



AGENDA

**Economic Development Authority
Monday, June 8, 2026
(following the 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 May 11, 2026

4. **Economic Development Authority Business**

- A. Resolution amending Commercial Rehabilitation Program Guidelines and Policies to increase the maximum loan amount to \$50,000.
- B. Resolution authorizing support for Phase VI of the PCLT seeking MN Housing funding to implement services of the community land trust.
- C. Resolution approving authorized signatories for the Bring It Home Rental Assistance Program.
- D. Resolution approving the authorized signature and designation of an authorized representative for HUD Program Administration.
- E. Resolution authorizing the Executive Director to enter into a Project Rebate Agreement with Centerpoint Energy and to participate in the "Commercial Hybrid Heating Pilot Rebate Program" for Capital Improvement Project 11237; Mankato Orness Plaza Rooftop Unit Replacement.

5. **Adjournment**



MINUTES

**Mankato Economic Development Authority
Regular Meeting
May 11, 2026 - 7:27 p.m.
IGC - Council Chambers**

1. **Call Meeting to Order**

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

Members Excused: Jessica Hatanpa.

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**

Mr. Mettler moved and Mr. McLaughlin seconded a motion to approve the agenda as written.
The motion carried unanimously.

3. **Approval of Minutes**

Ms. Melby-Kelley moved and Mr. Laven seconded a motion to approve the Economic Development Authority minutes of the Regular Meeting of April 13, 2026, as written. The motion carried unanimously.

4. **Economic Development Authority Business**

- A. Resolution considering bids on Capital Improvement Project 11237; Mankato Orness Plaza RTU Replacement.
- B. Mr. Konz reported that the EDA reviewed a draft tax abatement policy and application on April 13, 2026, due to an increase in tax abatement inquiries and the need for clearer guidance on the use of the financing tool. He indicated that the EDA discussed whether certain project types should be excluded from eligibility, and after consulting with the City Attorney, staff determined that while the city may exclude specific uses, flexibility should remain for projects that offer unique public benefits or incentives. He noted that the city is not obligated to approve tax abatements, and any approval must demonstrate that the public benefits meet or exceed the associated costs and satisfy at least one public purpose criterion under Minnesota Statutes § 469.1813.

Mr. Konz stated that the EDA also reviewed application fee requirements related to Tax Increment Financing (TIF) and tax abatement requests. He commented that it is recommended that applicants pay separate fees for each program, noting that the city still incurs consultant and review costs even when a TIF request is ultimately denied. He touched on additional revisions which included allowing consideration of affordable housing projects and requiring that projects not place an unreasonable or disproportionate burden on the city's infrastructure or utilities.

Mr. McLaughlin moved and Mr. Laven seconded a motion to approve the Resolution adopting a Tax Abatement Policy. The motion carried unanimously.

- C. Ms. Bokelmann stated that in April 2026, both the EDA Board and the Blue Earth County EDA 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. She mentioned that the funding is intended to address the seasonal gap in shelter services by maintaining a continuous, low-barrier shelter model throughout the summer months.

Ms. Bokelmann referenced the memorandum which requested formal authorization for the Executive Director to execute a recipient agreement with Connections Shelter to implement the approved funding allocation. She explained that the expanded program will operate a 48-bed overnight shelter daily from 5:00 PM to 8:00 AM and will focus on low-barrier access, housing-centered case management, and coordinated service delivery. She noted that the total project cost is \$145,283, including \$10,000 in Community Development Block Grant funding, with the remaining balance funded through the Housing Trust Fund.

Mr. Mettler moved and Ms. Melby-Kelley seconded a motion to approve the Resolution authorizing the Executive Director to enter into a Housing Trust Fund Grant Agreement with the Connections Shelter for summer shelter expansion. The motion carried unanimously.

- D. Ms. Bokelmann stated that the Economic Development Authority of Mankato and the Economic Development Authority of Blue Earth County have a long history of working together to expand access to safe, stable, and affordable housing across the region. She commented on how the partnership includes the creation of the Affordable Housing Trust Fund (AHTF) and a joint Advisory Committee to guide investments and funding decisions. She added that it also integrates key housing initiatives such as the federal Housing Choice Voucher Program and the state-funded Bring It Home Rental Assistance Program to provide a more seamless housing support system.

Ms. Bokelmann reported that the proposed Intergovernmental Agreement formalizes the collaboration by establishing clear responsibilities, oversight structures, and coordination strategies for regional housing efforts. She noted that the agreement supports a comprehensive housing continuum that addresses homelessness, rental assistance, housing development, and homeownership opportunities while strengthening coordination with local agencies and service providers across multiple counties. She stated that the five-year agreement is intended to improve efficiency, reduce duplication of services, and create a more equitable and effective regional housing system.

Mr. McLaughlin moved and Mr. Mettler seconded a motion to approve the Resolution authorizing the Executive Director to enter into an Intergovernmental Agreement with the Economic Development Authority of Blue Earth County. The motion carried unanimously.

- E. Ms. Bokelmann stated that Blue Earth County will continue to own and operate a portfolio of affordable housing units across the County, including the 18-unit Breckenridge Apartments development and 47 scattered-site units, along with an additional 19 scattered-site units previously acquired by the County through Section 18 of the U.S. Housing Act. She mentioned that the County 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 through the Rental Assistance Demonstration (RAD) program combined with a Section 18 disposition process. She noted that the RAD/Section 18 conversions are intended to create a more stable and sustainable funding structure while preserving the long-term affordability of the housing units.

