its program in conformance with 0MB 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. Documents and Record Keeping

a. Records to be Maintained

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 should include but not be limited to:

1. Records providing a full description of each activity undertaken;
2. Records required to determine the eligibility of activities
3. Financial Records
4. Other records necessary to document compliance.

b. Retention
The Recipient 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 last day of service period. 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.

c. Client Data
The Recipient 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 should be made available to Grantee monitors or their designees for review upon request.

d. Disclosure
The Recipient 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 Recipient'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.

e. Close-outs
The Recipient'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 Recipient has control over Funds, including program income.

f. Audits & Inspections

All Recipient 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 Recipient within 30 days after receipt by the Recipient. Failure of the Recipient to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Recipient hereby agrees to have an annual agency audit conducted in accordance with current Grantee policy concerning Recipient audits and 0MB Circular A-133.

VIII. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties and supersedes all prior understandings.

IX. NOTICES

Notices required by this Agreement shall be in writing and delivered via email or mail (postage prepaid), or personal delivery. 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 contract shall be directed at the following contract representatives:

Grantor	Recipient
Nancy Bokelmann	Jenn Echevaria
Address: PO Box 3368	Address: 800 Front Street
Mankato, MN 56002-3368	Mankato, MN 56001
Phone: (507) 387-8623	Phone: 507-720-6907
Email: nbokelmann@mankatomn.gov	Email: jenn@connectionsshelter.org

X. DATA PRACTICES

The Recipient shall comply with the Minnesota Government Data Practices Act and maintain appropriate data security.

XI. SIGNATURES

The parties have caused this agreement to be executed as of the Effective Date.

Grantor: Economic Development Authority of Mankato

Signature: ___________________________________

Susan MH Arntz, Executive Director

Date: __05-11-26________________

Recipient: Connections Shelter

Signature: ____
Jenn Echevaria, Executive Director

Date: __05-12-26________________

Exhibit A

Proposal

Expanded Summer Emergency Shelter Services

Proposal from Connections Shelter

Executive Summary

Connections Shelter proposes to expand its existing emergency shelter operations to provide continuous, low-barrier overnight shelter from May 1 through September 30, 2026. This expansion directly addresses the critical gap in summer shelter services and aligns with community goals to reduce unsheltered homelessness and increase access to safe, stable shelter year-round.

Connections will operate a 48-bed overnight shelter from 5:00 PM to 8:00 AM, with a flexible check-in window designed to reflect seasonal needs. While the shelter will open at 5:00 PM to ensure early access for families and individuals with limited alternatives after daytime services close, check-in will remain available later into the evening.

This approach is informed by lessons learned during a five-week pilot partnership with Partners for Housing in summer 2025, which demonstrated increased guest engagement when intake times were better aligned with extended daylight hours. By offering both early access and extended flexibility, Connections is able to meet the diverse needs of shelter guests while reducing barriers to entry.

Grounded in Housing First, harm reduction, and trauma-informed care principles, Connections provides access to shelter without barriers, alongside housing-focused case management and Coordinated Entry participation. With an established facility, experienced staff, and strong community partnerships, Connections is uniquely positioned to implement this expansion immediately and effectively.

This proposal represents a scalable, proven approach that advances the community's goal of transitioning toward a sustainable, year-round shelter model.

1. Organizational Overview

Organizational Capacity & Experience

Connections Shelter has a demonstrated track record of providing emergency shelter and supportive services to individuals experiencing homelessness in the Mankato area. Over the past nine years, Connections has grown from a volunteer-run, 25-bed rotating shelter during the coldest months of the year, to a fully autonomous organization with 48 beds, paid and trained staff, and a permanent location, which operates from October to May. The organization has developed robust operational systems to ensure safety, consistency, and effective service delivery.

Connections has a permanent rental location inside First Presbyterian Church, located at 220 E Hickory Street, where we have operated for 5 years. This location is ready and able to operate continuously for 12 months with no gap in services from our regular service model of October to May. Plans are already in place for any needed repairs to happen during the day, to prevent any overnight closures. Staff is already trained and operating effectively.

Connections Shelter provides:

- Overnight emergency shelter
- Housing-focused case management
- Coordinated Entry participation
- Connections to healthcare, income supports, and community resources

The organization utilizes HMIS (Homeless Management Information System) for data tracking and reporting and maintains established policies and procedures aligned with best practices in shelter operations, as specified in the MN Task Force on Shelter.

In summer 2025, Connections participated in a five-week pilot project with Partners for Housing to provide shelter services during the off-season. This experience provided valuable operational insights, particularly regarding guest engagement and scheduling, that directly inform this proposal.

Community Need

The Mankato area continues to face a significant gap in year-round shelter access, particularly during the summer months when traditional seasonal shelter operations cease. This gap contributes to increased unsheltered homelessness, encampments, and reliance on emergency services.

Individuals experiencing homelessness during the summer face heightened vulnerability, including exposure to extreme weather, lack of access to hygiene facilities, and limited connection to supportive services.

Connections Shelter routinely operates at or near capacity during its regular season, and community need consistently exceeds available resources. The absence of summer shelter options disrupts continuity of care and undermines progress toward housing stability.

Expanding shelter operations through the summer months is a critical step toward building a more responsive, equitable, and effective homeless response system.

2. Service Delivery

Service Model

Connections Shelter operates under a framework grounded in evidence-based best practices:

- **Housing First**

Connections provides immediate access to shelter without preconditions such as sobriety, identification, or criminal background. The primary goal is to stabilize individuals and connect them to resources to address their specific barriers and help them access permanent housing as quickly as possible. We operate from the philosophy that an individual cannot address questions of stability or addiction if they do not have a safe place to sleep.

- **Harm Reduction**

Staff utilize harm reduction strategies to support individuals who may be actively using substances or engaging in high-risk behaviors. The focus is on safety, dignity, and reducing negative outcomes rather than punitive responses. We do this by allowing entry to shelter even if an individual is actively under the influence, as long as they are able to care for themselves and do not demonstrate a danger to themselves or others. We do not allow use of alcohol or substances in shelter. If an individual presents in a condition that will not allow them safe entry to shelter, other resources are contacted if necessary, such as Public Safety for transfer to a detox facility, the Crisis Center, or EMS.

- **Trauma-Informed Care**

All services are delivered through a trauma-informed lens, recognizing the prevalence of trauma among individuals experiencing homelessness. Staff prioritize emotional and physical safety, trust-building, and empowerment. Staff receive regular and ongoing training on trauma-informed care from licensed professionals. All policies and procedures are written from a trauma-informed perspective and are periodically reviewed to maintain up-to-date information

- **Person-Centered & Culturally Responsive Services**

Connections is committed to providing services that are respectful, inclusive, and responsive to the diverse backgrounds and needs of shelter guests. We allow individuals to self-identify their gender and place them in whatever gendered room is most comfortable to them. We also have a flex/non-gendered room that is available for individuals who express gender fluidity and may not be comfortable in either a men's or women's room. The flex room was developed in response to an actual guest's need for a more inclusive and adaptable space within the shelter. It provides a private option that supports guests whose gender identity or presentation may not align with traditional room assignments, ensuring all individuals are treated with dignity while maintaining a comfortable environment for all guests. We do our best to accommodate all individuals to the best of our ability. This flex room can also be used for emergency one-night stays who present to shelter without an assigned bed.

Connections Shelter staff have been specially trained in psychological first aid and trauma-informed practices, specifically as it applies to BIPOC, LGBTQIA+ and other historically marginalized groups, because we know that these groups tend to be over-represented in the unhoused population. Our staff is very diverse, with representation from the LGBTQIA+, BIPOC, and immigrant communities, allowing our guests to feel seen and represented in the staff. If language barriers are an issue, we have accessed translation services when needed and do not let that become a barrier to access.

Additionally, we always have food available for individuals with religious restrictions or allergies, or anyone who may have special dietary needs.

- **Case Management & Coordinated Entry**

Each guest is assigned a Systems Navigator upon entry to shelter. These navigators work with guests one on one to address the individual barriers they are facing and to create a housing-focused plan to help move them toward stability. We provide Coordinated Entry Assessments as part of the navigation plan, with the goal of securing permanent housing and stabilizing income and health supports. Navigators provide referrals as needed to several partner organizations including, but not limited to, Open Door Health Center, Southern Minnesota Regional Legal Services, Adult Mental Health, Partners for Housing and The Salvation Army. These navigators spend multiple evenings each week at shelter to connect with guests in a place they feel safe and provide the necessary case management services. Guests also have the option to connect with navigators during the day at our offices, but it is not required.

Navigators participate in weekly case conferencing with other local and regional providers, as well as street outreach efforts at outside organizations such as Holy Grounds and The Salvation Army.

Investments in enhanced systems navigation services have led to a substantial improvement in housing outcomes, with exits to stable housing increasing from 23 to 70 over the course of a single shelter season. Sustaining shelter operations year-round will build on this success by eliminating seasonal disruptions that often stall or reverse progress toward housing stability.

Scope of Services and Operations Plan

Connections Shelter will continue to operate our 48-bed overnight shelter from May 1st, to September 30th, 2026, with operations continuing as normal after the contract end-date. Connections has 23 men's beds, 12 women's beds, 4 flex beds, and 9 family beds in 2 family rooms. If we do not have families in shelter, those 9 beds can be re-purposed for additional men or women as needed.

Hours of Operation

- Shelter hours: 5:00 PM – 8:00 AM daily with extended check-in times

This schedule reflects lessons learned from a 2025 summer pilot, during which earlier intake times resulted in lower engagement due to extended daylight hours. An option for a later opening time better aligns with guest needs and increases accessibility.

Services Provided

- Low-barrier shelter access
- Intake and basic needs assessment
- Light meals and snacks in a "grab-and-go" model
- Hygiene supplies and access to restroom facilities and showers
- Safe, supervised sleeping environment with trained, awake overnight staff
- Connection to case management and housing resources

In order to adapt to seasonal needs while maintaining core services, we will not be offering a single hot meal at a fixed time, rather, Connections will provide individually packaged refrigerated and frozen meals available throughout the evening and night, allowing guests to access food when it best meets their schedules and needs. These meals will be provided mainly through a partnership with South Central MN Food Recovery, the Mankato

Moondogs, and other community donations. We also provide a variety of snacks and grab-and-go breakfast items, ensuring that food is always readily available.

Site and Facility

Connections will operate the summer shelter program within its existing shelter facility located at 220 East Hickory Street in Mankato. The site is fully equipped to support overnight shelter operations, including designated sleeping areas, restrooms, showers, and common spaces.

Because the facility is already in use during the regular shelter season, minimal modifications are required to implement the summer expansion. This allows for rapid deployment and cost-effective operation.

Staffing Plan

Connections will continue to implement our current staffing model to support overnight operations:

- Evening Shift (3 staff) 4pm to Midnight: Evening preparation, Intake, guest support, and evening supervision. Navigators are also on site in the evenings providing case management.
- Overnight Shift (2 staff, awake) 11:45pm to 8:15am: Continuous monitoring, safety, and crisis response
- Morning Shift (3 staff) one additional staff from 6am to 10am: Wake-up procedures, guest transitions and cleaning.
- Our staffing policies dictate that there are always at least two staff members at any given time when guests are in the building.

All staff receive training in:

- Trauma-informed care
- De-escalation and crisis response
- Harm reduction strategies
- CPR/First Aid/Narcan
- Shelter policies and procedures
- HMIS data entry and compliance – *this training is for navigators and shelter management, who are entering the data*

All staff receive this training prior to the start of shelter season, with periodic monthly refresher courses. If any additional staff need to be hired for the summer season, training will be offered again.

This staffing model ensures adequate coverage, safety, and service quality while maintaining operational efficiency. Connections has an excellent safety track record and has never had serious injury occur.

3. Collaboration and Partnerships

Connections Shelter maintains strong partnerships with local service providers, including healthcare organizations, outreach teams, and other local homeless response agencies.

Through an ongoing partnership with Open Door Health Clinic and Mayo Clinic Health Systems Residency Program, we host a bi-weekly Shelter Clinic on site, which is open to all shelter guests. In response to this effort to operate year-round, Open Door and Mayo Clinic are both open to continuing Shelter Clinic all summer.

We maintain strong communication with both Partners for Housing and The Salvation Army Mankato in order to collaborate on wrap-around services for our guests. During periods of inclement weather, we have coordinated with The Salvation Army to extend our shelter hours in the morning to prevent a gap in services, as well as with other local organizations such as My Place and LEEP to provide transportation for our guests to the Salvation Army Day Shelter. We also encourage use of the Salvation Army Day Shelter for services like laundry, showers and the noon meal program. We work closely with advocates at Partners for Housing in instances when their non-congregate shelter model would be a better fit for individuals with higher/different needs, particularly families.

As previously mentioned, we utilize South Central MN Food Recovery for meals for our guests, as well as Mankato Moondogs, who generously donate their leftover food after each game.

Through Coordinated Entry participation and ongoing collaboration with the City of Mankato, Blue Earth County and the regional Continuum of Care (CoC), Connections ensures that shelter guests are connected to broader systems of care, including:

- Permanent supportive housing programs

- Mental health and substance use services
- Employment and income supports

These partnerships enhance the effectiveness of shelter services and support long-term housing stability.

4. Racial Equity and Social Justice

Please see above section for **Person-Centered & Culturally Responsive Services.** In addition to these efforts, we do our best to make accommodations for individuals with mobility limitations. We have an elevator available for guest use, our bathrooms are ADA compliant, and we will place guests in beds nearest to the door for ease of access if necessary.

Connections prioritizes accessibility in both its facility and service delivery. Our team includes staff with lived experience navigating mobility limitations, whose insight helps inform and strengthen accommodations for guests with similar needs.

5. Data Management and Fiscal Systems

At intake, Connections collects all required HMIS data elements, including participant demographics, prior living situation, income and benefits, disability status, and housing needs. This information supports Coordinated Entry, service planning, and system-wide data tracking.

Data is entered into HMIS within 72 hours of collection, with a standard practice of entering information within 24 hours to ensure timeliness and accuracy. Throughout a participant’s stay, staff document services provided, case management interactions, and exits to housing or other destinations. In addition, detailed case notes are maintained in SharePoint on a secure server, ensuring appropriate documentation and confidentiality. This consistent data collection and entry process allows Connections to monitor outcomes, ensure compliance, and contribute to community-wide efforts to address homelessness.

Connections utilizes Jitasa, a nonprofit-focused CPA firm, to manage its financial systems and ensure accurate and compliant accounting practices. A dedicated accountant oversees bookkeeping, reporting, and financial management functions.

The organization adheres to Generally Accepted Accounting Principles (GAAP) through structured internal controls, including segregation of financial responsibilities, timely reconciliations, and routine financial reporting to leadership and the Board of Directors. These practices support transparency, accountability, and strong stewardship of all funding sources. This framework ensures that awarded funds are properly tracked, reported, and used in alignment with all applicable requirements.

Connections has a proven track record of managing state funding, having received support from the State of Minnesota for the past three years. The organization has successfully completed three annual monitoring visits and reviews, consistently demonstrating compliance with programmatic and financial requirements. This experience highlights Connections' capacity to manage large, reimbursable government grants with accuracy, transparency, and accountability, including timely reimbursement requests and detailed financial reporting.

6. Budget Narrative

Connections Shelter's Summer 2026 budget reflects the full cost of operating a 48-bed overnight shelter from June through September, with total projected expenses of $164,823. The budget is designed to ensure safe, consistent shelter operations while maintaining a focus on accessibility, efficiency, and housing outcomes. The attached budget includes the following categories:

Personnel Expenses ($127,963)
Personnel costs represent the largest portion of the budget, reflecting the staffing required to safely operate an overnight shelter and provide consistent, high-quality services.

- **Shelter Staff ($50,378):** Frontline staff provide direct supervision, guest support, intake, and day-to-day operations during evening, overnight, and morning shifts.
- **Shelter Leads ($17,480):** Lead staff provide on-site supervision, support staff decision-making, and ensure adherence to policies and safety protocols.
- **Shelter Manager and Assistant Manager ($27,824):** Leadership staff oversee program operations, staffing coordination, compliance, and overall program quality.
- **Shelter Logistics and Onsite Systems Navigation ($15,642):** These roles support shelter logistics while also providing critical systems navigation services, connecting guests to housing resources, coordinated entry, and community services.
- **Administrative Allocation ($4,080):** This 10% allocation supports organizational oversight, financial management, and compliance.

Additional personnel-related expenses ensure compliance and staff support:

- **Employee Benefits ($1,760)**
- **Payroll Taxes ($6,000)**
- **Payroll Service Fees ($800)**
- **Workers Compensation ($4,000)**

This staffing structure ensures adequate coverage across all shifts, supports safety and accountability, and allows for ongoing engagement with guests to promote housing stability.

Non-Personnel Expenses ($17,400)

Non-personnel costs support the daily needs of shelter operations and ensure guests have access to basic necessities.

- **Supplies ($3,200):** Includes hygiene items, cleaning supplies, and basic operational materials.
- **Food and Refreshment ($10,000):** Supports the provision of meals and snacks for shelter guests, using a flexible, on-demand model to increase accessibility.
- **Telephone and Internet ($1,000):** Ensures communication capacity for staff and access to systems such as HMIS.
- **Technology ($1,500):** Includes seasonal equipment such as a water cooler to support guest health and comfort during warmer months.
- **Printing, Postage, and Subscriptions ($1,700 combined):** Supports program communication, documentation, and safety systems (e.g., monitoring and security tools).

These expenses ensure that the shelter environment is functional, responsive, and able to meet the day-to-day needs of guests and staff.

Facility Expenses ($14,560)

Facility costs reflect the use and maintenance of an existing shelter space.

- **Shelter Rent ($12,880):** Covers the cost of maintaining a dedicated, stable location for shelter operations.
- **Utilities ($880):** Supports electricity, water, and other essential services.
- **Repairs and Maintenance ($800):** Ensures the facility remains safe, clean, and operational throughout the program period.

Because Connections utilizes an established shelter site, facility costs remain relatively low while still providing a safe and appropriate environment.

Other Program-Specific Expenses ($1,000)

These targeted expenses directly support guest access and program integrity:

- **Background Checks ($200):** Ensures staff and volunteers meet safety requirements.

- **Guest Transportation Assistance ($800):** Provides limited support for transportation to housing appointments, employment, or other critical services.

Other Expenses ($3,900)

These costs support overall program stability and staff effectiveness:

- **Insurance ($2,200):** Provides necessary liability coverage for program operations.
- **Staff and Volunteer Support ($500):** Helps maintain staff wellness and retention in a high-demand environment.
- **Professional Development ($200):** Supports ongoing training in trauma-informed care, de-escalation, and best practices.
- **Miscellaneous Expenses ($1,000):** Covers unforeseen or variable operational needs.

Sustainability Planning

Connections Shelter views this summer expansion as a critical step toward a sustainable, year-round shelter model. To support long-term operations beyond this funding period, the organization is actively implementing a multi-pronged sustainability strategy.
This includes a large-scale community matching campaign (365 Match Campaign) designed to generate new and increased private donations to sustain year-round shelter operations. Early engagement indicates strong community support for maintaining continuous shelter access.

In addition, Connections is in ongoing discussions with the State of Minnesota to explore increased funding allocations in the next biennium, beginning in July of 2027. These conversations reflect growing recognition of the need for expanded, consistent shelter capacity at the state level.

Connections will also continue to pursue a diversified funding strategy, including grants, local government support, and private philanthropy, to ensure long-term program stability. By combining immediate funding with strategic long-term planning, Connections is working to ensure that shelter services remain consistent, effective, and responsive to community need beyond the summer months.

CONNECTIONS SHELTER PROJECTED SUMMER ONLY BUDGET (Current Hours)

EXPENSES						
	June (2 pay periods)	July (2 pay periods)	August (2 pay periods)	September (2 pay periods)	Total 2026 Summer Expenses	
SALARIES AND RELATED EXPENSES						
Salaries and Wages - Shelter Staff	$12,594.40	$12,594.40	$12,594.40	$12,594.40	$50,378	
Salaries and Wages - Shelter Leads	$4,370.00	$4,370.00	$4,370.00	$4,370.00	$17,480	
Salaries and Wages - Shelter Manager and Assistant Manager	$6,955.94	$6,955.94	$6,955.94	$6,955.94	$27,824	
Salaries and Wages - Shelter Logistics and Onsite Systems Navigation	$3,910.40	$3,910.40	$3,910.40	$3,910.40	$15,642	
Salaries and Wages - Management (10% Administration)	$1,020.00	$1,020.00	$1,020.00	$1,020.00	$4,080	
Employee Benefits	$440.00	$440.00	$440.00	$440.00	$1,760	
Payroll Taxes	$1,500.00	$1,500.00	$1,500.00	$1,500.00	$6,000	
Payroll Service Fees	$200.00	$200.00	$200.00	$200.00	$800	
Workers Comp	$1,000.00	$1,000.00	$1,000.00	$1,000.00	$4,000	
TOTAL SALARIES AND WAGES	**$31,991**	**$31,991**	**$31,991**	**$31,991**	**$127,963**	
NONPERSONNEL EXPENSES						
Supplies	$800	$800	$800	$800	$3,200	
Food and Refreshment	$2,500	$2,500	$2,500	$2,500	$10,000	
Telephone and Internet	$250	$250	$250	$250	$1,000	
Postage and Shipping	$25	$25	$25	$25	$100	
Equipment Rental	$0	$0	$0	$0	$0	
Software and Hardware	$0	$0	$0	$0	$0	
Technology	$375	$375	$375	$375	$1,500	(Water Cooler from Culligan for Summer)
Printing and Copying	$100	$100	$100	$100	$400	
Subscriptions (TV, Ring, Etc)	$300	$300	$300	$300	$1,200	
NONPERSONNEL EXPENSES TOTAL	**$4,350**	**$4,350**	**$4,350**	**$4,350**	**$17,400**	
FACILITY EXPENSES						
Shelter Rent	$3,220	$3,220	$3,220	$3,220	$12,880	
Utilities	$220	$220	$220	$220	$880	
Repairs and Maintenance	$200	$200	$200	$200	$800	
FACILITY EXPENSES TOTAL	**$3,640**	**$3,640**	**$3,640**	**$3,640**	**$14,560**	
OTHER PROGRAM SPECIFIC EXPENSES						
Background Check	$50	$50	$50	$50	$200	
Guest Assistance - Transportation	$200	$200	$200	$200	$800	
OTHER PROGRAM EXPENSES TOTAL	**$250**	**$250**	**$250**	**$250**	**$1,000**	
OTHER EXPENSES						
Insurance - Non Employee Related	$550	$550	$550	$550	$2,200	
Staff and Volunteer Support	$125	$125	$125	$125	$500	
Professional Development - Staff Training	$50	$50	$50	$50	$200	
Other Expenses	$250	$250	$250	$250	$1,000	
OTHER EXPENSES TOTAL	**$975**	**$975**	**$975**	**$975**	**$3,900**	
TOTAL EXPENSES	**$41,206**	**$41,206**	**$41,206**	**$41,206**	**$164,823**	

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/31/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	
Church Mutual Insurance Company, S.I. 3000 Schuster Lane P.O. Box 357 Merrill WI 54452	CONTACT NAME: Church Mutual Insurance Company, S.I. PHONE (A/C, No, Ext): 1-800-554-2642 FAX (A/C, No): 855-264-2329 E-MAIL ADDRESS: customerservice@churchmutual.com

INSURED	INSURER(S) AFFORDING COVERAGE	NAIC #
CONNECTIONS MINISTRY 800 S FRONT ST MANKATO MN 56001-2401	INSURER A : Church Mutual Insurance Company, S.I.	18767
	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC OTHER:	Y		0355524 25-893763	07/01/2025	07/01/2026	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 1,000,000
							MED EXP (Any one person)	$ 10,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 3,000,000
							PRODUCTS - COMP/OP AGG	$ 1,000,000
								$
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY SCHEDULED AUTOS HIRED AUTOS ONLY NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Sexual Misconduct			0355524 25-893763	07/01/2025	07/01/2026	Occurrence Limit	$300,000
							Aggregate Limit	$300,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Certificate Holder is an additional insured as required by written contract or agreement per the General Liability Enhancement endorsement attached to the policy.

CERTIFICATE HOLDER

Minnesota Department of Human Services Administration
on Homelessness, Housing and Support Services
540 Cedar St
St Paul MN 55101

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Pamela A Rushing

<u>Expanded Summer Emergency Shelter Services</u>

<u>Proposal from Connections Shelter</u>

Executive Summary

Connections Shelter proposes to expand its existing emergency shelter operations to provide continuous, low-barrier overnight shelter from May 1 through September 30, 2026. This expansion directly addresses the critical gap in summer shelter services and aligns with community goals to reduce unsheltered homelessness and increase access to safe, stable shelter year-round.

Connections will operate a 48-bed overnight shelter from 5:00 PM to 8:00 AM, with a flexible check-in window designed to reflect seasonal needs. While the shelter will open at 5:00 PM to ensure early access for families and individuals with limited alternatives after daytime services close, check-in will remain available later into the evening.

This approach is informed by lessons learned during a five-week pilot partnership with Partners for Housing in summer 2025, which demonstrated increased guest engagement when intake times were better aligned with extended daylight hours. By offering both early access and extended flexibility, Connections is able to meet the diverse needs of shelter guests while reducing barriers to entry.

Grounded in Housing First, harm reduction, and trauma-informed care principles, Connections provides access to shelter without barriers, alongside housing-focused case management and Coordinated Entry participation. With an established facility, experienced staff, and strong community partnerships, Connections is uniquely positioned to implement this expansion immediately and effectively.

Connections operates both overnight shelter services and a separate drop-in center. These services are closely connected; however this request is focused exclusively on shelter operations. All proposed activities and associated funding are dedicated solely to supporting overnight shelter services. The Connections Drop-in Center continues to operate year-round and it’s funding is not tied to this proposal.

This proposal represents a scalable, proven approach that advances the community’s goal of transitioning toward a sustainable, year-round shelter model.

1. Organizational Overview

Organizational Capacity & Experience

Connections Shelter has a demonstrated track record of providing emergency shelter and supportive services to individuals experiencing homelessness in the Mankato area. Over the past nine years, Connections has grown from a volunteer-run, 25-bed rotating shelter during the coldest months of the year, to a fully autonomous organization with 48 beds, paid and trained staff, and a permanent location, which operates typically from October 1st to May 1st, depending on funding. The organization has developed robust operational systems to ensure safety, consistency, and effective service delivery.

Connections has a permanent rental location inside First Presbyterian Church, located at 220 E Hickory Street, where we have operated for 5 years. This location is ready and able to operate continuously for 12 months with no gap in services from our regular service model of October 1st to May 1st. Plans are already in place for any needed repairs to happen during the day, to prevent any overnight closures. Staff is already trained and operating effectively.

Connections Shelter provides:

- Overnight emergency shelter
- Housing-focused case management
- Coordinated Entry participation
- Connections to healthcare, income supports, and community resources

The organization utilizes HMIS (Homeless Management Information System) for data tracking and reporting and maintains established policies and procedures aligned with best practices in shelter operations, as specified in the MN Task Force on Shelter.

In summer 2025, Connections participated in a five-week pilot project with Partners for Housing to provide shelter services during the off-season. This experience provided valuable operational insights, particularly regarding guest engagement and scheduling, that directly inform this proposal.

Community Need

The Mankato area continues to face a significant gap in year-round shelter access, particularly during the summer months when traditional seasonal shelter operations cease. This gap contributes to increased unsheltered homelessness, encampments, and reliance on emergency services.

Individuals experiencing homelessness during the summer face heightened vulnerability, including exposure to extreme weather, lack of access to hygiene facilities, and limited connection to supportive services.

Connections Shelter routinely operates at or near capacity during its regular season, and community need consistently exceeds available resources. The absence of summer shelter options disrupts continuity of care and undermines progress toward housing stability.

Expanding shelter operations through the summer months is a critical step toward building a more responsive, equitable, and effective homeless response system.

2. Service Delivery

Service Model

Connections Shelter operates under a framework grounded in evidence-based best practices:

- **Housing First**

Connections provides immediate access to shelter without preconditions such as sobriety, identification, or criminal background. The primary goal is to stabilize individuals and connect them to resources to address their specific barriers and help them access permanent housing as quickly as possible. We operate from the philosophy that an individual cannot address questions of stability or addiction if they do not have a safe place to sleep.

- **Harm Reduction**

Staff utilize harm reduction strategies to support individuals who may be actively using substances or engaging in high-risk behaviors. The focus is on safety, dignity, and reducing negative outcomes rather than punitive responses. We do this by allowing entry to shelter even if an individual is actively under the influence, as long as they are able to care for themselves and do not demonstrate a danger to themselves or others. We do not allow use of alcohol or substances in shelter. If an individual presents in a condition that will not allow them safe entry to shelter, other resources are contacted if necessary, such as Public Safety for transfer to a detox facility, the Crisis Center, or EMS.

- **Trauma-Informed Care**

All services are delivered through a trauma-informed lens, recognizing the prevalence of trauma among individuals experiencing homelessness. Staff prioritize emotional and physical safety, trust-building, and empowerment. Staff receive regular and ongoing training on trauma-informed care from licensed professionals. All policies and procedures are written from a trauma-informed perspective and are periodically reviewed to maintain up-to-date information

- **Person-Centered & Culturally Responsive Services**

Connections is committed to providing services that are respectful, inclusive, and responsive to the diverse backgrounds and needs of shelter guests. We allow individuals to self-identify their gender and place them in whatever gendered room is most comfortable to them. We also have a flex/non-gendered room that is available for individuals who express gender fluidity and may not be comfortable in either a men's or women's room. The flex room was developed in response to an actual guest's need for a more inclusive and adaptable space within the shelter. It provides a private option that supports guests whose gender identity or presentation may not align with traditional room assignments, ensuring all individuals are treated with dignity while maintaining a comfortable environment for all guests. We do our best to accommodate all individuals to the best of our ability. This flex room can also be used for emergency one-night stays who present to shelter without an assigned bed.

Connections Shelter staff have been specially trained in psychological first aid and trauma-informed practices, specifically as it applies to BIPOC, LGBTQIA+ and other historically marginalized groups, because we know that these groups tend to be over-represented in the unhoused population. Our staff is very diverse, with representation from the LGBTQIA+, BIPOC, and immigrant communities, allowing our guests to feel seen and represented in the staff. If language barriers are an issue, we have accessed translation services when needed and do not let that become a barrier to access.

Additionally, we always have food available for individuals with religious restrictions or allergies, or anyone who may have special dietary needs.

- **Case Management & Coordinated Entry**

Each guest is assigned a Systems Navigator upon entry to shelter. These navigators work with guests one on one to address the individual barriers they are facing and to create a housing-focused plan to help move them toward stability. We provide Coordinated Entry Assessments as part of the navigation plan, with the goal of securing permanent housing and stabilizing income and health supports. Navigators provide referrals as needed to several partner organizations including, but not limited to, Open Door Health Center, Southern Minnesota Regional Legal Services, Adult Mental Health, Partners for Housing and The Salvation Army. These navigators spend multiple evenings each week at shelter to connect with guests in a place they feel safe and provide the necessary case management services. Guests also have the option to connect with navigators during the day at our offices, but it is not required.

Navigators participate in weekly case conferencing with other local and regional providers, as well as street outreach efforts at outside organizations such as Holy Grounds and The Salvation Army.

Investments in enhanced systems navigation services have led to a substantial improvement in housing outcomes, with exits to stable housing increasing from 23 to 70 over the course of a single shelter season. Sustaining shelter operations year-round will build on this success by eliminating seasonal disruptions that often stall or reverse progress toward housing stability.

Scope of Services and Operations Plan

Connections Shelter will continue to operate our 48-bed overnight shelter from May 1st, to September 30th, 2026, with operations continuing as normal after the contract end-date. Connections has 23 men's beds, 12 women's beds, 4 flex beds, and 9 family beds in 2 family rooms. If we do not have families in shelter, those 9 beds can be re-purposed for additional men or women as needed. Guests will continue to be offered a bed for up to 30 days with the option to extend based on navigation goals. This is a change from the summer 2025 pilot project of emergency night by night beds, and direct feedback from those with lived experience of homelessness.

Hours of Operation

- Shelter hours: 5:00 PM – 8:00 AM daily with extended check-in times

This schedule reflects lessons learned from a 2025 summer pilot, during which earlier intake times resulted in lower engagement due to extended daylight hours. An option for a later opening time better aligns with guest needs and increases accessibility.

Services Provided

- Low-barrier shelter access
- Intake and basic needs assessment
- Light meals and snacks in a "grab-and-go" model
- Hygiene supplies and access to restroom facilities and showers

- Safe, supervised sleeping environment with trained, awake overnight staff
- Connection to case management and housing resources

In order to adapt to seasonal needs while maintaining core services, we will not be offering a single hot meal at a fixed time, rather, Connections will provide individually packaged refrigerated and frozen meals available throughout the evening and night, allowing guests to access food when it best meets their schedules and needs. These meals will be provided mainly through a partnership with South Central MN Food Recovery, the Mankato Moondogs, and other community donations. We also provide a variety of snacks and grab-and-go breakfast items, ensuring that food is always readily available.