Ms. Bokelmann indicated that under the proposed arrangement, the County will retain ownership of the properties and continue administering the RAD Project-Based Voucher Housing Assistance Payment contracts with HUD, and the Mankato Economic Development Authority will enter into a Property Management Agreement with the County to oversee day-to-day management and operations of the converted units. She commented that the agreement has an initial five-year term with automatic renewals, and the Mankato Economic Development Authority will receive a management fee equal to six percent of gross project revenues, paid entirely from project operating funds. She added that the partnership is expected to strengthen coordination between the entities and support the long-term preservation of affordable housing in the region and have a neutral to positive financial impact without requiring local subsidy.

Mr. Laven moved and Mr. McLaughlin seconded a motion to approve the Resolution approving the Property Management Agreement with Blue Earth County for Affordable Housing units. The motion carried unanimously.

- F. Ms. Bokelmann reported that the Mankato Economic Development Authority (EDA) currently owns and operates 130 public housing units across the city, including Orness Plaza and several scattered-site properties. She stated that on April 1, 2025, the EDA completed the transfer of 49 scattered-site public housing units to the City of Mankato under Section 18 of the U.S. Housing Act of 1937. Since then, the EDA has 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 through the Rental Assistance Demonstration (RAD) program using a blended RAD/Section 18 conversion approach.

Mr. Bokelmann explained that to carry out the conversion, the EDA plans to transfer ownership of Orness Plaza and the remaining scattered-site units to the City of Mankato for nominal consideration. She noted that the transfer is necessary because federal rules prohibit the EDA from administering Project-Based Voucher (PBV) assistance on properties it owns. She stated that the EDA will enter into PBV Housing Assistance Payment contracts with the City and continue serving as the contract administrator to oversee compliance and subsidy distribution. She commented that the city is expected to partner with the Economic Development Authority of Blue Earth County for ongoing property management. She added that the transition will preserve long-term affordability, maintain public ownership and tax-exempt status, and improve operational sustainability without requiring external financing or low-income housing tax credits.

Mr. McLaughlin moved and Mr. Mettler seconded a motion to approve the Resolution authorizing the Rental Assistance Demonstration (RAD) / Section 18 Conversion and Disposition to the City of Mankato. The motion carried unanimously.

- G. Ms. Bokelmann indicated that the Blue Earth County Economic Development Authority (BECEDA) is requesting a Housing Trust Fund loan of up to \$600,000 to support the conversion of its public housing portfolio under the federal Rental Assistance Demonstration (RAD)/Section 18 Small PHA Blend program to Project-Based Vouchers (PBVs). She explained that the conversion is part of the EDA's long-term strategy to preserve affordable housing, improve property conditions, strengthen financial sustainability, and position the organization for future affordable housing development. She stated that as part of the process, BECEDA completed a Physical Needs Assessment (PNA) and financial analysis, which identified significant rehabilitation needs necessary to meet Housing Quality Standards (HQS) and maintain long-term property viability. She added that the conversion also requires the establishment of replacement reserves to support future capital needs.

Ms. Bokelmann summarized that although the EDA has committed available Public Housing Capital Funds and Program Reserve Funds toward the project, a funding gap of approximately \$596,310 remains due to the scale of rehabilitation work, reserve requirements, and the need for operating stability during the transition. She mentioned that a five-year operating pro forma demonstrates that additional upfront support is necessary to maintain positive cash flow in the early years following conversion. She stated that to address this shortfall, BECEDA is requesting a repayable, zero-interest Housing Trust Fund loan with a five-year term, and the funds would be used for critical rehabilitation work, reserve capitalization, and short-term operating support to ensure a successful transition to the PBV platform. She commented that the EDA anticipates repaying the loan within five years through stabilized operating revenues and improved financial performance resulting from the conversion.

Ms. Bokelmann reported that the Housing Trust Fund currently has a balance of \$1,902,887, of which \$835,000 has already been allocated to the Partnership Community Land Trust and \$135,283 to the Connections Shelter summer expansion, leaving a remaining balance of \$970,283. She stated that if the requested \$600,000 loan is approved, the Housing Trust Fund balance would be reduced to \$332,604.

Mr. McLaughlin moved and Mr. Mettler seconded a motion to approve the Resolution approving the Housing Trust Fund Rental Assistance Demonstration (RAD) Conversion Cashflow Loan for BEC RAD Conversion. The motion carried unanimously.

- H. Ms. Bokelmann commented that the proposed Memorandum of Understanding (MOU) would renew the Mankato Economic Development Authority's (EDA) participation in the regional Coordinated Entry System (CES) Navigation Services under the River Valleys Continuum of Care (CoC). She explained that CES is a collaborative regional system that prioritizes and connects individuals and families experiencing homelessness with appropriate housing and support resources. She added that through trauma-informed, client-centered navigation services, CES staff work to maintain ongoing engagement with households on the priority list and help them successfully access and sustain stable housing, with the overarching goal of reducing the duration of homelessness.

Ms. Bokelmann stated that under the renewed MOU, the EDA would continue working alongside multiple partner agencies to provide navigation services for families, youth, and single adults experiencing homelessness, or who are unsheltered. She added that the agreement also supports participation in the local Street Outreach Team, which brings together public safety officials and service providers to connect individuals encountered during crises or overnight incidents with CES services and housing resources. She noted the coordinated efforts include the City, Connections Shelter, Partners for Housing, the Salvation Army, and the Crisis Resource Center. She indicated that participation leverages federal and state funding matched with in-kind services and strengthens regional coordination, outreach, and housing stabilization efforts through real-time collaboration among community partners.

Mr. McLaughlin moved and Mr. Mettler seconded a motion to approve the Resolution approving the Memorandum of Understanding for Coordinated Entry Navigation Services. The motion carried unanimously.

5. **Adjournment**

There being no further business, Ms. Melby-Kelley moved and Mr. Laven seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 7:56 p.m.