Site and Facility

Connections will operate the summer shelter program within its existing shelter facility located at 220 East Hickory Street in Mankato. The site is fully equipped to support overnight shelter operations, including designated sleeping areas, restrooms, showers, and common spaces.

Because the facility is already in use during the regular shelter season, minimal modifications are required to implement the summer expansion. This allows for rapid deployment and cost-effective operation.

Staffing Plan

Connections will continue to implement our current staffing model to support overnight operations:

- Evening Shift (3 staff) 4pm to Midnight: Evening preparation, Intake, guest support, and evening supervision. Navigators are also on site in the evenings providing case management.
- Overnight Shift (2 staff, awake) 11:45pm to 8:15am: Continuous monitoring, safety, and crisis response
- Morning Shift (3 staff) one additional staff from 6am to 10am: Wake-up procedures, guest transitions and cleaning.
- Our staffing policies dictate that there are always at least two staff members at any given time when guests are in the building.

All staff receive training in:

- Trauma-informed care

- De-escalation and crisis response
- Harm reduction strategies
- CPR/First Aid/Narcan
- Shelter policies and procedures
- HMIS data entry and compliance – *this training is for navigators and shelter management, who are entering the data*

All staff receive this training prior to the start of shelter season, with periodic monthly refresher courses. If any additional staff need to be hired for the summer season, training will be offered again.

This staffing model ensures adequate coverage, safety, and service quality while maintaining operational efficiency. Connections has an excellent safety track record and has never had serious injury occur.

3. Collaboration and Partnerships

Connections Shelter maintains strong partnerships with local service providers, including healthcare organizations, outreach teams, and other local homeless response agencies.

Through an ongoing partnership with Open Door Health Clinic and Mayo Clinic Health Systems Residency Program, we host a bi-weekly Shelter Clinic on site, which is open to all shelter guests. In response to this effort to operate year-round, Open Door and Mayo Clinic are both open to continuing Shelter Clinic all summer.

We maintain strong communication with both Partners for Housing and The Salvation Army Mankato in order to collaborate on wrap-around services for our guests. During periods of inclement weather, we have coordinated with The Salvation Army to extend our shelter hours in the morning to prevent a gap in services, as well as with other local organizations such as My Place and LEEP to provide transportation for our guests to the Salvation Army Day Shelter. We also encourage use of the Salvation Army Day Shelter for services like laundry, showers and the noon meal program. We work closely with advocates at Partners for Housing in instances when their non-congregate shelter model would be a better fit for individuals with higher/different needs, particularly families.

As previously mentioned, we utilize South Central MN Food Recovery for meals for our guests, as well as Mankato Moondogs, who generously donate their leftover food after each game. These donations are primarily geared toward providing dinner, with occasional donations of snacks or fresh fruits and vegetables.

Through Coordinated Entry participation and ongoing collaboration with the City of Mankato, Blue Earth County and the regional Continuum of Care (CoC), Connections ensures that shelter guests are connected to broader systems of care, including:

- Permanent supportive housing programs
- Mental health and substance use services
- Employment and income supports

These partnerships enhance the effectiveness of shelter services and support long-term housing stability.

4. Racial Equity and Social Justice

Please see above section for **Person-Centered & Culturally Responsive Services.** In addition to these efforts, we do our best to make accommodations for individuals with mobility limitations. We have an elevator available for guest use, our bathrooms are ADA compliant, and we will place guests in beds nearest to the door for ease of access if necessary.

Connections prioritizes accessibility in both its facility and service delivery. Our team includes staff with lived experience navigating mobility limitations, whose insight helps inform and strengthen accommodations for guests with similar needs.

5. Data Management and Fiscal Systems

At intake, Connections collects all required HMIS data elements, including participant demographics, prior living situation, income and benefits, disability status, and housing needs. This information supports Coordinated Entry, service planning, and system-wide data tracking.

Data is entered into HMIS within 72 hours of collection, with a standard practice of entering information within 24 hours to ensure timeliness and accuracy. Throughout a participant's stay, staff document services provided, case management interactions, and exits to housing or other destinations. In addition, detailed case notes are maintained in SharePoint on a secure server, ensuring appropriate documentation and confidentiality. This consistent data collection and entry process allows Connections to monitor outcomes, ensure compliance, and contribute to community-wide efforts to address homelessness.

Connections utilizes Jitasa, a nonprofit-focused CPA firm, to manage its financial systems and ensure accurate and compliant accounting practices. A dedicated accountant oversees bookkeeping, reporting, and financial management functions.
The organization adheres to Generally Accepted Accounting Principles (GAAP) through structured internal controls, including segregation of financial responsibilities, timely reconciliations, and routine financial reporting to leadership and the Board of Directors. These practices support transparency, accountability, and strong stewardship of all funding sources. This framework ensures that awarded funds are properly tracked, reported, and used in alignment with all applicable requirements.

Connections has a proven track record of managing state funding, having received support from the State of Minnesota for the past three years. The organization has successfully completed three annual monitoring visits and reviews, consistently demonstrating compliance with programmatic and financial requirements. This experience highlights Connections' capacity to manage large, reimbursable government grants with accuracy, transparency, and accountability, including timely reimbursement requests and detailed financial reporting.

6. Budget Narrative

Connections Shelter's Summer 2026 budget reflects the full cost of operating a 48-bed overnight shelter from June through September, with total projected expenses of $164,823. The budget is designed to ensure safe, consistent shelter operations while maintaining a focus on accessibility, efficiency, and housing outcomes. We have secured $10,000 in CDBG funds specifically for expansion of summer services, which will be reimbursable after we transition to the summer shelter season.

Connections operates both shelter services and a separate daytime drop-in center; however, the activities outlined in this proposal are exclusively related to overnight shelter operations. Shelter services include overnight accommodation, supervision, intake, meals, and housing-focused support provided within the shelter facilities during operational hours.

Drop-in Center services – such as daytime access, resource navigation, and basic needs support – are operated separately and are not included in this proposal or associated budget. The only overlap is that some intake appointments for incoming shelter guests may take place at the drop-in center during the daytime hours, allowing individuals to meet with navigators in advance of the shelter entry. These appointments support shelter access and do not represent a separate program cost.

This distinction ensures that all requested funds are dedicated to solely expanding overnight shelter capacity and services.

The majority of our expenses are increased staffing costs, reflected in the Personnel Expenses category. However, there are additional operating expenses of approximately $40,000 reflected in this proposal that are allocated to costs directly supporting shelter operations, and include non-personnel, facility and program-related costs necessary to safely and effectively operate the shelter. Operational funding is largely directed toward direct-to-guest services that support the daily functioning of the shelter. These expenses include cleaning supplies to maintain sanitary conditions, paper products such as toilet paper and paper towels, as well as materials needed to complete intake and documentation processes for guests.

As we have not operated year-round yet, these costs are an estimate based on our regular monthly expenses. The $10,000 for food costs is an estimate and is primarily intended to cover snacks and breakfast items for shelter guests. While Connections anticipates that most evening meal needs will be met through community donations, this amount includes a buffer in the event that additional purchases are necessary. As with all estimated expenditures listed, Connections will only request reimbursement for actual expenses incurred.

The attached budget includes the following categories:

Personnel Expenses ($127,963)

Personnel costs represent the largest portion of the budget, reflecting the staffing required to safely operate an overnight shelter and provide consistent, high-quality services.

- **Shelter Staff ($50,378):** Frontline staff provide direct supervision, guest support, intake, and day-to-day operations during evening, overnight, and morning shifts. This consists of an average of 364 staff hours per pay period of 10 part-time shelter staff at an average pay rate of $17.30/hr.

- **Shelter Leads ($17,480):** Lead staff provide on-site supervision, support staff decision-making, and ensure adherence to policies and safety protocols. We have two part-time shelter leads, beyond our manager and assistant manager, who account for an average of 115 hours a pay period at an average pay rate of $19.00/hr.
- **Shelter Manager and Assistant Manager ($27,824):** Leadership staff oversee program operations, staffing coordination, compliance, and overall program quality. Our shelter manager is FT with an annual salary of $45,427/yr + fringe, our assistant manager is FT with an annual salary of $45,000/yr + fringe and also tracks HMIS entry for shelter guests.
- **Shelter Logistics and Onsite Systems Navigation ($15,642):** These roles support shelter logistics while also providing critical systems navigation services, connecting guests to housing resources, coordinated entry, and community services. These numbers represent .5 time of our FT logistics coordinator ($49,753/yr + fringe), and .5 time of our FT outreach coordinator ($24.96/hr) respectively. This is an accurate representation of shelter-direct services, logistics and systems navigation provided, *apart from regular drop-In support*. This includes time at shelter, food and supply deliveries, HMIS and case notes, housing supports and more. Our FT social worker also does shelter-direct systems navigation, but her position is funded through our State of Minnesota Emergency Services Provider Grant and as a result her time is not part of this budget though her work will also be essential at shelter.
- **Administrative Allocation ($4,080):** This 10% allocation supports organizational oversight, financial management, and compliance. This is a combined total of 10% of both the Executive Director ($72,800/yr) and the Director of Development ($59,800/yr) who serve as on call leadership support for shelter. In addition, this covers the hours managing staff training, payroll, grant reimbursement and receipts tracking, and other staff supervision or direct shelter support needed. It represents approximately 8 hours per pay period.

Additional personnel-related expenses ensure compliance and staff support:

- **Employee Benefits ($1,760)**
- **Payroll Taxes ($6,000)**
- **Payroll Service Fees ($800)**
- **Workers Compensation ($4,000)**

This staffing structure ensures adequate coverage across all shifts, supports safety and accountability, and allows for ongoing engagement with guests to promote housing stability.

Non-Personnel Expenses ($17,400)

Non-personnel costs support the daily needs of shelter operations and ensure guests have access to basic necessities.

- **Supplies ($3,200):** Includes hygiene items, cleaning supplies, and basic operational materials.
- **Food and Refreshment ($10,000):** Supports the provision of meals and snacks for shelter guests, using a flexible, on-demand model to increase accessibility.
- **Telephone and Internet ($1,000):** Ensures communication capacity for staff and access to systems such as HMIS.
- **Technology ($1,500):** Includes seasonal equipment such as a water cooler and extra fans to support guest health and comfort during warmer months.
- **Printing, Postage, and Subscriptions ($1,700 combined):** Supports program communication, documentation, and safety systems (e.g., monitoring and security tools).

These expenses ensure that the shelter environment is functional, responsive, and able to meet the day-to-day needs of guests and staff.

Facility Expenses ($14,560)

Facility costs reflect the use and maintenance of an existing shelter space.

- **Shelter Rent ($12,880):** Connections maintains a 12-month lease on its shelter facility, making rent an ongoing fixed cost regardless of seasonal programming. As such, including this expense in the summer budget reflects the true cost of operating the shelter, ensuring an accurate representation of program costs.
- **Utilities ($880):** Supports electricity, water, and other essential services. These expenses would not typically be incurred during the summer months in the absence of shelter operations.
- **Repairs and Maintenance ($800):** Ensures the facility remains safe, clean, and operational throughout the program period.

Because Connections utilizes an established shelter site, facility costs remain relatively low while still providing a safe and appropriate environment.

Other Program-Specific Expenses ($1,000)

These targeted expenses directly support guest access and program integrity:

- **Background Checks ($200):** Ensures staff and volunteers meet safety requirements.
- **Guest Transportation Assistance ($800):** Provides limited support for transportation to housing appointments, employment, or other critical services.

Other Expenses ($3,900)

These costs support overall program stability and staff effectiveness:

- **Insurance ($2,200):** Provides necessary liability coverage for program operations.

- **Staff and Volunteer Support ($500):** Helps maintain staff wellness and retention in a high-demand environment.
- **Professional Development ($200):** Supports ongoing training in trauma-informed care, de-escalation, and best practices.
- **Miscellaneous Expenses ($1,000):** Covers unforeseen or variable operational needs.

Sustainability Planning

Connections Shelter views this summer expansion as a critical step toward a sustainable, year-round shelter model. To support long-term operations beyond this funding period, the organization is actively implementing a multi-pronged sustainability strategy.
This includes a large-scale community matching campaign (365 Match Campaign) designed to generate new and increased private donations to sustain year-round shelter operations. Early engagement indicates strong community support for maintaining continuous shelter access.

Our 365 Match Campaign represents a goal to establish year-round sustainability beyond the need for the Housing Trust Fund in years to come. While funding this year's summer services is included in focus of this proposal, the main goal of the 365 match campaign is to ensure that the full year of shelter remains strong, stable and able to meet the needs of the community.

At this time, we have $35,000 in matching funds available, which have raised approximately $10,000 in the first week of our campaign, for a start of $45,000 of our total $200,000 ultimate goal. We are waiting to hear from a grantor about another $35,000 match, a number that they proposed to us, and should hear about that next month.

Also, Connections continues to explore other means of sustainable funding. We've increased our 2027 allocation request to the Greater Mankato Area United Way to $50,000 and meet with their impact team on March 31, 2026. We continue to seek funding from our grantors such as the Mankato Area Foundation, Hickory Tech, Mayo Foundation, Mardag Foundation, L&N Andreas Foundation, Glen Taylor Foundation, and more.

In addition, Connections is in ongoing discussions with the State of Minnesota to explore increased funding allocations in the next biennium, beginning in July of 2027. These conversations reflect growing recognition of the need for expanded, consistent shelter capacity at the state level.

Connections will also continue to pursue a diversified funding strategy, including grants, local government support, and private philanthropy, to ensure long-term program stability. By combining immediate funding with strategic long-term planning, Connections is working to ensure that shelter services remain consistent, effective, and responsive to community need beyond the summer months.

7. Projected Outcomes

Expanding shelter operations through the summer months will create continuity of care for individuals experiencing homelessness, allowing guests to remain engaged in services without disruption. By eliminating the season gap in shelter access, Connections anticipates improved housing outcomes as individuals are able to maintain forward progress toward stability rather than restarting services in the fall.

Demand for shelter services in the community remains high. Connections was at full capacity at the time of seasonal closure in early May 2025, indicating an ongoing need for consistent access to shelter. During the limited five-week pilot program last summer, utilization was lower than expected, which is attributed to the gap in services prior to re-opening – many individuals had already dispersed or sought alternative arrangements – as well as the emergency, night by night model. Providing continuous shelter access will reduce this disruption and support more consistent engagement.

Connections has already seen measurable growth in both service utilization and housing outcomes. We have seen increase in applications for shelter since the previous year – last season 325 individuals applied for shelter, as opposed to 412 individuals so far this season. It should be noted that not everyone who applies for shelter ends up needing it.

In the current season, the shelter has served 222 individuals, an increase from 160 the previous season. Additionally, 62 individuals have exited to stable housing so far this year, reflecting the effectiveness of enhanced systems navigation and housing-focused services. Maintaining operations through the summer is expected to further increase these outcomes by allowing uninterrupted engagement in housing pathways.

Beyond individual outcomes, year-round shelter operations are expected to positively impact the broader community. Consistent access to shelter can reduce reliance on emergency and public safety services, decrease the prevalence of unsheltered homelessness and encampments, and lessen the need for costly clean-up efforts.

Ultimately, expanding to a sustainable, year-round shelter model will contribute to a more stable, coordinated, and effective community response to homelessness, benefiting not only those directly served, but the community as a whole.

Exhibit B

Budget

Connections Shelter Summer Expansion Budget

Revenues	**May**	**June**	**July**	**August**	**September**
Community Development Block Grant					
Affordable Housing Trust Fund					
Donations					
Other Revenues (Identify)					
Total Revenues					
Expenses					
Salarly and Wages					
Non-personnel Expenses					
Facitilites					
Other					
Total Expenses					

AGENDA RECOMMENDATION

Economic Development Authority **4. D.**

Meeting Date: 05/11/2026

Agenda Item:

Resolution authorizing the Executive Director to enter into an Intergovernmental Agreement with the Economic Development Authority of Blue Earth County.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Economic Development Authority of Mankato (MEDA) and the Economic Development Authority of Blue Earth County (BECEDA) share a longstanding commitment to ensuring access to safe, stable, and affordable housing. Recognizing that housing challenges extend beyond jurisdictional boundaries, both parties have worked to establish a coordinated regional approach to housing policy, investment, and program delivery.

This collaboration includes the creation of the Affordable Housing Trust Fund (AHTF) under Minnesota Statutes, Section 462C.16, and a joint Advisory Committee to guide funding decisions. In addition, the partnership aligns key housing programs, including the federal Housing Choice Voucher (HCV) Program and the state-funded Bring It Home Rental Assistance Program, to create a seamless and comprehensive housing continuum.