Prepared by:

Approved by:

Renae Kopischke
City Clerk

Najwa Massad
Chair



AGENDA RECOMMENDATION

Economic Development Authority

4. A.

Meeting Date: 06/08/2026

Agenda Item:

Resolution amending Commercial Rehabilitation Program Guidelines and Policies to increase the maximum loan amount to \$50,000.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The City's Commercial Rehabilitation Guidelines and Policies were originally adopted in 2009. In 2013, an amendment was approved to reflect the City's change in status to a Metropolitan Statistical Area and for general improvements to the program. Changes included adjusting the repayment requirement to a prorated amount based on when the property is sold to reflect the depreciating value of the rehabilitation work and to reflect the change in funding source from Small Cities Development Program (SCDP) to Community Development Block Grant (CDBG). The maximum loan amount has been \$25,000 since 2009. Revisions to the current guidelines and policies are recommended to allow for an increased maximum loan amount from \$25,000 to \$50,000.

Staff have seen an increase in project costs such that \$25,000 is often insufficient to complete a project. According to the [Mortenson Construction Cost Index](#), in 2009 the Minneapolis construction cost index was 92.2. The Minneapolis construction cost index for 2025 was 189, or a 104% increase since 2009 when the guidelines were developed with a maximum loan amount of \$25,000. The construction cost index is a weighted average for changes in the cost of building materials and services. A redlined version of the guidelines and policies is attached which show the proposed changes reflected in Section B.4 and J.1.

Eligibility criteria for a Commercial Rehabilitation Loan include that properties must be located within one of the City's targeted areas, which consist primarily of established commercial areas containing the City's older commercial building stock. The average construction year of the commercial buildings within the targeted areas is 1907.

Over the past five years, staff have noticed the cost of materials and labor have increased. The City contracts with Minnesota Valley Action Council (MVAC) to carry out rehabilitation projects once they're determined eligible. MVAC made a recommendation to staff to increase the maximum loan amount up to \$50,000. Staff found other Minnesota cities with similar commercial rehabilitation deferred loan programs that had loan maximums ranging from \$40,000 to \$50,000.

The table below provides a comparison of some of the project costs with the corresponding loan amount since 2014.

YEAR	LOAN AMOUNT	IMPROVEMENTS
2014	\$25,000	Structural beams, energy efficiency improvements, electrical repairs, plumbing.
	\$25,000	Stucco, structural repairs to stone piers, tuckpointing
	\$25,000	Exterior masonry improvements, waterproofing to foundation.
2017	\$24,990	Repair/replace rotted and damaged soffit/fascia/crown molding, replace storefront door and windows, replace side and rear entry doors, replace front entry porch columns and railing, repair built-in gutters, repainting.
2018	\$17,553	Accessibility improvements (ramp, exterior access), roof repair/replacement, replace doors, install handrail.
2024	\$20,000	Tuckpointing
	\$25,000	Replace windows, new exterior finishes, energy efficiency improvements.
	\$25,000	Tuckpointing
2025	\$25,000	Replace storefront windows and storefront door.
	\$25,000	Masonry repairs, tuckpointing.
2026	\$24,923	Replace storefront window, replace storefront door, repainting.

The loans are provided as a 0% interest deferred loan for eligible rehabilitation costs. The loans are deferred for 10 years with a due-on-sale or transfer clause, and then forgiven at the end of the 10th year. Should a sale occur or the use of the property change within the term of the deferred loan, the property owner would be required to repay a prorated portion of the principal amount. The loan requires a 1:1 match.

EDA approval is required because the Commercial Rehabilitation Program utilizes EDA Levy funds. City Council approval will also be required at a future Council meeting because the guidelines also apply to CDBG funding, for which the Council is designated by HUD as the responsible governmental unit.

Attachments

Resolution
Amended Guidelines
Commercial Rehabilitation Targeted Areas Map

**RESOLUTION AMENDING COMMERCIAL REHABILITATION
PROGRAM GUIDELINES AND POLICIES**

WHEREAS, the Mankato Economic Development Authority (the “EDA”) has adopted Commercial Rehabilitation Guidelines and Policies for the implementation of rehabilitation programs utilizing Community Development Block Grant (CDBG) funds and EDA Levy funds; and

WHEREAS, the Commercial Rehabilitation Program provides financial assistance for the rehabilitation of older commercial buildings in targeted areas, supporting exterior improvements, energy-efficiency upgrades, and building code improvements that enhance building conditions, community appearance, and overall quality of life; and

WHEREAS, the Commercial Rehabilitation Program Guidelines and Policies currently establish a maximum loan amount of \$25,000, which has remained unchanged since 2009; and

WHEREAS, construction costs have increased substantially since 2009, resulting in higher rehabilitation costs and reduced effectiveness of the current loan maximum; and

WHEREAS, staff recommends increasing the maximum loan amount from \$25,000 to \$50,000 as reflected in the proposed amendment to the Commercial Rehabilitation Program Guidelines and Policies; and

NOW, THEREFORE, BE IT RESOLVED by the Mankato Economic Development Authority that the amendment to the Commercial Rehabilitation Program Guidelines and Policies to increase the maximum loan amount from \$25,000 to \$50,000 is hereby approved. This Resolution shall become effective upon its passage and without publication.

Adopted this 8th day of June, 2026.

Najwa Massad, Board Chair

Attest: _____
Susan MH Arntz, Executive Director

Commercial Rehabilitation Program City of Mankato Guidelines & Policies

SECTION A

PROGRAM OBJECTIVES

The Mankato Commercial Rehabilitation Program is undertaken for the purposes of:

1. Providing financial assistance for local businesses to rehabilitate their property, their neighborhoods, and the community as a whole.
2. Increasing the financial involvement of public agencies and private lending institutions in the improvement of the commercial building stock in the targeted areas.
3. Making a visible and substantial impact upon building conditions, community appearance, and overall quality of life in the area.