The proposed Intergovernmental Agreement formalizes a unified framework for regional collaboration across housing programs, funding tools, and policy initiatives. It establishes clear roles, responsibilities, and coordination strategies to maximize impact, reduce duplication, and improve housing outcomes across the region.

The agreement outlines a regional service area that extends beyond Blue Earth County to include multiple partner counties through the Bring It Home Program and reinforces coordination with local HRAs, EDAs, and service providers.

The Agreement includes:

- A coordinated housing continuum addressing homelessness response, rental assistance, housing development, and homeownership
- Continued administration and shared oversight of the Affordable Housing Trust Fund
- Designation of the MEDA as administrator of the Housing Choice Voucher Program on behalf of the County
- Regional administration of the Bring It Home Rental Assistance Program in partnership with multiple agencies
- Defined roles for program administration, financial management, compliance, and reporting
- Commitments to data privacy, transparency, and equitable access to housing services
- A five -year initial term with options for renewal, amendment, and termination provisions

Each party will remain responsible for its respective financial obligations. MEDA, as administrator, will oversee program implementation, including financial management, reporting, landlord engagement, and compliance with federal and state requirements.

Execution of this agreement will strengthen regional coordination, improve efficiency in housing program delivery, and support a comprehensive and equitable housing system that better serves residents across the region.

Staff recommends the adoption of the resolution authorizing the Executive Director to execute the Intergovernmental Agreement between the Economic Development Authority of Mankato and the Economic Development Authority of Blue Earth County to formalize regional housing collaboration and program administration.

Attachments

Resolution

Intergovernmental Agreement

RESOLUTION AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT TO SUPPORT REGIONAL HOUSING COLLABORATION AND THE ADMINISTRATION OF HOUSING PROGRAMS

WHEREAS, the Economic Development Authority of Mankato (the "EDA") is committed to supporting access to safe, stable, and affordable housing for residents of the community; and

WHEREAS, the EDA recognizes that housing challenges extend beyond jurisdictional boundaries and require coordinated regional collaboration to effectively address homelessness, housing instability, and affordability; and

WHEREAS, the EDA desires to formalize and strengthen regional housing coordination efforts through an Intergovernmental Agreement with the Economic Development Authority of Blue Earth County to align housing resources, programs, and services; and

WHEREAS, the Intergovernmental Agreement establishes a unified framework for collaboration, including coordination of the Affordable Housing Trust Fund, the Housing Choice Voucher Program, and the Bring It Home Rental Assistance Program, and supports a comprehensive housing continuum addressing homelessness response, rental assistance, and housing development; and

WHEREAS, entering into the Intergovernmental Agreement will enhance the EDA's ability to deliver housing programs efficiently, reduce duplication of services, and improve housing outcomes across the region;

NOW, THEREFORE, BE IT RESOLVED THAT the Economic Development Authority of Mankato hereby:

1. Authorizes and directs the Executive Director to execute the Intergovernmental Agreement between the Economic Development Authority of Mankato and the Blue Earth County Economic Development Authority, and any related documents necessary to implement the Agreement.
2. Further authorizes the Executive Director to take all actions necessary to carry out the intent of this resolution, including the administration of programs, execution of amendments consistent with the Agreement, and compliance with all applicable federal, state, and local requirements.

Adopted on this 11th day of May 2026.

____
Najwa Massad, Board Chair

ATTEST:

____
Susan MH Arntz, Executive Director

INTERGOVERNMENTAL AGREEMENT

FOR COOPERATIVE ADMINISTRATION OF THE HOUSING CHOICE VOUCHER PROGRAM AND AFFORDABLE HOUSING INITIATIVES

This Intergovernmental Agreement ("Agreement") is made and entered into by and between the **Economic Development Authority of Mankato, Minnesota**, located at Intergovernmental Center, 10 Civic Center Plaza, Mankato, MN 56001 ("City"), and the **Economic Development Authority of Blue Earth County, Minnesota**, located at 204 S 5th Street, Mankato, MN 56001 ("County"). Together, the City and County are referred to as the "Parties."

WHEREAS, the City approved this Agreement by action at its May 11, 2026, meeting (Resolution No. __________) and the governing body of the County approved this Agreement by action at its May 12, 2026 meeting (Resolution No. __________) .

NOW, THEREFORE, the County and the City agree as follows:

Background and Shared Intent

The City and County share a longstanding commitment to ensure that all residents have access to safe, stable, and affordable housing. Recognizing that housing challenges extend beyond jurisdictional boundaries, the Parties have taken deliberate steps to build a coordinated regional approach to housing policy, investment, and program delivery.

Through the establishment of the Affordable Housing Trust Fund pursuant to Minnesota Statutes, Section 462C.16, and the creation of a joint Advisory Committee, the Parties formalized a collaborative structure for addressing housing needs. This work reflects a shared understanding that housing stability is foundational to economic opportunity, public health, and community vitality.

This collaboration includes the coordinated administration of both federal and state rental assistance programs, specifically the **Housing Choice Voucher (HCV) Program** and the **Bring It Home (BIH) Rental Assistance Program**, aligning these resources with local housing development strategies to create a comprehensive and seamless housing continuum.

The Parties affirm a shared commitment to advancing housing equity and embracing the principles of inclusion, fairness, and community-centered decision-making. This includes prioritizing those most impacted by housing instability, expanding participation in housing systems, and ensuring that all residents have the opportunity to live and thrive in a community of their choice.

Purpose and Regional Scope

This Agreement establishes a unified framework for regional collaboration across housing programs, funding tools, and policy initiatives. The intent is to align resources and responsibilities in a manner that maximizes impact, reduces duplication, and improves housing outcomes across the region.

The geographic scope of this collaboration extends beyond Blue Earth County to include a broader regional service area for certain programs which serves:

Blue Earth, Brown, Faribault, LeSueur, Martin, Nicollet, Pipestone, Rock, Sibley, Waseca, and Watonwan Counties.

Within this framework, the Parties will work collaboratively with regional Housing and Redevelopment Authorities (HRAs), Economic Development Authorities (EDAs), and partner organizations to deliver housing assistance efficiently and equitably.

A Coordinated Housing Continuum

The Parties agree to pursue a comprehensive housing strategy that spans the full continuum of need, including:

- Homelessness prevention and response
- Rental assistance for cost-burdened households
- Development and preservation of affordable and workforce housing
- Mixed-income housing strategies
- Pathways to homeownership

Housing is considered affordable when a household pays no more than thirty percent (30%) of its gross income toward housing costs, consistent with standards established by the U.S. Department of Housing and Urban Development (HUD).

Affordable Housing Trust Fund

The Affordable Housing Trust Fund (AHTF) is a cornerstone of the Parties' collaborative efforts. It is designed as a permanent and renewable funding source to support the development, preservation, and accessibility of affordable housing.

The Fund supports activities including new construction, rehabilitation, mixed-income development, homelessness prevention, and financial assistance to households. It is administered by the Mankato Economic Development Authority (EDA), with shared oversight from both the City and County EDAs and guidance from the Affordable Housing Trust Fund Advisory Committee.

All definitions, funding sources, governance structures, and eligible uses outlined in a separate MOU that is attached in Exhibit A of this Agreement.

Housing Choice Voucher Program Coordination

Grant funding from the U.S. Department of Housing and Urban Development (HUD) through the federal Housing Choice Voucher (HCV) Program for the administration of tenant-based and project-based rental assistance that provides 579 Vouchers in Mankato164 vouchers in Blue Earth County.

The City, which has established expertise in administering the federal HCV Program within Blue Earth County, is being designated by the County to administer the program on its behalf as a core component of the regional housing system. This designation includes aligning voucher assistance with housing and supportive services to ensure that participating households can access and maintain stable housing and seek economic independence.

Program administration will include, but is not limited to, the following functions:

- Waitlist management and applicant coordination
- Landlord outreach, engagement, and retention
- Housing inspections and enforcement of quality standards
- Eligibility determination, contract execution, and monthly subsidy payments
- Data sharing and reporting in compliance with applicable privacy laws
- Coordination with supportive services and homelessness response systems

The City will operate the HCV Program in full compliance with all HUD regulations and guided by the agency's Administrative Plan that is attached as Exhibit B.

The City will serve as the County's liaison with the U.S. Department of Housing and Urban Development (HUD) and will keep the County informed of any HUD concerns, notices, and regulatory changes affecting the Project. The City is responsible for preparing and submitting all required reports to HUD and other federal agencies within required timelines and will provide copies to the County. If any report cannot be submitted on time, the City must promptly notify the County and provide regular status updates until resolved.

The City will also monitor and analyze applicable laws and regulations, advise the County of changes, and, when directed, prepare communications reflecting the County's position. The City may also make recommendations to governmental bodies, provided the County receives copies of such communications.

HUD, the County, and the U.S. Inspector General will have full access to the Project and all relevant City records for audit and review purposes. The City must maintain all records in accordance with HUD-approved retention requirements.

The HCV Program will serve as a foundational rental assistance tool, integrated with local housing investments and regional strategies to maximize housing stability and participant choice. By aligning the HCV Program with broader housing initiatives, the Parties seek to increase voucher utilization, expand access to quality housing, and ensure that assisted households have meaningful housing options throughout the region.

Bring It Home (BIH) Rental Assistance Program

The Bring It Home (BIH) Rental Assistance Program is a state-funded initiative designed to provide rental assistance to low-income, cost-burdened households across Minnesota. The program is funded through state appropriations and dedicated housing revenue sources and is administered in accordance with Minnesota Statute 462A.05, subdivision 8. The Bring It Home program provides approximately 150 vouchers.

The City serves as the Grantee and Administrator for the BIH Program. The BIH Program is implemented through a regional partnership that includes HRAs and EDAs serving multiple counties. These partners collectively support program delivery, referrals, and coordination of services.

Participating partners include, but are not limited to:

- Blue Earth County EDA
- Minnesota Valley Action Council (Faribault and LeSueur Counties)
- New Ulm EDA
- Pipestone HRA
- South Central Minnesota Multi-County HRA

All partners agree to support a coordinated regional approach and to comply with program requirements established by Minnesota Housing. All definitions, funding sources, governance structures, and eligible uses outlined in a separate MOU that is attached in Exhibit C of this Agreement.

Roles and Responsibilities - Compliance with Governmental Orders

The City, serving as program Administrator, is responsible for overseeing all aspects of grant implementation and compliance. This includes executing grant agreements and ensuring adherence to all applicable requirements. City will take such action as may be necessary to comply promptly with all government orders or other requirements affecting Programs, whether imposed by federal, state or local authority.

The City administers program funds and issues housing assistance payments while maintaining comprehensive policies and procedures to guide operations. It conducts regular inspections to ensure that housing units meet established quality standards and manages all data collection, reporting, and compliance obligations. In addition, the EDA actively engages landlords to sustain and expand the available housing inventory. Throughout its work, the organization is committed to ensuring equitable access to services and delivering participant-centered support.

The City shall take no such action so long as County is contesting, or has affirmed its intentions to contest, any such order or requirement. The City will notify County, in writing, of all notices of such governmental orders or other requirements within three (3) business days of the time of their receipt. County will notify City, in writing, of all notices of such governmental orders or other requirements within three (3) business days of the time of their receipt. The City will take all necessary steps to obtain and maintain in effect any licenses and registrations required under applicable law for the intended use and operation of programs.

Financial Responsibilities

Financial responsibility under this Agreement remains with each Party for its respective commitments, except in cases where alternative arrangements have been mutually agreed upon. The Affordable Housing Trust Fund will continue to function as a shared resource, with all expenditures requiring approval from the EDAs based on recommendations provided by the Advisory Committee. Funding for the Housing Choice Voucher program will remain federally sourced and must be administered in full compliance with all applicable HUD regulations. In this structure, the City serves as the administrative agent responsible for managing program accounts and overseeing the budgeting process.

In its role as Administrator, the City is responsible for all aspects of financial administration. This includes submitting funding requests to appropriate funders, disbursing Housing Assistance Payments (HAP) to landlords, disbursing funds to awarded agencies, and receiving as well as allocating administrative fees in proportion to program utilization. These administrative fees may be used to support program operations; however, all expenditures must align with program requirements and be directly tied to eligible program activities.

The City will prepare annual operating plans and budgets for the Project and submit them to the County at least 120 days prior to the start of each fiscal year. The County will review, approve, or modify these submissions and provide direction to the City. Either party may propose revisions during the year, but any changes require County approval and, where applicable, HUD approval. The approved budget and plans will govern the City's management of the Project.

Insurance

City shall carry (a) worker's compensation insurance, for compensation to any person engaged in the performance of any work undertaken under this Agreement (b) commercial general liability insurance and excess/umbrella liability insurance policies. The City shall provide County with a Certificate of Insurance.

Fidelity Bond and Agent's Insurance

City shall furnish and maintain at its own cost and expense for the duration of the Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof, or as otherwise required by any applicable party, a commercial blanket bond in favor of County and, as applicable, other applicable parties, in an amount sufficient to meet the requirements of County and the other applicable parties, and in a form and with a company acceptable to County, which commercial blanket bond shall cover City and all employees hired by City in connection with the Agreement. City shall furnish and maintain for the duration of the Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof, or as otherwise required by any applicable party, such insurance as may be required in the amounts required.

Non-Discrimination

In the performance of its obligations under this Agreement, City will comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, creed, sex, sexual orientation, familial status, handicap, national origin or any other protected status.

Employees

The number, qualifications, and duties of personnel to be employed in the management of the Programs, will be determined by City in accordance with the County-approved budget and the program plans, and in accordance with any Section 3, local hire, or similar obligations of the Project. All such employees will be deemed employees of City, not County, and will be hired, supervised, and discharged by the City. Compensation (including payroll taxes, fringe, and health and disability benefits) payable to all full and part time on-site personnel; local, state, and federal taxes and assessments (including but not limited to Social Security taxes, unemployment insurance, and workmen's compensation insurance); and other direct cost incident to the employment and training of such personnel will be paid from the Operating Account and will be treated as a Program expense, subject to the following conditions:

(a) The compensation (including payroll taxes, fringe, and health and disability benefits) of all employees will be within the City's sole discretion, provided that minimum wage standards are met.

(b) City shall maintain workers' compensation insurance covering all liability of the employer under established workers' compensation laws.

(c) City shall maintain employer's liability insurance and provide County with a Certificate of Insurance.

(d) City shall prepare, file and execute all required statements and reports relating to employees, including, but not limited to, payroll tax reports, as required under applicable federal, state, and local law, regulations, and/or ordinances.

Compensation

For the services provided hereunder, exclusive of reimbursement of expenses to which the City is entitled hereunder, The City will receive program administrative fees paid out of the Operating Account and treated as a Program expense

For any Program in which the City is related to the County, the City may agree to subordinate some part of its fee to Program cash flow and senior obligations. In such event, any portion of such fee not paid when due will accrue and be paid as soon as feasible.

Data, Compliance, and Equity

The Parties agree to comply with all applicable federal, state, and local laws, including the Minnesota Data Practices Act, HUD program requirements, and relevant privacy regulations such as HIPAA where applicable.

The Parties further commit to advancing equity in housing by:

- Centering those most impacted by housing instability
- Promoting inclusive and culturally responsive practices
- Expanding access to housing opportunities across all communities

Records created under this Agreement will be maintained in accordance with approved records retention schedules, and both Parties commit to transparency and accountability in program administration.

Program Status and Outcomes Reporting:

The City will provide quarterly, annual, and final reports to document programming progress and program outcomes.

Quarterly and annually, the City will report on:

- Participant demographics
- Determination of program exits
- Program Activity reports for move ins, interims, and move outs.
- Number of participants engaging in supportive services

- Financial statements of operations

The final report will include:
- Annual Audit

Term, Amendment, and Termination

This Agreement shall take effect upon execution by both Parties and will remain in effect for an initial term of five (5) years. It may be renewed for successive five-year terms upon mutual agreement.

The Agreement may be amended through a formal process approval by both EDAs.

Either Party may terminate the Agreement with sixty (60) days written notice and approval of funding agencies. In the event of termination, the Parties will work cooperatively to ensure an orderly transition of responsibilities, including compliance with all financial and regulatory obligations.

General Provisions

The Parties agree to carry out their responsibilities in a timely manner and to communicate regularly regarding progress, challenges, and opportunities. Each Party shall be responsible for the actions of its own officers, employees, and agents and shall not be liable for the actions of the other.

Disputes arising under this Agreement will first be addressed administratively, with escalation to the City Manager and County Administrator if necessary. The Agreement does not supersede existing statutory authorities or administrative procedures governing either Party.

If any provision of this Agreement is found to be invalid, the remaining provisions shall continue in full force and effect.

Agent Assumes No Liability for Past Practices

Notwithstanding anything to the contrary stated or implied herein, the City shall not be liable to the County in any context whatsoever for any acts or omissions of (a) County, (b) any past or present employees of County, (c) any previous employee at or providing services the Programs, or (d) any agent of (a)-(c) above. To the extent not expressly prohibited by law, the County shall indemnify and hold the City harmless from any and all claims, losses, demands, liabilities, actions, causes of action and obligations, of whatever nature and description, and all costs of defending same (including reasonable attorney's fees) which are in any way caused by, related to or predicated upon, any policies or practices of County and/or acts and/or omissions of the County or its prior management company or any of their employees predating the date of this Agreement.

Indemnification

County shall indemnify, defend and save the City harmless from all loss, damage, cost, expense (including reasonable attorneys' fees), liability or claims incurred by or suffered by the City relative to the Program and/or relative to City's administration of Programs, except to the extent caused by or resulting from the illegal acts, gross negligence or willful misconduct of City.

The City shall indemnify, defend and save the County harmless from all loss, damage, cost, expense (including reasonable attorneys' fees), liability or claims (i) for personal injury or property damage incurred or occurring in, on or about the Programs caused by or resulting from the illegal acts, gross negligence or willful misconduct of City or (ii) resulting from City's failure to comply with explicit obligations of this Agreement. The foregoing indemnity shall not apply to loss, damage, cost, expense (including reasonable attorneys' fees), liability or claims resulting from the illegal acts, gross negligence or willful misconduct of County.

Notwithstanding the foregoing, if the City is ever a party to any litigation or proceeding commenced by a third party in which a claim or allegation is made that the City (or persons for whom it may be responsible) has violated a contract, acted illegally, been negligent or otherwise committed any wrongdoing through any act or omission then, until such time as final judgment is entered against the City finding the City to have engaged in willful misconduct or gross negligence, all costs and expenses of defense including attorney's fees shall be borne solely by County. Such costs of defense shall be paid for by the City using Program revenue or County advancing funds from time-to-time as defense costs are incurred.

Limitation of Liability

No manager, member, officer, director, agent, or employee of the City and no officer, director, trustee, member, partner, manager, agent, or employee of any manager or member of the City shall have any personal liability for the performance of any obligation by the City, or under or in connection with this Agreement or any acts done or omitted by the City. The County shall look only at the city and its assets for payment or performance under this Agreement. The City does not waive any applicable statutory limitations of liability applicable under state law.

Relationship of Parties

The relationship of the parties to this Agreement shall be that of principal and agent, and all duties to be performed by the City under this Agreement shall be for and on behalf of the County, in the County's name, and for County's account. In taking any action under this Agreement, the City shall be acting only as agent for County, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement, except that of principal and agent, or as requiring the City to bear any portion of losses arising out of or connected with the ownership or operation of the Programs. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement, except that the City is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

Governing Law

This Agreement shall be governed by and construed and enforced exclusively in accordance with the laws of the State of Minnesota. Venue and jurisdiction for any dispute arising out of or relating to this Agreement shall be in the county where the Program administration is located.

Entire Agreement

This Agreement constitutes the entire agreement between City and County with respect to the operation of the Programs and supersedes and replaces any and all previous Intergovernmental agreements entered and/or negotiated between City and County related to Programs covered by this Agreement. Except as otherwise provided herein, no change will be valid unless made by supplemental written agreement, executed and approved in the same manner as this Agreement. Each Party to this Agreement hereby acknowledges and agrees that neither Party has made any warranties, representations, covenants, or agreements, express or implied, other than those expressly set forth herein and that each Party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, other than those expressly set forth herein.

Successors and Assigns. This Agreement shall ensure the benefit of and constitute a binding obligation upon City and County, and their respective successors and assigns; provided that neither City nor County shall assign this Agreement, and the rights and obligations herein set forth, without prior written consent of the other party. Notwithstanding the foregoing, County may assign its rights and obligations as required in connection with the Programs.

Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original and all of which, taken together, will constitute one instrument.

Electronic Signatures

This Agreement and any amendments, instruments, or documents to be executed in connection herewith may be executed and delivered by electronic means. Any signature delivered by electronic transmission (including PDF, email, electronic signing platform, or other electronic means consistent with Minn. Stat. ch. 325L) shall be deemed an original signature, shall be fully binding, and shall have the same legal effect as a handwritten signature executed in ink.

[Signature page follows.]

Signatures

IN WITNESS WHEREOF, the Parties have executed this Intergovernmental Agreement as of the dates indicated below.

ECONOMIC DEVELOPMENT AUTHORITY OF MANKATO

By: ___________________________
Susan MH Arntz, Executive Director

Date: _________________________

ECONOMIC DEVELOPMENT AUTHORITY OF BLUE EARTH COUNTY

By: ___________________________
Joshua W Milow, Executive Director

Date: _________________________

AGENDA RECOMMENDATION

Economic Development Authority **4. E.**

Meeting Date: 05/11/2026

Agenda Item:

Resolution approving Property Management Agreement with Blue Earth County for Affordable Housing units.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

Blue Earth County (the "County") will own and operate a portfolio of public housing units located throughout the County, including Breckenridge Apartments, an 18-unit mixed-finance development, and 47 scattered-site units (collectively, the "Development"). The County also previously acquired an additional 19 scattered-site units from the Blue Earth County Economic Development Authority (BECEDA) pursuant to Section 18 of the U.S. Housing Act.

BECEDA has received approval from the U.S. Department of Housing and Urban Development (HUD) to convert the remaining public housing units to long-term Section 8 assistance under the Rental Assistance Demonstration (RAD) program, combined with a Section 18 disposition (the "RAD/Section 18 Conversions"). This conversion process is intended to provide a more stable and sustainable funding structure while preserving the long-term affordability of the housing units.

Under the proposed structure, BECEDA will administer the RAD Project-Based Voucher Housing Assistance Payment contracts and continue to serve as the contract administrator with HUD, as well as retain ownership of the properties. The Economic Development Authority of Mankato (MEDA) proposed to assume responsibility for day-to-day property management and operations of the converted units.

The proposed action before the Board is approval of a resolution authorizing the Economic Development Authority of Mankato (MEDA) to enter into a Property Management Agreement with Blue Earth County. Under this agreement, MEDA will act as the County's agent in managing and operating the RAD/Section 18 units in compliance with all applicable HUD requirements, including RAD program rules and the Project-Based Voucher Housing Assistance Payment contracts.

The agreement provides that MEDA will be responsible for comprehensive property management services, including leasing, tenant eligibility and compliance, rent collection, maintenance and repairs, financial management, and reporting. All activities must be carried out in accordance with federal, state, and local regulations, as well as project-specific requirements established through the RAD conversion documents.

The initial term of the agreement is five years, with automatic renewals unless terminated by either party. MEDA will receive a management fee equal to six percent of gross project receipts, which will be paid from project operating revenues. The agreement also establishes financial management requirements consistent with HUD standards, including the maintenance of operating, security deposit, operating reserve, and replacement reserve accounts. The replacement reserve will be initially funded at closing and supported by ongoing monthly deposits.

The agreement further clarifies that MEDA will operate within an approved budget and management plan and will have authority to carry out day-to-day operational decisions on behalf of the County. Standard provisions related to insurance, indemnification, and limitation of liability are included and are consistent with similar public housing management arrangements.

This partnership also strengthens coordination between MEDA, Blue Earth County, and BECEDA and contributes to the long-term preservation and quality operation of affordable housing resources within the region.

The financial impact of the agreement is expected to be neutral to positive for MEDA. Management fees will be paid from project revenues, and all operating expenses will be borne by the project. No direct local subsidy is required.

Attachments

Resolution

Property Management Agreement

RESOLUTION APPROVING PROPERTY MANAGEMENT AGREEMENT
FOR BLUE EARTH COUNTY RAD/SECTION 18 UNITS

WHEREAS, Blue Earth County (the "County") owns and operates certain public housing units located throughout Blue Earth County, Minnesota, including (i) Breckenridge Apartments, a mixed-finance public housing development consisting of eighteen (18) units, of which nine (9) are public housing Annual Contributions Contract (ACC) units, and (ii) forty-seven (47) scattered site units (collectively, the "Development"); and

WHEREAS, the County previously acquired nineteen (19) scattered site public housing units pursuant to Section 18 of the United States Housing Act of 1937, as amended (the "Section 18 Units"), from the Economic Development Authority of Blue Earth County (the "BECEDA") on September 30, 2025; and

WHEREAS, the BECEDA has received approval from the U.S. Department of Housing and Urban Development ("HUD") to convert the remaining public housing units, including Breckenridge Apartments and the scattered site units, to long-term Section 8 assistance under HUD's Rental Assistance Demonstration ("RAD") program, together with a Section 18 blend (collectively, the "RAD/Section 18 Conversions"); and

WHEREAS, in connection with the RAD/Section 18 Conversions, the BECEDA will enter into four (4) RAD Section 8 Project-Based Voucher Housing Assistance Payments contracts (the "RAD PBV HAP Contracts") and will act as contract administrator for the receipt of HUD subsidy; and

WHEREAS, the BECEDA administers a Housing Choice Voucher (HCV) program and has the administrative capacity to meet HUD requirements for the administration of RAD Project-Based Vouchers; and

WHEREAS, The Economic Development Authority of Mankato (MEDA) and the County desire to enter into a Property Management Agreement pursuant to which MEDA will manage and operate the units subject to the RAD/Section 18 Conversions (the "RAD/Section 18 Units") in compliance with applicable HUD regulations and program requirements; and

WHEREAS, MEDA finds that entering into such a Property Management Agreement is in the best interests of the public and will ensure effective management and long-term viability of the RAD/Section 18 Units;

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of Mankato as follows:

1. The board of MEDA authorize the execution of the Property Management Agreement with the County, pursuant to which MEDA shall provide management and operational services for the RAD/Section 18 Units in accordance with RAD program requirements, HUD regulations, and the RAD PBV HAP Contracts.
2. The Executive Director, or their designee, is hereby authorized and directed, for and on behalf of the MEDA, to negotiate, execute, and deliver the Property Management Agreement and any related documents, instruments, and certifications, and to take all actions deemed necessary or appropriate to carry out the intent of this Resolution.

3. **Effective Date.** This Resolution shall become effective immediately upon its passage and without publication.

Adopted this 11th day of May, 2026.

____

Najwa Massad, Chairperson

ATTEST:

____

Susan MH Arntz, Executive Director

PROPERTY MANAGEMENT AGREEMENT

This Agreement is made as of the _11__ day of __May_, 2026 ("**Effective Date**") by and between Blue Earth County, Minnesota, a political subdivision of the State of Minnesota ("**Owner**") and the Economic Development Authority of Mankato, a public body corporate and politic organized under the laws of the State of Minnesota ("**Agent**").

1. **Appointment and Acceptance.** Owner hereby appoints and engages Agent as its exclusive agent to rent, lease, operate and manage the Project described in Section 2 hereof and Agent accepts the appointment subject to the terms and conditions set forth in this Agreement.

2. **Description of Project.** The property to be managed by Agent (the "**Project**") is the rental communities consisting of the land, buildings and other improvements, including the dwelling units (the "**Project Units**"), known as Breckenridge Apartments and Scattered Site Units (the "Project") and further described on **Exhibit A**.

3. **Definitions.** Capitalized terms used and not defined in the body of this Agreement are defined in **Exhibit A**.

4. **Scope of Services.** Agent will have the general duty and responsibility of managing the Project in a good and efficient manner and in compliance with Project Requirements, as defined herein. Agent shall exercise due diligence and care in the management of the Project, and shall furnish Owner with its best advice, experience and judgment in such management.

5. **Project Requirements.**

    (a) The Project is subject to certain operational and programmatic requirements, agreements, and restrictions arising out of the Department of Housing and Urban Development ("**HUD**") Rental Assistance Demonstration program (" **RAD**") under which it is assisted, requirements set forth in the RAD Conversion Commitment (the "**RCC**"), Section 8 Project Based Voucher Housing Assistance Payment Contracts ("**PBV HAP Contract**"), and RAD Use Agreement ("**Use Agreement**" and, collectively with the RCC and the PBV HAP Contract , the " **RAD Documents**"), and/or otherwise, as set forth in the documents identified on **Exhibit B**, and all applicable federal, state and local laws, statutes, ordinances, regulations, and other applicable authority legal authorities referenced therein or applicable to the Project whether or not specifically referenced (collectively, "**Project Requirements**"). Agent acknowledges that Owner has provided it with copies of all project-specific documents listed in the Project Requirements and that Agent has reviewed the Project Requirements. Owner shall provide any documents not listed in Project Requirements that Owner expects Agent to observe in the operation of the Project. In performing its duties hereunder, Agent shall comply with, and shall cause the Project to comply with, the Project Requirements, provided, however, that such compliance will be an expense of the Project and Agent will not be required to make any payments from its own funds or incur any individual liability.

    (b) In performing its duties hereunder, Agent shall comply with, and shall cause the Project to comply with, the Management Plan that, if not attached hereto as

Exhibit C, will be proposed by Agent and mutually agreed upon by Owner and Agent within sixty (60) days after the Effective Date. The Management Plan sets forth the policies and procedures to be followed by Agent for the management of the Project, as amended from time to time in accordance with the Project Requirements. Agent will review the Management Plan from time to time for the purpose of keeping Owner informed of necessary or desirable changes.

6. **Marketing.** Agent will carry out marketing for the Project in accordance with the Project Requirements and the Management Plan (including the resident selection or marketing plan therein).

7. **Rentals.** Agents will use due diligence in the management of the Project, devoting such resources as are appropriate, and will use reasonable efforts to rent the Project Units and other rental facilities in the Project. Incident thereto, the following provisions will apply:

(a) Agent will be the exclusive rental agent of the Project.

(b) Agent will prepare for initial rent-up of the Project (if not currently occupied).

(c) Agent will set up and maintain an on-site management office to service the Project or make other arrangements reasonably acceptable to Owner.

(d) Agent will follow any marketing plan or resident selection plan approved by Owner and any other applicable parties.

(e) Agent will show available dwelling units to prospective tenants and counsel all prospective tenants regarding eligibility for the Project Units.

(f) Agent will comply with all procedures in the Management Plan and Project Requirements regarding applicants for occupancy of the Project Units including, as applicable, application intake, determination of eligibility, interview and screening, verification procedures, selection and rejection, record maintenance, unit assignment and execution of leases, all in accordance with the forms, criteria and procedures set forth in the Management Plan.

(g) Agent will comply with all eligibility verification and documentation procedures required by the Project Requirements prior to executing leases and upon subsequent review, and will prepare, maintain and verify eligibility certifications, in accordance with the Project Requirements and any additional specific compliance requirements provided by Owner.

(h) Agent will prepare all leases and will execute the same in Owner's name, identifying itself thereon as agent for Owner. Leases will be in a form approved by Owner, but individual leases will not be submitted for the approval of Owner.

(i) Owner will approve schedule of rents furnished and recommended by the Agent and any other charges for facilities and services. No lease shall be executed for rental amounts less than as approved by Owner.

(j) Agent will collect, deposit and disburse security deposits, if required, in accordance with the terms of each tenant's lease and any applicable state or local laws regarding security deposits, including without limitation any applicable laws concerning payments of interest thereon. Security deposits will be deposited by Agent in the Security Deposit Account.

(k) In accordance with the Management Plan, a joint inspection of each Project Unit will be conducted by Agent and the new tenant prior to move-in, and a checklist of the unit's condition will be signed by Agent and the tenant upon occupancy; inspections of occupied units will be conducted on a regular basis in order to ascertain the adequacy of care of the unit by the tenant and any necessary repairs; prior to a planned move-out, a joint inspection of the unit will be conducted by Agent and the tenant and where required repairs exceed normal wear and tear, Agent will resolve appropriate charges with the tenant, or deduct such charges from the security deposit in accordance with any applicable state and local laws.

8. **Bank Accounts.** Agent will establish and maintain a bank account, in an institution whose deposits are federally insured, the account which shall be used exclusively by Agent for funds of the Project and be known as the Project's **Operating Account**. Funds in the Operating Account will remain the property of Owner, subject to disbursement by Agent. Agents will not be held liable in the event of bankruptcy or failure of a depository.

In conformance with any applicable local and state laws regarding security deposits, Agent will establish and maintain an interest-bearing escrow account in an institution whose deposits are federally insured, which account shall be used exclusively by Agent for security deposits received by Agent from tenants of the Project and be known as the Project's **Security Deposit Account**. Agents will not be held liable in the event of bankruptcy or failure of a depository.

As required by Project Requirements, Agent will establish and maintain a sub-account, in an institution whose deposits are federally insured, which account shall be used exclusively by Agent for funds of the Project and be known as the Project's **Operating Reserve Account**. For each Project, Agent shall deposit the amount of Project funds listed in Exhibit A into the Operating Reserve Account at such times listed therein.