SECTION B

PROGRAM DEFINITIONS

B.1 — Administrator.

"Administrators" of the Program shall be the City Manager, or designee. It shall be the responsibility of the Administrator to coordinate all aspects of the Program.

B.2 — Applicant.

"Applicant" means any business seeking to obtain assistance under the terms of this Program.

B.3— Building Standards.

The "Mankato Rehabilitation Building Standards" used for the Mankato Commercial Rehabilitation Program shall be followed in conducting inspections, determining deficiencies, and evaluating the quality of workmanship on a rehabilitation project. These Standards incorporate the Mankato City Code and Charter, Example Minnesota Standard and the Building Officials Code Administrators (BOCA) Property Maintenance Code. The Uniform Federal Accessibility Standards, American Disabilities Act (ADA) Accessibility Guidelines, and Minnesota Energy Efficiency Standards shall also be used as appropriate to a rehabilitation project. In addition the Urban Design Standards adopted by the City shall also be applied in determining the scope of work of all projects.

B.4 —Deferred Loan.

A "Deferred Loan" is financing which carries no interest and no periodic payments, but which is secured by a Repayment Agreement and lien against the property. A Deferred Loan must be repaid in the event the property which is rehabilitated is sold, transferred, or conveyed, within ten (10) years from the date of the Repayment Agreement. Deferred Loans cannot exceed 50% of the project cost, up to a maximum of ~~\$25,000~~\$50,000. The repayment amount will be pro-rated as stated in Section O.1 Program Income. Under

extraordinary circumstances, the terms and conditions of repayment of a Deferred Loan may be modified, or restructured.

B. 5 — Installment Loan.

An "Installment Loan" is financing which requires full repayment and is secured by a Repayment Agreement and lien against the property. Installment Loans carry a 2% interest rate and a ten (10) year term. Installment Loans cannot exceed 20% of the project cost, up to a maximum of \$10,000.

B.6 — Principal Place of Business.

"Principal Place of Business" means that building which the Applicant uses year-round for the operation of his/her business. The building must be the primary structure which houses the majority of the business's sales stock, office space, or manufacturing equipment and which provides the central focus of the business's day-to-day operation.

B.7 — Rehabilitation Advisor.

The "Rehabilitation Advisor" for the Program shall be a designated employee of the Administrator. It shall be the responsibility of the Rehabilitation Advisor to provide technical expertise relating to building inspections, construction quality, code compliance, and scope of work write-ups.

B.8 — Section 3 Business

As defined by the Department of Housing and Urban Development (HUD), a Section 3 business is a business that:

- Is 51 percent or more owned by Section 3 residents;
- Employs Section 3 residents for at least 30 percent of its full-time, permanent staff; or
- Provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.

B. 9 — Section 3 Resident

As defined by HUD, a Section 3 resident is

- a public housing resident; or
- a low- or very low-income person residing in the metropolitan area or non-metropolitan County in which the Section 3 covered assistance is expended.

SECTION C

GENERAL ELIGIBILITY FOR ASSISTANCE

C.1 — Eligibility Qualifications.

To be eligible for commercial rehabilitation assistance, the applicant must meet the eligibility qualifications set forth in Section I. All buildings assisted by commercial rehabilitation with Community Development Block Grant (CDBG) funds must meet the CDBG program's federal objective of "prevention or elimination of

slums and blight,” as defined in Section I.6.

C.2 — Status & Location of Applicant.

To be eligible for commercial rehabilitation assistance the applicant must:

1. Be owner/occupant or renter/occupant of a building used for commercial purposes.
2. The building must be the applicant's principal place of business, as defined in Section B.6.
3. Be located in that designated Slum & Blight Target Area within the city limits of Mankato, as identified in the City's Determination of Blighting Conditions resolution and any subsequent revisions thereto. This area is identified in Exhibit A, which is attached to and incorporated into these Guidelines and Policies.

C.3 — Floodplain.

1. The Administrator shall determine the location of each applicant's commercial building in relation to any floodplains as identified by a Flood Insurance Rate Map (FIRM) and, should a building be located in such a floodplain, take such actions as are required by CDBG Program regulations.

C.4 — Historical Review

1. All rehabilitation projects will comply with the historical review requirements of the financing source used. Properties receiving CDBG funds will be reviewed by the Minnesota State Historic Preservation Office (SHPO) and properties receiving city funds will be reviewed by the Mankato Heritage Preservation Commission (MHPC) to determine if the structure is historically significant before any rehabilitation occurs.
2. After the initial property inspection has been completed by the Rehabilitation Advisor, the following will be submitted to the SHPO or MHPC.
 - a. A summary of the work to be done at the property;
 - b. Photographs of the structure;
 - c. Property description;
 - d. Any other information requested by the SHPO or MHPC.
3. Any changes in the scope of the project requested by the SHPO or MHPC will be initiated.

SECTION D

EQUAL OPPORTUNITY

It is the policy of this Commercial Rehabilitation Program to work affirmatively to ensure that all persons, regardless of race, color, creed, national origin, sex, religion, marital status, age, handicap, sexual orientation, gender identity, or reliance on public assistance, will be treated fairly and equally in their participation in the Program.

The City will be responsible for the promotion of the Program at the local level and shall exercise care in avoiding promotion methods that may exclude potentially eligible applicants. Access to program information and materials will not be denied to any person for any reason including race, color, creed, national origin, sex, religion, marital status, age, handicap, sexual orientation, gender identity, or reliance on public assistance. Affirmative promotion shall include efforts to reach those persons who traditionally may not have participated in

similar programs.