As required by Project Requirements, Agent will establish and maintain a sub-account, in an institution whose deposits are federally insured, which account shall be used exclusively by Agent for funds of the Project and be known as the Project's **Replacement Reserve Account**. For each Project, Agent shall deposit the amount of Project funds listed in Exhibit A into the Replacement Reserve Account at such times listed therein.

All bank accounts opened by Agent at Owner's direction shall be held in Owner's name but shall be under Agent's exclusive control. Only Agent shall be authorized to draw upon such accounts. No funds deposited in any account established under this Agreement shall be comingled with any other funds of Agent or any other entity.

9. **Collection of Rents, Charges and Other Receipts.** Agent will use reasonable efforts to collect, when due, rents, charges and other amounts receivable due from tenants or others on Owner's account in connection with the management and operation of the Project. Tenant rent payments or charges will be due and payable in accordance with

the terms of each lease. All funds collected by Agent shall be deposited by Agent in the Operating Account.

All security deposit funds, if any, received by Agent shall be deposited in the Security Deposit Account in accordance with the terms of each tenant's lease and the laws of the locality and state where the Project is located.

10. **Enforcement of Leases.** Agent will use diligent efforts to secure full compliance with each tenant with the terms of his or her lease. Voluntary compliance will be emphasized, and Agent will counsel tenants and make referrals to community agencies in cases of financial hardship or other circumstances deemed appropriate by Agent, to the end that involuntary termination of tenancies may be avoided to the maximum extent consistent with the sound management of the Project.

Nevertheless, subject to any applicable procedures set forth in the Management Plan, Agent shall have the authority, acting on behalf of Owner, to terminate any tenancy when, in Agent's judgment, sufficient cause (including, but not limited to, nonpayment of rent) for such termination exists under the terms of the tenant's lease. Agent is authorized to consult with legal counsel of its choice to bring actions for evictions or legal proceedings to enforce any of the lease terms or to recover rents or other charges due and to execute notices to vacate and/or other notices; provided, however, that Agent shall keep Owner informed of such actions. Attorney fees and other necessary costs incurred in connection with such actions and not recovered from tenants will be paid from the Operating Account as Project expenses.

11. **Maintenance and Repair.** Agent will cause the Project to be maintained and repaired in accordance with the Management Plan, Project Requirements, and state and local codes and in a condition at all times acceptable to Owner and other applicable parties, including but not limited to cleaning, painting, decorating, plumbing, carpentry, grounds care, and such other maintenance and repair work as may be necessary.

Incident thereto, the following provisions will apply:

(a) Special attention will be given to preventive maintenance. To the greatest extent feasible, the services of regular maintenance personnel shall be used.

(b) Agent is authorized to contract with qualified independent contractors, when necessary, for general maintenance and repair of major mechanical systems.

(c) Agent is authorized to purchase all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance and repair of the Project in accordance with the budget established with Owner.

(d) Notwithstanding any of the foregoing provisions, the prior approval of Owner will be required for any single expenditure for labor, materials, or otherwise in connection with the maintenance and repair of the Project, which exceeds $175,000 or such other amount as is shown in Exhibit D (the "**Expenditure Limit**"); except for (i) expenses within the limits of and already included in Owner-approved annual operating budget or (ii) emergency repairs involving serious danger to persons or property, or (iii) expenses required to avoid suspension of any necessary service to the Project. In the case of exceptions (ii) and (iii) above, Agent shall provide written notice thereof to Owner within forty-eight (48) hours or, in extraordinary circumstances, as promptly as possible after making the expenditure**.**

(e) Agent will systematically and promptly receive and investigate all service requests from tenants, take such action thereon as may be justified, and will keep records of the same. Complaints of a serious nature regarding the condition of the Project will be reported to Owner for investigation

12. **Utilities and Services**. Agent is authorized by Owner to make arrangements and/or, as agent for Owner, enter into contracts for water, electricity, gas, fuel, oil, sewage and trash disposal, pest extermination, decorating, laundry facilities, and telephone, cable and data communication services and any and all other services as may be required or advisable for the operation of the Project. The term of any contract made by Agent hereunder may extend beyond the term of this Agreement. To the extent included in the approved Project budget, Agent may enter into contracts with third party utility invoice processing, monitoring, and bundling service providers for the purposes of processing utility invoices, monitoring utility usage, and bundling utility services at the Project in an effort to reduce utility costs and improve the Project's energy efficiency. All utility payments shall be made from the Operating Account. If the dwelling units are individually metered for any utilities, tenants will contract directly for those utilities, and Agent will not make contracts to secure the same.

13. **Disbursements from Operating Account and Withdrawal from Reserves**. Agent will make disbursements from Owner's funds in accordance with this Agreement and the Management Plan. Incident thereto, the following provisions will apply:

(a) From the funds collected and deposited by Agent in the Operating Account, Agent will make the following disbursements promptly when payable:

(1) Compensation payable to Agent hereunder and reimbursement to Agent for compensation payable to or on account of the employees, and for the taxes and assessments payable to local, state, and federal governments in connection with the employment of such personnel.

(2) The payments required to be made periodically by Owner to mortgagee(s), if applicable, including the amounts due for principal amortization, interest, mortgage insurance premiums; ground rents; taxes and assessments; insurance premiums; and the amounts required by any mortgagee, United States Department of Housing and Urban Development ("**HUD**") or other party for allocation to a replacement, operating or other reserve.

(3) The payment for technology required to manage the Project including but not limited to hardware, software licensing and technology maintenance fees, and the payment for reasonable costs incurred in connection with third party records storage expenses. Such reimbursements will be paid from the Operating Account and will be treated as a Project expense.

(4) All sums otherwise due and payable as expenses of the Project authorized to be incurred by Agent in furtherance of the terms of this Agreement and the Management Plan.

(b) Except for the disbursements specifically described in this Section 13, funds will be disbursed or transferred from the Operating Account only as Owner may from time to time direct in writing.

(c) If the balance in the Operating Account is at any time insufficient to pay expenses when due, Agent will inform Owner of that fact, and Owner will, within five (5) business days, remit to Agent sufficient funds to cover the deficiency. Notwithstanding anything to the contrary stated or implied herein, Agent shall have no obligation or responsibility to use its own funds to pay Project expenses, and it is hereby agreed Agent has no personal, individual or other liability for such debt.

(d) Agent shall withdraw from any Project Reserve accounts only as directed by Owner, which direction shall be in accordance with the Project Requirements.

14. **Budgets.** After consultation with Owner, Agent will prepare a recommended operating budget for the Project for each Project Fiscal Year, which unless otherwise specified on Exhibit A will be the calendar year (January 1 – December 31), and will submit the same to Owner for approval for review not later than sixty (60) days before the earlier of (i) the beginning of each new Project Fiscal Year or (ii) any date required by the Project Requirements. Upon receipt, Owner will promptly inform Agent, of changes, if any, to be incorporated in the budget. The proposed budget will be deemed approved unless Owner gives notice of disapproval within thirty (30) days of delivery. Once the budget is approved, Agent will use diligent efforts to see that each type of operating expense itemized in the budget will not exceed the annual amount authorized by the approved budget and Agent will keep Owner informed of any anticipated deviation from the receipts or disbursements stated in the approved budget. Owner will promptly inform Agent of any changes to be incorporated in the approved budget.

15. **Records and Reports.** In addition to and not in limitation of any other requirements specified in this Agreement and the Project Requirements, Agent will have the following responsibilities with respect to records and reports:

(a) Agent will establish and maintain a comprehensive system of records, books and accounts in a manner conforming to any directives of the Project Requirements and otherwise satisfactory to Owner. All records, books and accounts will be subject to examination by authorized representatives of Owner or other applicable parties during regularly scheduled business hours upon reasonable written notice, which absent special need shall be at least forty-eight (48) hours.

(b) If requested by Owner, and/or as required by the Project Requirements, within sixty (60) days following the end of each Project Fiscal Year, Agent will furnish to Owner a complete annual financial report for the Project based upon an examination of the books and records. This report shall be prepared in conformity with generally accepted accounting principles. The costs of preparing this report will be paid out of the Operating Account as an expense of the Project.

(c) By the fifteenth (15th) day of each month, Agent will furnish Owner with reports reasonably requested by Owner, which may include Balance Sheet, Statement of Profit and Loss and Loss v. Budget (i.e. budget v. actual) for the previous month and with a schedule of accounts receivable and payable as of the end of the previous month.

(d) By the fifteenth (15th) day of each month, or more frequently as requested by Owner, Agent shall submit to Owner a current occupancy report, if requested by Owner.

(e) If reasonably requested by Owner, Agent will prepare and furnish any other reports necessary to comply with the Project Requirements, including any audited financial reports required by the Project Requirements.

16. **Bids, Discounts, Rebates, etc**. Agent shall use diligent efforts to obtain contracts, materials, supplies, utilities, and services in accordance with contracting and bidding requirements applicable to and required by the Owner. Agent shall secure and credit to Owner, and not receive or retain for itself, all discounts, rebates, or commissions obtainable with respect to purchases, service contracts, and all other transactions regarding the Project.

17. **Insurance**. Agent shall carry (a) worker's compensation insurance, for compensation to any person engaged in the performance of any work undertaken under this Agreement (b) commercial general liability insurance and excess/umbrella liability insurance policies; (c) Property Management Errors and Omissions Insurance or such other insurance as a property manager of housing projects similar to the Development would carry, or as reasonably required by Owner. The Agent shall provide Owner with a Certificate of Insurance. Owner shall obtain and keep in force, at its expense, property insurance on the Development and underlying real property, and such other insurance as it deems appropriate. Agent shall be named as an additional insure as their interests may appear on all liability insurance maintained with respect to the Development. Owner's insurance premiums shall be treated as operating expenses and shall be paid out of the Operating Accounts in accordance with the Operating Budget.

18. **Fidelity Bond and Agent's Insurance**. Agent shall furnish and maintain at its own cost and expense for the duration of the Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof, or as otherwise required by any applicable party, a commercial blanket bond in favor of Owner and, as applicable, other applicable parties, in an amount sufficient to meet the requirements of Owner and the other applicable parties, and in a form and with a company acceptable to Owner, which commercial blanket bond shall cover Agent and all employees hired by Agent in connection with the Agreement. Agent shall furnish and maintain for the duration of the Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof, or as otherwise required by any applicable party, such insurance as may be required in the amounts required.

19. **Non-Discrimination**. In the performance of its obligations under this Agreement, Agent will comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, creed, sex, sexual orientation, familial status, handicap, national origin or any other protected status.

20. **Employees**. The number, qualifications, and duties of personnel to be employed in the management of the Project, will be determined by Owner and Agent in accordance with the Owner-approved budget and the Management Plan, and in accordance with any Section 3, local hire, or similar obligations of the Project. All such employees will be deemed employees of Agent, not Owner, and will be hired, supervised, and discharged by Agent. Compensation (including payroll taxes, fringe, and health and disability benefits) payable to all full and part time on-site personnel; local, state, and federal taxes and assessments (including but not limited to Social Security taxes, unemployment insurance, and workmen's compensation insurance); and other direct cost incident to the employment and training of such personnel will be paid from the Operating Account and will be treated as a Project expense, subject to the following conditions:

(a) The compensation (including payroll taxes, fringe, and health and disability benefits) of all employees will be within Agent's sole discretion, provided that minimum wage standards are met.

(b) Agents shall maintain workers' compensation insurance covering all liability of the employer under established workers' compensation laws.

(c) Agents shall maintain employer's liability insurance and provide Owner with a Certificate of Insurance.

(d) Agents shall prepare, file and execute all required statements and reports relating to employees, including, but not limited to, payroll tax reports, as required under applicable federal, state, and local law, regulations, and/or ordinances.

21. **Compliance with Governmental Orders; Licenses**. Agents will take such action as may be necessary to comply promptly with all government orders or other requirements affecting the Project, whether imposed by federal, state or local authority. Nevertheless, Agent shall take no such action so long as Owner is contesting, or has affirmed its intentions to contest, any such order or requirement. Agent will notify Owner, in writing, of all notices of such governmental orders or other requirements within three (3) business days of the time of their receipt. Owner will notify Agent, in writing, of all notices of such governmental orders or other requirements within three (3) business days of the time of their receipt. Agent will take all necessary steps to obtain and maintain in effect any licenses and registrations required under applicable law for the intended use and operation of the Project.

22. **Agent's Compensation**.

(a) For the services provided hereunder, exclusive of reimbursement of expenses to which Agent is entitled hereunder, Agent will receive a management fee paid out of the Operating Account and treated as a Project expense, which fee will include a base monthly elements (the "**Base Fee**") and may include other elements as specified in Exhibit A. The following subsections describe possible elements of the management fee, but such elements shall be charged for the Project only as specified in Exhibit A, and any particulars in Exhibit A will supersede this text.

(b) The Base Fee will be payable in an amount equal to a specified percentage of each month's gross receipts (the "**Fee Percentage**") or a fixed amount (the "**Fee**

Amount") per unit per month, as specified in Exhibit A. If gross receipts determine the fee, an adjustment shall be made by the tenth (10th) day of the following month for monies collected after the payment of Agent's monthly management fee. If the fee is a set amount per unit per month, such amount shall be increased annually on the renewal date of this Agreement by a percentage specified in Exhibit A (the "**Fee Inflation Factor**"). Gross receipts shall include but not be limited to rental income (including rental subsidies), forfeited security deposits, laundry income, parking fees and other miscellaneous income, deposits and charges, but excluding security deposits and other deposits which have not been forfeited, insurance proceeds other than proceeds for loss of rents or income, condemnation awards, sale or refinancing proceeds, reimbursement of any overpaid expenses, utility charges and other "pass-throughs" or items of expense billed to the tenant and paid by the Project.

(c) For any Project in which Agent is related to the Owner, Agent may agree to subordinate some part of its fee to Project cash flow and senior obligations. In such event, any portion of such fee not paid when due will accrue and be paid as soon as feasible.

23. **Term**. This Agreement shall begin on the Effective Date and shall be in force for a period of five (5) years from such date or such longer period as is stated in Exhibit A ("**Initial Term**") and thereafter shall be renewed automatically for five (5) year periods until either Owner or Agent terminates it, by written notice to the other party, at least sixty (60) days prior to the expiration of the Initial Term or any anniversary thereof.

This Agreement may be terminated at any time and for any reason, with or without cause, by either party upon sixty (60) days advance written notice of such termination to the other party. This Agreement may also be terminated by either party for willful misconduct or criminal fraud upon five (5) days written notice to the other party.

Notwithstanding anything to the contrary in this Agreement, Owner may terminate this Agreement if and as required by any of the Project Requirements.

24. **Project Compliance**. Notwithstanding anything to the contrary herein, Owner acknowledges that Agent has no responsibility for the compliance of the Project or any building thereon or any equipment therein with the requirements of any building or zoning codes or with any statute, ordinance, law, or regulation of any governmental body or of any public authority or official thereof having jurisdiction, including but not limited to lead paint conditions, except insofar as such compliance or non-compliance is caused by Agent's gross negligence, willful misconduct, or failure to perform its responsibilities under this Agreement. Agent shall notify Owner promptly or forward to Owner promptly any complaints, warnings, notices, or summonses received by Agent relating to such matters. To the extent there are sufficient funds, Agent shall take necessary action to cure any violations or hazards related to the above. Owner represents that, to the best of Owner's knowledge, the Project and all Project equipment comply with all above requirements. To the extent not expressly prohibited by law, Owner shall indemnify and hold Agent harmless from any and all claims, losses, demands, liabilities, actions, causes of action and obligations, of whatever nature and description, and all costs of defending same (including reasonable attorney's fees) that are in any way caused by, related to or predicated upon any violation or alleged violations of such building codes, laws, ordinances, statutes or regulations, relating to the physical condition of the Project,

including but not limited to lead paint conditions, excepting only losses caused by Agent's gross negligence, willful misconduct, or failure to perform its responsibilities under this Agreement.

25. **Agent Assumes No Liability for Past Practices**. Notwithstanding anything to the contrary stated or implied herein, Agent shall not be liable to Owner (or anyone claiming through Owner) in any context whatsoever for any acts or omissions of (a) Owner, (b) any past or present employees of Owner, (c) any previous owner of the Project, (d) any previous management agent employed at or providing services to the Project, or (e) any agent of (a)-(d) above. To the extent not expressly prohibited by law, Owner shall indemnify and hold Agent harmless from any and all claims, losses, demands, liabilities, actions, causes of action and obligations, of whatever nature and description, and all costs of defending same (including reasonable attorney's fees) which are in any way caused by, related to or predicated upon, any policies or practices of Owner and/or acts and/or omissions of Owner or its prior management company or any of their employees predating the date of this Agreement.