In order to develop or maintain an effective affirmative promotion effort, the City shall review its promotion methods from time to time during the course of the Program to determine how the methods used can be improved to increase the participation of persons who otherwise might not apply for assistance under the Program, such as single female heads of households, racial minorities, or persons with handicaps or disabilities.

The City shall encourage participation by women-and minority-business enterprise (W/MBE) parties, as well as Section 3 businesses in the Commercial Rehabilitation Program. W/MBE contractors, materials suppliers, vendors, and others engaged in rehab-related enterprises shall be encouraged to seek inclusion in the rehab program.

SECTION E

DATA PRIVACY

Information obtained regarding program applicants (including, but not limited to, names, credit reports, financial statements, income calculations and asset information) is private data which must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Personal financial data needed to evaluate the applicant's ability to access other funds will be evaluated by the Administrator and upon approval of the project and securing of the private financing; the personal financial data will be forwarded in its entirety to the private lender for retainage in their loan files.

Solely for the purpose of administering the Program, information obtained by permission may be made available to the staffs of the following agencies or organizations: the Mankato Economic Development Authority (EDA), the Economic Development Division of the City of Mankato, the Mankato City Council, banks and lending institutions participating as Financing Sources, and the United States Department of Housing & Urban Development.

SECTION F

CONFLICT OF INTEREST

Federal regulations (24 CFR 570.611) and Minnesota Statutes 471.87-471.88 specify that elected officials, employees of the City of Mankato, and others who are in a position to participate in the decision-making process of the Program may not:

1. Obtain personal or financial interest or benefits, including money, favors, gratuities, entertainment or anything of value that might be interpreted as conflict of interest.
2. Obtain a direct or indirect interest in any contract, subcontract, or agreement for any activity. This prohibition extends to contracts in which a spouse, minor child, or business associate may have personal or financial interest.

Questions concerning conflict of interest shall be resolved by a written legal opinion from the City Attorney who shall, if necessary, seek further assistance from the Minnesota Attorney General's Office. HUD staff shall be contacted if such a situation arises that involves CDBG funds.

SECTION G

EVIDENCE OF MISCONDUCT

Any party participating in the Program shall refer any evidence of fraud, misrepresentation, or other misconduct

in connection with the operation of the Program to the Minnesota Attorney General's Office for appropriate investigation and legal action.

SECTION H

PARTICIPATING FINANCING SOURCES

Each Financing Source (CDBG, the City of Mankato, bank, other lender, etc.) shall provide its rehabilitation assistance according to its own rules, regulations, requirements, and procedures. This shall apply to applicant eligibility, the type of repairs which can be made, and loan repayment requirements. Each Financing Source shall maintain its own fiscal systems. No funds from one Financing Source shall be co-mingled with funds from any other Financing Source. Where needed or desired, the services of the Rehabilitation Advisor shall be made available to the other Financing Sources.

SECTION I

ELIGIBLE PROPERTIES TO BE REHABILITATED

I.1 — Type of Ownership.

1. An owner/occupant applicant for commercial rehabilitation must possess at least a one-third interest in one of the following types of ownership in the property to be rehabilitated:
 - A fee title, or
 - A life estate, or
 - A fee title or life estate subject to a mortgage or other lien securing a debt, or,
 - A mutually binding contract for deed, where the borrower is rightfully in possession and the purchase price is payable in installments. In the event that a contract for deed arrangement is present, the City Attorney shall be consulted to determine: (a) if the contract vendee's participation in the commercial rehabilitation program is compatible with the terms of the contract for deed, (b) if permission from the contract vendor is needed before undertaking rehab, and (c) if the contract vendor needs to be a party to the rehab mortgage/repayment agreement.
2. As regards a renter/occupant Applicant:
 - The renter/occupant must be the renter of a building used for commercial purposes.
 - The length of the lease on the property and security for Program assistance will be reviewed on a case-by-case basis. Assistance may be denied if the lease is of such a short term as to: (1) question the viability of the business, and/or (2) risk vacancy in the immediate future.
 - The property owner must join in the application and must co-sign all documents securing financial assistance from the Program.
 - Renter/occupants shall be provided with the appropriate anti-displacement notices and shall be protected for displacement due to the building owner's participation in the rehabilitation Program.

I.2 — Suitable for Rehabilitation.

1. A determination of the structural suitability of a commercial building for rehabilitation shall be made by the Rehabilitation Advisor, based on the Rehabilitation Standards. Poor-and Very Poor-condition structures (described below) shall be considered to be substandard, based upon the following criteria and individual inspections by the Rehabilitation Advisor.
 - Poor Condition: No major structural defects. However, the structure has more than one sign of

major exterior deterioration.

- Very Poor Condition: Structure has either: (a) No more than one structural defect and more than one sign of major exterior deterioration; or, (b) More than one structural defect.

2. Poor- and Very Poor-condition buildings may be suitable for rehabilitation when:

- The building is still structurally sound on an overall basis. The building should be vertically plumb within three degrees and shall have no significant rot on the majority of the floor joists, studs, or rafters that are weight-bearing. Foundations and basement walls shall not be deteriorated to the extent, or so far out of alignment, that they do not adequately support the building and cannot be corrected without complete replacement.
- The benchmark amount of funding for rehabilitation is the average for rehabilitation projects established by the Program. The use of Program funds shall not exceed the amount specified in Section J.1.
- The total cost of the rehabilitation shall not exceed seventy-five (75) percent of the structure's replacement cost.

I.3 — Not Suitable for Rehabilitation.

1. Some commercial buildings may be in good condition and will not need rehabilitation assistance. Although an Applicant may be otherwise eligible for assistance, the Program will not assist any buildings which are not in need of significant repairs. Following a detailed inspection of the property, the Rehabilitation Advisor shall make a determination of the structural suitability of a building for rehabilitation, on the basis of provisions noted in Section I.2, above. The Rehabilitation Advisor shall have authority to determine whether a commercial building is not in need of repair. If a building is determined to be in structurally good condition, it shall be excluded from participation in the Program, based upon the following criteria:
 - Good Condition: Structure is less than 10 years old, or there are no indications of exterior deterioration, or energy efficiency measures were incorporated in the original construction.
 - Fair Condition: Structure displays some exterior deterioration, but of minimal severity. Energy efficiency improvements may be required to comply with standards. Fair condition properties shall only be considered as budgets may allow and only after substantial progress has been made toward meeting higher-priority improvements for "poor" quality buildings.
2. Some buildings may have deteriorated to a point where rehabilitation is structurally not feasible. Following a detailed inspection of the property by the Rehabilitation Advisor as described above, the Rehabilitation Advisor shall have authority to determine whether a commercial building is not feasible for repair. If a building is determined to be structurally "beyond hope" of repair, it shall be excluded from participation in the Program, based upon the following criteria:
 - Beyond Repair Condition: Structure has more than one structural defect and indications of extensive major exterior deterioration.

I.4. — Property Tax and Utility Bill Delinquency.

No commercial building shall receive rehabilitation assistance if property taxes or city utility bills are

delinquent and unpaid. Applicants may apply for the program and have their eligibility determined, but no rehabilitation work shall be placed under contract unless property taxes and city utility bills are paid in full as of the most recent billing period.

I.5 — Default, Bankruptcy, Judgments.

No commercial building shall receive assistance if: (1) the owner is in default of a mortgage, contract for deed, or comparable obligation; (2) the owner is currently engaged in bankruptcy proceedings; or (3) there are unpaid or pending court judgments filed against the property or the owner.

I.6 — Commercial Rehabilitation Slum & Blight Conditions

1. Activities undertaken utilizing CDBG funding must support the federal objective of aiding in the prevention or elimination of slum and blight conditions, as set forth in 24 CFR 570.208(b), and further defined in the City of Mankato's Determination of Blighting Conditions resolution.
2. Repaired properties must be identified as substandard and repairs must be necessary for elimination of the substandard conditions, consistent with the City of Mankato's Determination of Blighting Conditions resolution.

I.7 — Mixed-Use Buildings.

A mixed-use building that is partially utilized for commercial purposes and partially utilized for residential purposes may be assisted by the Commercial Rehabilitation Program. However, those improvements that benefit only the commercial portion of the building must be paid for with commercial rehabilitation Program funds. Similarly, improvements that benefit the residential portion of a mixed-use building must be paid for with the City's separate owner occupied housing or rental rehabilitation program funds. In the event a mixed-use building is proposed for rehabilitation, the Administrator shall seek such additional guidance as may be necessary to administer the Program funds.

I.8 — Vacant Buildings.

Vacant commercial buildings may be eligible for rehabilitation with Program funds, at the discretion of the Rehabilitation Advisor if there is a commitment from a tenant to occupy the building.

I.9 — Other Ineligible Buildings.

Only permanent structures shall be assisted. The following are not eligible for assistance:

- Temporary or movable structures or out-buildings.
- Satellite buildings used primarily for storage.
- Secondary commercial buildings which serve only to complement the primary facilities constituting the applicant's principal place of business.
- Detached garages or garage door openers.
- Other structures which do not meet the test of a principal place of business
- Exceptions for secondary commercial buildings may be granted only when these conditions are met: (1) the applicant utilizes more than one building, each of which could be structurally considered suitable as a separate principal place of business, (2) the secondary building demonstrates greater need for repair than the applicant's primary building, and (3) the secondary building is not ineligible on the basis of other requirements or limitations of the Program.

I.10 — Priority of Applicants Receiving Rehabilitation Assistance.

1. Applications for commercial rehabilitation shall be accepted at any time during the lifetime of the program, or until all available funds are committed to rehabilitation projects. Applicants who qualify for commercial rehabilitation assistance shall be processed and inspected on a "first-come, first-served" basis.
2. Several factors may affect the order or sequence by which Applicants may receive commercial rehabilitation assistance. Furthermore, assistance may become unavailable for certain Applicants who may therefore be unserved by the Program. Applicants shall be notified that the availability of commercial rehabilitation assistance depends upon:
 - A detailed inspection of the building.
 - The types of repairs which are needed and allowable under the program's guidelines.
 - The cost of the repairs, based on bids.
 - The financial and structural feasibility of undertaking a repair job for the building.
 - The Applicant's own initiative and diligence in obtaining bids within the allotted 60 days.

SECTION J

SCOPE AND NATURE OF REHABILITATION REPAIRS

J.1 — Maximum Financing.

Commercial Applicants are eligible for:

- A Deferred Loan of up to 50% of the total project costs with a maximum loan amount of ~~\$25,000~~50,000; An Installment Loan of up to 20% of the total project costs with a maximum loan amount of \$10,000. The Installment Loans will be provided through the Revolving Loan Fund, as described in Section J.2.3;
- The Applicant must finance 30% of the project costs and the additional project costs in excess of the above maximums, if applicable.

J.2 — Levels & Mix of Commercial Rehabilitation Program Financing.