In amplification of the above and not in limitation thereof, Agent shall have no liability for violations of building, zoning, environmental or other laws or regulations, including but not limited to lead paint laws, that may exist as of the date of this Agreement but may only become known during the period this Agreement is in effect. Agent shall bring any such violations or hazards discovered by Agent to the attention of Owner in writing and Owner shall promptly cure them at Owner's sole expense.

26. **Indemnification**. Owner shall indemnify, defend and save Agent harmless from all loss, damage, cost, expense (including reasonable attorneys' fees), liability or claims incurred by or suffered by Agent relative to the Project and/or relative to Agent's management of the Project, except to the extent caused by or resulting from the illegal acts, gross negligence or willful misconduct of Agent.

Agent shall indemnify, defend and save Owner harmless from all loss, damage, cost, expense (including reasonable attorneys' fees), liability or claims (i) for personal injury or property damage incurred or occurring in, on or about the Project caused by or resulting from the illegal acts, gross negligence or willful misconduct of Agent or (ii) resulting from Agent's failure to comply with explicit obligations of this Agreement. The foregoing indemnity shall not apply to loss, damage, cost, expense (including reasonable attorneys' fees), liability or claims resulting from the illegal acts, gross negligence or willful misconduct of Owner.

Notwithstanding the foregoing, if Agent is ever a party to any litigation or proceeding commenced by a third party in which a claim or allegation is made that Agent (or persons for whom it may be responsible) has violated a contract, acted illegally, been negligent or otherwise committed any wrongdoing through any act or omission then, until such time as final judgment is entered against Agent finding Agent to have engaged in willful misconduct or gross negligence, all costs and expenses of defense including attorney's fees shall be borne solely by Owner. Such costs of defense shall be paid for by Agent using Project revenue or Owner advancing funds from time-to-time as defense costs are incurred.

27. **Limitation of Liability**. No manager, member, officer, director, agent, or employee of Agent and no officer, director, trustee, member, partner, manager, agent, or employee of any manager or member of Agent shall have any personal liability for the performance of

any obligation by Agent, or under or in connection with this Agreement or any acts done or omitted by Agent. Owner shall look only at the Agent and its assets for payment or performance under this Agreement. Agent does not waive any applicable statutory limitations of liability applicable under state law.

28. **Relationship of Parties**. The relationship of the parties to this Agreement shall be that of principal and agent, and all duties to be performed by Agent under this Agreement shall be for and on behalf of Owner, in Owner's name, and for Owner's account. In taking any action under this Agreement, Agent shall be acting only as agent for Owner, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement, except that of principal and agent, or as requiring agent to bear any portion of losses arising out of or connected with the ownership or operation of the Project. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement, except that Agent is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

29. **Notices**. Any notices given pursuant to this Agreement shall be in writing and shall be considered to have been given: (a) if sent by email, but only if if actively acknowledged by recipient or followed by a second form of notice as described in this section 29; (b) if hand delivered, or (c) if sent by registered or certified mail, return receipt requested, or by private overnight carrier, in each instance properly addressed and with postage or other charges prepaid, to the addresses set forth on **Exhibit A**.

All notices will be sent by personal delivery, email, Federal Express or other nationally recognized overnight messenger service, United States registered or certified mail, postage prepaid, return receipt requested. All notices shall be considered to have been given earlier of receipt, or acknowledgment of email, or forty-eight (48) hours after the date of mailing or one day after delivery to an overnight carrier as provided herein. Any party to this Agreement desiring to make a change in its address for the purpose of notices under this Section shall notify the other party of the change of address in the same manner as provided for in this Section for notices.

30. **Governing Law**. This Agreement shall be governed by and construed and enforced exclusively in accordance with the laws of the State of Minnesota. Venue and jurisdiction for any dispute arising out of or relating to this Agreement shall be in the county where the Project is located.

31. **Entire Agreement**. This Agreement constitutes the entire agreement between Owner and Agent with respect to the management and operation of the Project and supersedes and replaces any and all previous management agreements entered into and/or negotiated between Owner and Agent related to the Project covered by this Agreement. Except as otherwise provided herein, no change will be valid unless made by supplemental written agreement, executed and approved in the same manner as this Agreement. Each party to this Agreement hereby acknowledges and agrees that neither party has made any warranties, representations, covenants, or agreements, express or implied, other than those expressly set forth herein and that each party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, other than those expressly set forth herein.

32. **Successors and Assigns**. This Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Agent, and their respective successors and assigns; provided that neither Agent nor Owner shall assign this Agreement, and the rights and obligations herein set forth, without prior written consent of the other party. Notwithstanding the foregoing, Owner may assign its rights and obligations as required in connection with the financing of the Project.

33. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which will be deemed an original and all of which, taken together, will constitute one instrument.

34. **Electronic Signatures**. This Agreement and any amendments, instruments, or documents to be executed in connection herewith may be executed and delivered by electronic means. Any signature delivered by electronic transmission (including PDF, email, electronic signing platform, or other electronic means consistent with Minn. Stat. ch. 325L) shall be deemed an original signature, shall be fully binding, and shall have the same legal effect as a handwritten signature executed in ink.

35. **Survivability**. The terms of Sections 24, 26, 27 and 27 of this Agreement shall survive the expiration or termination of this Agreement.

36. **Riders and/or Addenda**. The Riders and/or Addenda attached hereto at **Exhibit C** shall be incorporated herewith, and if there shall be any conflict between the terms of this Agreement and the terms of the Rider and/or Addendum, the terms of the Rider and/or Addendum will be controlled.

[Signature page follows.]

IN WITNESS WHEREOF, the principal parties have, by their duly authorized officers, executed this Agreement on the date first above written.

AGENT:

ECONOMIC DEVELOPMENT AUTHORITY OF MANKATO,
a public body corporate and politic organized under the laws of the State of Minnesota

By: ________________________
Name: Susan MH Arntz
Title: Executive Director

OWNER:

BLUE EARTH COUNTY, MINNESOTA
a political subdivision of the State of Minnesota

By: ________________________
Name: Joshua W Milow
Title: County Administrator

Exhibit A

PROJECT INFORMATION

I. Project Description

Project Name	Breckenridge Townhomes Development;
Address	100 – 134 Breckenridge Path; 100, 102, 104, 106, 108, 110, 112, 114, 116, 118, 120, 122, 124, 126, 128, 130, 132, & 134 Breckenridge Path
City, State, Zip	Eagle Lake, MN 56024
Number of Dwelling Units	18 units

Project Name	Scattered Site Development
Address	121 Agency St, 125 Agency St, 203 Perry St, 205 Perry St, 213 Perry St, 201 Connie Ln, 203 Connie Ln, 205 Connie Ln, 207 Conne Ln, & 209 Connie Ln
City, State, Zip	Eagle Lake, MN 56024
Number of Dwelling Units	10 Units

Project Name	Scattered Site Development
Address	613 7th St #1-13 (Pioneer Plaza), 49 Walnut St, 53 Walnut St, 55 Walnut St, 508 7th St, 514 7th St, & 516 7th St
City, State, Zip	Madison Lake, MN 56063
Number of Dwelling Units	19 Units

Project Name	Scattered Site Development

Address	706 Main St #1-12 (Eastview Apts), 409 3rd Ave SE, 412 4th Ave SE, 414 4th Ave SE, 416 4th Ave SE, 418 4th Ave SE, 305 Main St NW, 307 Main St NW, 309 Main St NW, 311 Main St NW, 313 Main St NW, 315 Main St NW, 302 Lincoln St SE, 311 2nd Ave SE, 305 Troendle SE, 207 Main St NW, 209 Main St NW, 507 Central Ave S, 509 Central Ave S, 511 Central Ave S, & 513 Central Ave S
City, State, Zip	Mapleton, MN 56065
Number of Dwelling Units	32 Units

Project Name	Scattered Site Development
Address	1 Colwyn Way, 2 Colwyn Way, 428 Blue Earth St, 33 Catherine Ln & 27 Catherine Ln
City, State, Zip	Lake Crystal, MN 56055
Number of Dwelling Units	5 Units

II. Project Units

Kind of Unit	**Number of Units**
Project-Based Vouchers	84
Total Number of Dwelling Units:	84

III. Compensation (see Section 22):

a. **Fee Percentage: 6%**

IV. Reserve Requirements

a. **Operating Reserve: $200,006**

i. **The Operating Reserve must be fully funded prior to submission of the Certificate of Completion to HUD**

b. **Replacement Reserve: $275,000**

i. **An initial deposit of $275,000 to the Replacement Reserve shall be funded at closing. Following construction completion (approximately 12 months), monthly deposits in the amount of $9,792 shall be funded.**

Other Business Terms:

c. **Expenditure Limit (Section7 (d)): $175,000**

d. **Initial Term (Section 23): 5 years**

V. Notice Addresses

If to Owner, to:	Blue Earth County, Minnesota 204 S 5th Street Mankato, MN 56001
If to Agent, to:	Economic Development Authority of Mankato 10 Civic Center Plaza Mankato, MN 56001

<u>Exhibit B</u>

Project Requirements

1) Rental Assistance Requirements
   a) Housing Assistance Payments Contract

2) Other Documents and/or Requirements
   a) RAD Conversion Commitment by and between HUD, Blue Earth County and Economic Development Authority of Blue Earth County

3) RAD Use Agreement by and between HUD, Blue Earth County, and Blue Earth County Economic Development Authority

<u>Exhibit C</u>

Management Plan - ACOP

RAD Addendum

AGENDA RECOMMENDATION

Economic Development Authority **4. F.**

Meeting Date: 05/11/2026

Agenda Item:

Resolution authorizing the Rental Assistance Demonstration (RAD) / Section 18 Conversion and Disposition to the City of Mankato.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Economic Development Authority of Mankato (EDA) currently owns and operates public housing units throughout Mankato, including Orness Plaza and scattered-site properties totaling one hundred thirty (130) units.

On April 1, 2025, the EDA completed the disposition of forty-nine (49) scattered-site public housing units to the City of Mankato pursuant to Section 18 of the United States Housing Act of 1937 (the “Section 18 Units”).

The EDA has since received approval from the U.S. Department of Housing and Urban Development (HUD) to convert its remaining public housing units to long-term Section 8 assistance under the Rental Assistance Demonstration (RAD) program, utilizing a blended RAD/Section 18 approach (the “RAD/Section 18 Conversions”).

To implement this conversion, the EDA will undertake a coordinated set of actions to reposition its remaining public housing portfolio. Ownership of the development—including Orness Plaza and the remaining scattered-site units—will be conveyed to the City of Mankato for nominal consideration. This transfer is necessary because the EDA cannot administer Project-Based Voucher (PBV) assistance on units that it also owns. Accordingly, transferring ownership to the City ensures compliance with federal requirements while preserving long-term affordability.

In conjunction with the conversion, the EDA will enter into two Project-Based Voucher Housing Assistance Payments (PBV HAP) contracts with the City. Through these agreements, the units will transition from public housing subsidy to long-term Section 8 assistance under RAD. The EDA will retain an ongoing administrative role as contract administrator, overseeing compliance and facilitating the flow of subsidy from HUD.

Following the transfer, the City will own the units and is expected to pursue a management agreement with the Economic Development Authority of Blue Earth County to ensure continued professional management and operational continuity.

The EDA will utilize its existing Housing Choice Voucher program infrastructure to ensure that all federal requirements related to Project-Based Voucher administration are met. Notably, the transaction does not involve external financing or low-income housing tax credits, thereby simplifying implementation and reducing transactional complexity. The development will continue to benefit from tax-exempt status through an existing PILOT agreement.

Overall, the proposed disposition to the City of Mankato ensures continued public stewardship of the properties, preserves long-term affordability, enhances operational sustainability, and aligns housing resources with community goals.

Staff recommends approval of the proposed resolution authorizing the RAD/Section 18 conversion and the disposition of properties to the City of Mankato and authorizes the Executive Director, or her designee, to negotiate and execute the RAD Section 8 Project Based HAP Contracts and documents necessary for the conversion.

Attachments

Resolution

RESOLUTION AUTHORIZING THE RAD/SECTION 18 CONVERSION AND DISPOSITION TO THE CITY OF MANKATO

WHEREAS, the Economic Development Authority of Mankato (EDA) owns and operates certain public housing units located throughout the city of Mankato, Minnesota, including Orness Plaza and scattered site units totaling one hundred thirty units (collectively, the Development); and

WHEREAS, the EDA previously disposed of forty-nine (49) public housing scattered site units pursuant to Section 18 of the United States Housing Act of 1937 as amended the (Section 18 Units) to the City of Mankato (City) on April 1, 2025; and

WHEREAS, the EDA has applied for and received HUD approval to convert the remaining one hundred thirty (130) public housing units to long-term Section 8 assistance under HUD's Rental Assistance Demonstration program (RAD), together with a Section 18 blend (collectively the RAD/Section 18 Conversions); and

WHEREAS, the EDA will sell the Development to the City for a nominal amount; and

WHEREAS, in connection with the RAD/Section 18 Conversions, the EDA will enter into two (2) RAD Housing Choice Voucher Program, Project-Based Voucher Housing Assistance Payments contracts (RAD HCV PBV HAP Contracts) with the City and act as contract administrator for the receipt of subsidy from HUD for the converted units; and

WHEREAS, the EDA operates a Housing Choice Voucher (HCV) program and possesses sufficient administrative capacity to satisfy applicable HUD requirements for the administration of RAD Project-Based Vouchers (PBV);

WHEREAS, there is no financing or low-income housing tax credits in connection with the RAD/Section 18 Conversions; and

WHEREAS, the Development's tax exemption will continue pursuant to a payment in lieu of tax agreement (PILOT); and

WHEREAS, the EDA has been informed of the foregoing transactions and has determined that it is in the best interests of the EDA and the residents it serves to proceed with such actions.

NOW, THEREFORE, BE IT RESOLVED THAT the EDA supports and hereby authorizes and approves the contemplated RAD/Section 18 Conversions; and it is

FURTHER RESOLVED, that the EDA hereby authorizes and approves the disposition and sale of the Section 18 Units by the Authority to the City for nominal consideration, and authorizes the City to acquire, own, and operate such units as affordable housing; and it is

FURTHER RESOLVED, the EDA is hereby authorized to enter two (2) PBV HAP Contracts with the City in connection with the RAD/Section 18 Conversions for the receipt of subsidy for the applicable units, and to administer such contracts in accordance with HUD requirements; and it is

FURTHER RESOLVED, that the Executive Director of the EDA, or her designee, is hereby authorized and directed, for and on behalf of the EDA, to negotiate, execute, and deliver all agreements, documents, instruments, and certifications, including but not limited to purchase and sale agreements, RAD Section 8 PBV HAP contracts, management agreements, and to take any and all actions deemed necessary or appropriate to carry out the intent and purposes of this Resolution;

FURTHER RESOLVED, that all prior actions taken by the Executive Director, or her designee, in furtherance of the foregoing transactions are hereby ratified, confirmed, and approved in all respects; and it is

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

Adopted this 11 day of May 2026.

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Najwa Massad, Board Chair

ATTEST:

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Susan MH Arntz, Executive Director

AGENDA RECOMMENDATION

Economic Development Authority **4. G.**

Meeting Date: 05/11/2026

Agenda Item:

Resolution approving Housing Trust Fund Rental Assistance Demonstration (RAD) Conversion Cashflow Loan for BEC RAD Conversion.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

This is a request for a Housing Trust Fund loan in an amount not to exceed $600,000 to support the conversion of the Blue Earth County Economic Development Authority (BECEDA) public housing portfolio under the Rental Assistance Demonstration (RAD)/Section 18 Small PHA Blend program to Project-Based Vouchers (PBVs). This conversion is a critical component of the EDA's broader strategy to preserve affordable housing, improve property conditions, ensure long-term financial sustainability, and create future affordable housing.

As part of the conversion process, the BECEDA completed a Physical Needs Assessment (PNA) and comprehensive financial analysis to evaluate the capital and operational requirements of the portfolio. The PNA identified necessary rehabilitation work to address existing deficiencies and bring units into compliance with applicable standards, including Housing Quality Standards (HQS). In addition, the conversion requires the establishment of an Initial Deposit to Replacement Reserves (IDRR) to ensure adequate funding for ongoing capital needs.

The BECEDA has committed available Public Housing Capital Funds and Program Reserve Funds to support these efforts. These sources, combined with projected operating revenues under the PBV platform, provide a strong financial foundation for the conversion. However, despite these commitments, a funding gap remains due to the scale of rehabilitation needs and the requirement to adequately capitalize reserves and stabilize operations during the transition period.

Current project financials reflect a deficit of $596,310. This shortfall has an impact on the EDA's ability to fully maintain sufficient operating reserves to support stable cash flow during the initial years following conversion. A five-year operating pro forma indicates that additional upfront support is necessary to ensure the projects achieve and maintain positive cash flow.