1. Leverage Requirement: Applicants will be required to provide a minimum of 30% of the project costs. Applicants qualifying for other deferred loans or grants shall utilize these funds to the maximum.
2. Leverage Sources: Leverage funds shall be any funds used to provide for rehabilitation activities performed at an eligible applicant's property other than the funds provided by CDBG or Storefront Improvement Program (SIP). Leverage sources will be determined by Applicant's debt and debt carrying capacity, Applicant's credit worthiness and property eligibility. Leverage will be based on the Applicant's income and ability to meet the debt service requirements of any loan and the funding source limitations. Staff works to assist clients in obtaining the best leverage source available.
3. Mankato RLF Leverage Fund: The City of Mankato will provide funds from the "Storefront Improvement Fund" (SIF) for the purpose of assisting applicants. These funds will be provided as Installment Loans with a ten (10) year term and an interest rate of 2%.

J.3 — Leverage Sources and Types

1. Deferred Loans and Grants. These will be provided by the following programs and sources: Minnesota

Housing, Department of Energy Weatherization, Energy Assistance Repair Program Grant/Loan, and where applicable, client contributions.

2. Subsidized and Unsubsidized Loans. These loans will be provided by the following programs and sources: the City of Mankato, Minnesota Housing, Local Bank Loans, and where applicable, client contributions.
3. The Administrator will supply specifications and bidding documents or any other documentation required by the funding source. The Administrator will also coordinate contractor activities and payments with the other agency.
4. When an applicant does secure funds from a lending institution, the Administrator will provide specifications, bidding documents, warranties or any other documentation required by the lending institution before loan closing. Before any proceed to work is sent to a contractor, the Administrator will establish and coordinate the payment process with the lending institution.
5. In some cases, Applicants may wish to use liquid assets for leverage funds. When this occurs, Applicants will be required to provide a check for the leverage funds and place the check on file with the Administrator at the time of closing and before any proceed to work is sent to a contractor.
6. Loan proceeds from all sources will be held until the improvement has been completed to the satisfaction of the applicant and the Rehabilitation Advisor. The funds will not be released until a certificate of completion has been signed by the Applicant, the contractor and the Administrator, as noted in Section K.2.10.

J.4 — Final Condition.

Upon completion of work and final inspection, all commercial buildings assisted under the Program shall meet or exceed the Rehabilitation Standards

J.5 — Eligible Commercial Rehabilitation Improvements.

1. Each commercial rehabilitation improvement must support these two criteria:
 - Upon completion of repairs, the building will have a remaining useful life such that the amount of funds invested in the structure may be amortized over its remaining useful life in an economically prudent manner.
 - Upon completion of repairs, the building will be safe, functional, and usable.
2. Any commercial rehabilitation improvement must be physically attached to the property and must be a permanent general improvement. Such improvements shall include alteration, renovation, or repairs which correct defects and deficiencies which directly affect the safety, habitability, energy consumption, or aesthetics of the property. For the purposes of commercial rehabilitation assistance under the Program, only the following types of improvements are eligible:
 - Correction of code violation, and,
 - Exterior improvements

- Energy related improvements
- Accessibility improvements
- Roof repairs will be eligible activity when incorporated with other exterior improvements.

For the purposes of commercial rehabilitation assistance under the CDBG Program, only the following types of improvements are eligible:

- Correction of code violation, and,
- Exterior improvements

J.6 — Ineligible Commercial Rehabilitation Improvements.

The following improvements are not eligible for financing with Program funds:

- Repairs which do not correct code violations, do not constitute exterior improvements, or are not energy related or accessibility improvements.
- New construction or additions to buildings.
- Improvements which are limited solely to roof repairs
- The payment, in whole or in part, of assessments for public improvements

J.7 — Ineligible Improvements Allowable with Other Funds.

The Applicant may use bank loans, his/her own funds on hand, and other funds in order to finance those improvements which are not allowed with Program funds and the costs may be counted toward the required match, at the discretion of the Rehabilitation Advisor.

J.8 — Labor Standards

All commercial rehabilitation projects funded with CDBG funds with a total cost in excess of \$2,000 must comply with federal labor standards requirements, including the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Federal Fair Labor Standards Act. All commercial rehabilitation projects funded with funds from the State of Minnesota must comply with the state prevailing wage requirements. All commercial rehabilitation projects funded with EDA Levy funds or City of Mankato funds are not subject to the Davis-Bacon Act nor state prevailing wage requirements.

J.9 — Lead-Based Paint

All commercial rehabilitation projects completed for mixed-use buildings that include a residential component will be evaluated for the necessity of a lead-based paint hazard risk assessment for the components of the project which would affect the residential portion of the building. Should a lead-based paint hazard risk assessment be determined necessary, all HUD requirements related to lead-based paint will be followed.

SECTION K

PROGRAM ADMINISTRATION

The following administrative procedures shall govern operation of the Commercial Rehabilitation Program, unless otherwise provided for by the procedures of another participating Financing Source.

K.1 — Implementation Responsibilities.

1. The Administrator shall:

- Coordinate all rehabilitation work delivered through the various Financing Sources.
- Collect and process applications and approve applicants as being eligible for rehabilitation assistance.
- Obtain clearance from the SHPO or MPHC regarding historic preservation requirements before rehabilitation work begins.
- Administer all other phases of the commercial rehab effort, including the procedures and steps listed below.
- Review all applications for consistency with these policies and approve or deny individual projects. An applicant may appeal any decision as provided for in Section N. The Administrator will use the following guide to assess the preliminary eligibility of the applicant.
 - a. Whether or not the applicant is eligible for a Commercial Rehabilitation loan and what leverage package the applicants are eligible for.
 - b. Location of the applicant's property in the Targeted Area.
 - c. Property ownership and debt load capacity.