To address this gap, we are requesting access to Housing Trust Fund dollars in the form of a repayable, zero-interest cashflow loan with a term of five years. These funds will be used to complete critical rehabilitation work; fund required reserves and provide short-term operating support to ensure a successful transition to the PBV platform.

The requested loan will serve as a vital bridge, allowing the EDA to complete the conversion in a financially sound manner while preserving affordability and improving housing quality for residents. The

EDA can anticipate repayment of the loan within the five-year term through stabilized operating revenues and improved financial performance resulting from the conversion. Approval of this request will directly support the long-term viability of the housing portfolio and ensure the successful implementation of the RAD/Section 18 Small PHA Blend program.

Currently the Housing Trust Fund has a balance of $1,902,887. The EDAs have allocated $835,000 to the Partnership Community Land Trust and $135,283 to the Connections Shelter summer expansion totaling $970,283. With this $600,000 (in a repayable loan) the balance of the Housing Trust Fund will be $332,604.

The requested action is to approve the resolution authorizing Housing Trust Fund dollars in the form of a repayable loan not to exceed $600,000 to support the Blue Earth County RAD/Section 18 Small PHA blend Program conversion to project-based vouchers.

Attachments

Resolution

Intergovernmental Agreement

Promissory Note

A RESOLUTION APPROVING A HOUSING TRUST FUND LOAN TO SUPPORT THE RAD/SECTION 18 SMALL PHA BLEND CONVERSION TO PROJECT-BASED VOUCHERS

WHEREAS, pursuant to Minnesota Statutes, Section 462C.16, The City of Mankato and Blue Earth County created and established the Affordable Housing Trust Fund (the "Housing Trust Fund") administered by the Economic Development Authority of Mankato; and

WHEREAS, the Housing Trust Fund is a permanent source of funding and a continually renewable source of revenue to meet, in part, the housing needs of moderate, low-income and very low-income households, as defined by the United States Department of Housing and Urban Development (HUD), using Area Median Income for Blue Earth County adjusted for household size; and

WHEREAS, the Housing Trust Fund shall provide loans and grants to recipients for the following purposes: (1) acquisition, capital and soft costs necessary for the creation of new affordable and workforce housing (both rental and owner- occupied), (2) acquisition, rehabilitation, capital and soft costs necessary for the preservation of existing affordable and workforce housing (both rental and owner- occupied); (3) acquisition, capital and soft costs necessary for the creation of new mixed income housing (both rental and owner- occupied); (4) the rehabilitation of the existing housing stock; (5) assist with funding of programs that prevent and end homelessness; and (6) other housing expenditures that are consistent with Minnesota Statutes, Section 462C.16 Subd. (3).

WHEREAS, the Economic Development Authority of Blue Earth County (BECEDA) is undertaking the conversion of its public housing portfolio under the RAD/Section 18 Small PHA Blend program to Project-Based Vouchers (PBVs) in order to preserve affordable housing, improve property conditions, and ensure long-term financial sustainability; and

WHEREAS, a Physical Needs Assessment (PNA) and supporting financial analysis have identified necessary rehabilitation work, required Initial Deposit to Replacement Reserves (IDRR), and the need for operating reserves to support stable program cash flows; and

WHEREAS, the BECEDA has committed available Public Housing Capital Funds and Program Reserve Funds toward the conversion; and

WHEREAS, despite these commitments, a cashflow gap of $596,310 remains, which must be addressed to successfully complete the conversion and ensure financial viability; and

WHEREAS, the use of Housing Trust Fund dollars as a short-term financing source will enable the RAD PBV program to complete required rehabilitation, fund reserves, and stabilize operations during the transition period; and

WHEREAS, the requested Housing Trust Fund loan will be in an amount not to exceed $600,000, structured as a zero-interest, repayable cashflow loan over a term of five (5) years; and

WHEREAS, the BECEDA anticipates the RAD PBV Program to repay the loan from stabilized operating revenues following conversion.

NOW, THEREFORE, BE IT RESOLVED the request for a Housing Trust Fund loan in an amount not to exceed $600,000 is hereby approved by the MEDA. The loan shall be provided at zero percent (0%) interest and shall be repayable over a period not to exceed five (5) years from the date of disbursement.

BE IT FURTHER RESOLVED that loan proceeds shall be used for eligible conversion-related costs, including, but not limited to, capital improvements identified in the Physical Needs Assessment and operating reserves necessary to support program cash flow stabilization.

BE IT FURTHER RESOLVED the Executive Director is hereby authorized to execute all necessary documents, agreements, and certifications required to effectuate this loan from the Housing Trust Fund and to ensure compliance with all applicable program requirements.

BE IT FURTHER RESOLVED the MEDA shall review appropriate financial oversight and reporting to demonstrate the proper use and timely repayment of Housing Trust Fund dollars.

Adopted by the Economic Development Authority of Mankato on this 11th day of May 2026.

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Najwa Massad, Board Chair

ATTEST:

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Susan MH Arntz, Executive Director

INTERGOVERNMENTAL CASH FLOW LOAN AGREEMENT
AFFORDABLE HOUSING TRUST FUND PROGRAM

THIS AGREEMENT is made and entered into this 11th day of May 2026, by and between **Blue Earth County RAD/Section 18 Small PHA Blend Program** (hereinafter referred to as "Borrower"), and the **Economic Development Authority of Mankato, Minnesota** (hereinafter referred to as "Lender").

WHEREAS, the Lender administers the Affordable Housing Trust Fund Program for the purpose of supporting housing initiatives within its jurisdiction; and

WHEREAS, the Borrower is a governmental program undertaking affordable housing preservation activities under a Public Housing RAD/Section 18 Small PHA Blend conversion; and

WHEREAS, the Lender has agreed to provide an **intergovernmental cash flow loan** to support the preservation of affordable housing activity;

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

1. **Loan Amount and Terms**
   The Lender agrees to loan to Borrower the principal sum up to Six Hundred Thousand and No/100 Dollars ($600,000.00) (the "Loan").
   The Loan shall bear zero percent (0%) interest and shall be repaid in full within five (5) years of the Effective Date, no later than April 21, 2031.
2. **Purpose of Loan**
   The Loan is provided as an intergovernmental cash flow loan to support the administration and operation of affordable housing activities under the Public Housing RAD/Section 18 Small PHA Blend conversion which meets eligibility criteria of the Affordable Housing Trust Fund Program for the preservation of affordable housing.
3. **Repayment**
   Borrower agrees to repay the Loan as follows:
   - The full outstanding principal balance shall be due on or before April 21, 2031; or
   - If the property identified in *Exhibit A* is sold, transferred, or otherwise conveyed prior to that date, the full outstanding principal balance shall be due within thirty (30) days of such event.
4. **Compliance Requirements**
   Borrower agrees to comply with all applicable program requirements, including those set forth in the RAD Use Agreement, specifically maintaining required low- to moderate-income occupancy and rent restrictions.
5. **Default**
   The Loan shall be considered in default upon the occurrence of any of the following:
   - Failure to repay the Loan in full by April 21, 2031;
   - Failure to repay the Loan upon sale, transfer, or conveyance of the property as required herein;

- Failure to comply with applicable program requirements.

Upon default, the Lender may declare the entire unpaid principal balance immediately due and payable and may pursue any remedies available under applicable law, including recovery of costs and reasonable attorney’s fees.

6. **Notice of Transfer**
   Borrower shall provide written notice to Lender:
   - At least ten (10) days prior to any sale; or
   - Promptly following any other sale, transfer, or conveyance of the property.
7. **Term**
   This Agreement shall remain in effect until the Loan is repaid in full, unless otherwise terminated by mutual written agreement of the parties.
8. **Intergovernmental Nature**
   The parties acknowledge that this Agreement is entered into pursuant to their respective governmental powers and authorities and is intended to facilitate cooperation in the provision of affordable housing.
9. **Binding Effect**
   This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Authorized Representative, Borrower
Date: 05-11-26

Authorized Representative, Lender
Date: 05-11-26

PROMISSORY NOTE

1. In return for a Local Affordable Housing Trust Fund ("HTF") Loan received from the Economic Development Authority of Mankato, 10 Civic Center Plaza, Mankato, MN 56001, ("Lender"), Blue Earth County RAD/Section 18 Blend Affordable Housing Program, of 204 S 5th Street, Mankato, MN 56001 ("Borrower") promises to pay the principal sum of Six Hundred dollars ($600,000) to the order of the Lender before May 11, 2031 or in the event of any change in use of the Premises from an affordable housing development benefitting low and moderate income households within five (5) years after execution of this instrument to the order of the Lender. Interest will be charged on the unpaid balance from the date of disbursement of the loan proceeds by Lender at the rate of Zero percent (0.0%).

2. Borrower's promise to pay is dated May 12, 2026.

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

   Exhibit A Property listing

   has a change in use of the Premises from operating as an affordable housing development benefiting low- and moderate-income households prior to May 11, 2031, Borrower shall repay to the Lender the principle and any accrued interest. Any such repayment shall be made to Lender no later than the 10th day following such change in use of the Premises from operating as an affordable housing development benefitting low- and moderate-income households or on such later date or dates as Lender, in its sole discretion, may designate. Payments shall be made to the Economic Development Authority of Mankato, 10 Civic Center Plaza, Mankato, MN 56001, or at such place as Lender may designate by written notice to Borrower.

4. Promptly after the date of change in use of the Premises from an affordable housing development benefitting low- and moderate-income households of the Premises, Borrower shall give the Lender notice thereof.

5. If Lender has not received the full payment required by the Mortgage described in paragraph 3 of this Note by the end of ten (10) calendar days after the payment is due, Lender may collect a late charge in the amount of four percent (4.0%) of the overdue amount of such payment.

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

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

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

9. Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of Dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid.

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

11. If this Note is executed by a contract for deed vendor or a mortgagee of the property, as one of the Borrowers, such execution shall be deemed for the purpose of establishing a continuing the existence of the indebtedness described herein, and the lien granted herein. However, in the event of default of the terms hereof, neither Lender nor its assigns shall take any action against such contract for deed vendor except such as may be necessary to object to the satisfaction of said indebtedness with respect to the Premises.

12. Borrower covenants and agrees that HTF funds shall only be used for the preservation of affordable housing enabling the RAD/Section 18 Small PHA Blend Conversion to complete required rehabilitation and stabilize operations.

(Signatures continue on the following page)

BY SIGNING BELOW, Borrower(s) accepts and agrees to the terms and covenants contained in this Note effective as of May 12, 2026.

Blue Earth County RAD/Section 18 Small PHA Blend Affordable Housing Program

By: Joshua W. Milow

By: ____________________________

Its: Executive Director

23076988v1

AGENDA RECOMMENDATION

Economic Development Authority **4. H.**

Meeting Date: 05/11/2026

Agenda Item:

Resolution approving Memorandum of Understanding for Coordinated Entry Navigation Services.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Mankato Economic Development Authority (EDA) is requested to approve the renewal of the Memorandum of Understanding (MOU) to continue participation in providing Coordinated Entry System (CES) Navigation Services in alignment with the regional Navigation Workplan under the River Valleys Continuum of Care (CoC).

The Coordinated Entry System (CES) is a regionally coordinated process designed to prioritize and connect individuals and families experiencing homelessness to appropriate housing resources. CES Navigation Services are a critical component of this system, ensuring households on the CES priority list receive ongoing engagement and assistance to successfully access and maintain housing opportunities. All services are delivered using a client-centered, trauma-informed approach, with the primary goal of reducing the length of time individuals and families experience homelessness.

The proposed MOU renews the EDA's role in delivering navigation services through a multi-agency, collaborative approach. These services target families, youth, and single adults experiencing homelessness, particularly those with severe service needs or who are unsheltered.

Participation under the MOU leverages federal and state funding through the CoC matched with EDA in kind services. The EDA has demonstrated financial capacity and administrative infrastructure to manage these funds in compliance with all applicable requirements.

The MOU supports participation in the local Street Outreach Team, a coordinated initiative that integrates public safety and service providers into the community's homelessness response system. This model connects individuals during crisis or overnight encounters to Coordinated Entry System (CES) navigation services and housing resources, reduces the criminalization of homelessness through a service-first approach, and strengthens real-time coordination among outreach, shelter, and housing partners.

In Mankato, the team includes representatives from the City, Connections Shelter, Partners for Housing, the Salvation Army, and the Crisis Resource Center. CES Navigators play a key role by responding to public safety referrals—particularly those occurring overnight—and conducting timely follow-up to connect individuals to services, improving information sharing, and support their progression through CES toward stable housing.

Approval of this MOU will renew the EDA's role in a coordinated, regional effort to address homelessness.

Attachments

Resolution

MOU For Navigation Services

RESOLUTION APPROVING MEMORANDUM OF UNDERSTANDING (MOU)

FOR COORDINATED ENTRY NAVIGATION SERVICES

WHEREAS, the Mankato Economic Development Authority (EDA) participates in the regional Coordinated Entry System (CES) to connect individuals and families experiencing homelessness with housing resources; and

WHEREAS, the Coordinated Entry System (CES) is a regionally coordinated process designed to prioritize and connect individuals and families experiencing homelessness with appropriate housing resources; and

WHEREAS, CES Navigation Services provide essential, client-centered, and trauma-informed support to households on the CES priority list, helping reduce the length of time individuals and families experience homelessness and improve housing stability outcomes; and

WHEREAS, the River Valleys Continuum of Care (CoC) coordinates these services through a regional Navigation Workplan and multi-agency collaboration; and

WHEREAS, the proposed Memorandum of Understanding (MOU) renews the EDA's role in delivering navigation services and leveraging federal and state funding with in-kind support;

NOW, THEREFORE, BE IT RESOLVED, that the Mankato Economic Development Authority approves the renewal of the Memorandum of Understanding (MOU) for Coordinated Entry Navigation Services; and

BE IT FURTHER RESOLVED, that the Executive Director is authorized to negotiation of the terms of the MOU and execute the MOU and related documents.

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

Adopted on this 11th day of May 2026.

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Najwa Massad, Chairperson

Attest:

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Susan MH Arntz, Executive Director

Memorandum of
Understanding In-Kind
Match Commitment
for
HUD Continuum of Care Program Grants

A. Parties. This agreement is made between:
   1. Grant Applicant/Recipient: Institute for Community Alliances (hereinafter "ICA") 1111 9th St. Suite 380
      Des Moines, IA 50314
      Point of Contact: Jennifer Prins
   2. Match Provider: Mankato Economic Development Authority 10 Civic Plaza
      Mankato, MN 56001
      Point of Contact: Nicole Cunningham

B. Applicable Grants. This agreement applies to the following grant(s) and project period(s):
   1. MN0366L5K022409– Coordinated Entry System (Term: 9/1/2026-8/31/2027)
   2. Match Commitment. Pending selection by HUD for funding, Mankato Economic Development Authority commits to providing the value of the following eligible project costs to ICA to deliver Coordinated Entry navigation and assessment for eligible participants. The total in-kind match commitment and the total amount that requires documentation, is $30,855, including the following:
   3. Dedicated meeting space/workspace on site at Mankato Economic Development Authority in Mankato, MN to provide Coordinated Entry navigation services 5 days per week. Dedicated space includes access to the building, private space for meeting with clients and conducting assessments, workspace with desk/table and chair, power and adequate hook-ups for a lap top, internet access, and access to printer/copier.
      i. Calculation: 100 s.f.(10X10) office space rental @ $1,076 per month,
      ii. Grant Match Commitment: $12,864 per year
   4. Case management for Coordinated Entry Navigator clients.
      i. Calculation: 0.5 FTE Coordinated Entry Navigator (20 hours/week) at $59.91/hour, including salary, leave, and fringe.

    ii. Grant Match Commitment: $14,877.24 per year

5. Oversight and support of Coordinated Entry Navigator while on site. Oversight and support include participation in Navigator evaluation and training regarding access to agency site, use of agency resources, and other agency policies/procedures.
    i. Calculation: 0.03 FTE Manager (0.75 hours/week) at $79.84/hour, including salary, leave, and fringe.
    ii. Grant Match Commitment: $3,113.76

6. Documentation. Mankato Economic Development Authority commits to document delivery of match commitment semi-annually by March 30 and September 30 as follows:
7. Workspace: Calculation of office rental rates as charged, with information on typical rental rates in the community.
8. Personnel expenses: Individual timesheets tracking time spent on eligible activities within each separate grant named above.

C. Termination. This agreement will be effective from September 1, 2026, to August 31, 2027 and may be terminated by either party with thirty (30) days written notice.

By: ______________________________

Executive Director
Institute for Community Alliances

By: ______________________________

Executive Director
Mankato Economic Development Authority