The Administrator shall provide regular reports to the City Council on the program status, but City Council approval of individual projects is not required,

2. With regard to Marketing, the Administrator shall:

Conduct outreach and will solicit applications for the program as needed in the following ways:

- a. Notify all applicants on the Commercial Rehabilitation Program waiting list.
- b. Issue press releases advertising community meetings on the Commercial Rehabilitation Program application both to local newspapers and to the local broadcast media.
- c. Make direct mailings of program information to owners in the targeted area if necessary to generate additional applicants.
- d. Develop brochures and send them out in the city's utility billing statements.
- e. Develop posters and post them in prominent areas in the community.

3. With regard to the Mankato City Council:

- The City Council shall be responsible for setting overall program policy, including approval, amendment, and adoption of these Guidelines.
- All checks issued under the Commercial Rehabilitation Program shall be issued by the City.

K.2 — Application and Process.

1. Applicants shall complete the Commercial Rehabilitation Program application. This form shall request applicable information and further provide a "Notice to Applicant" informing the applicant of data privacy, misrepresentation, inspection considerations and other matters.

Upon receipt of a completed Commercial Rehabilitation Program application, the Administrator shall:

1. Review the application to ensure all required information and documentation is provided, including but not limited to:
 - Completed Commercial Rehabilitation Application
 - Data Privacy Warning and Release Form
 - Signed Release for Mortgage Verification
2. Verify that the following requirements have been satisfied:
 - Applicant possesses valid ownership in the property or has a long term lease with property owner
 - Property is located within a designated targeted area
 - Property taxes are current
 - Property insurance is current
 - Any and all mortgages on the property are current
 - All city utilities are current
 - The amount of outstanding mortgages on the property combined with the requested deferred loan amount will not exceed 90% loan to value ratio of the property
3. Issue an initial approval or denial letter based on the findings of the information above. An initial approval letter shall provide a preliminary estimate of funding available for the project. A denial letter shall cite the reasons for the denial and notify the applicant of their right to appeal.

2. Verifications

All applicable information which is relevant to the Applicant's eligibility shall be independently verified. The Administrator shall, with written permission of the Applicant, obtain verification from the appropriate sources and shall use the verified information to determine an applicant's eligibility for rehabilitation assistance.

3. Displacement.

The Administrator shall work with the Applicant to determine if the possibility exists of displacement from the building. If the potential for displacement appears likely, the Administrator shall provide to the Applicant such written notices as are required. If displacement shall occur, the Administrator shall work with the Applicant to assure that the Applicant's displacement and relocation rights are protected.

4. Authorization for Initial Inspection.

After an initial approval letter has been issued, the Rehabilitation Advisor shall conduct an initial inspection. This inspection shall be thorough, complete, and shall identify all rehabilitation needs of the commercial building.

5. Scope of Work Write-Up and Bid Specifications.

Following initial inspection, the Rehabilitation Advisor shall prepare a written scope of work write-up for the commercial building. This work write-up shall specify reasonable, workmanlike means by which rehabilitation needs are to be corrected and the structure brought up to the Rehabilitation Standards and shall suggest materials and methods for making necessary repairs and improvements; and shall be prepared in sufficient detail so as to allow contractors to base their bids upon. Drawings and sketches shall be provided where they will be necessary or helpful. Applicants may wish to use architectural services, not provided by the Administrator, in developing their scope of work. The Rehabilitation Advisor will incorporate these architectural documents into the bid documents if desired. Costs for architectural services are the applicant's responsibility and may count towards the private match requirements.

6. Bidding and Contracting Procedures.

1. After receiving the Rehabilitation Advisor's scope of work write-up, the Applicant shall solicit bids from contractors. Every Applicant will be encouraged to solicit bids from Section 3 contractors. A minimum of two bids per trade shall be required. Bids shall be submitted by the Applicant to the Rehabilitation Advisor within 60 days of the receipt of the scope of work write-up. All bids will be reviewed by the Rehabilitation Advisor to determine that the bids are comparable. In seeking the minimum of two bids, one general contract bid can be compared against the sum of individual bids by trade. One bid can be accepted if no other bids can be obtained and the bid amount is consistent with this Rehabilitation Advisor cost estimate. Bids will only be accepted from contractors meeting the following qualifications and documentation of qualification must accompany the bids:
 - A. Contractors must complete the "Contractor's Qualification Statement" and return it to the Administrator.
 - B. Contractors must be bona fide tradesmen. Contractors must meet State licensing requirements where such requirements apply, including residential building contractor and residential remodeler license requirements.
 - C. Contractors must possess insurance coverage which meets or exceeds these requirements:
 - Manufacturers and Contractor/Independent Contractors. Bodily Injury: \$300,000 (each occurrence) and \$300,000 aggregate. Property Damage: \$100,000 (each occurrence).
 - Auto (Owned, Hired, or Leased). Bodily Injury: \$100,000 (each occurrence) and \$300,000 aggregate. Property Damage: \$100,000 (each occurrence).
 - Worker's Compensation. The contractor shall obtain and maintain Worker's Compensation Insurance for all of his/her employees, according to State law and regulation.
 - D. In cases where any work is sublet, the Contractor shall also require the subcontractor's) to comply with the insurance requirements set forth above.
 - E. If CDBG funds will be utilized, contractors or sub-contractors must be listed in an acceptable status in the System for Award Management (SAM). A contractor's SAM status will be verified by Rehabilitation Advisor prior to issuance of a Notice to Proceed.
 - F. Contractors may be disqualified from contracting under the following circumstances: Failure to keep the required insurance in force; Failure to complete work in a timely manner; Performance of substandard work; Failure to correct deficiencies in substandard work; or Collusion between two or more contractors and/or the Applicant.
2. Bids will be awarded to the lowest qualified bidder unless one of the following occurs:
 - The bid is found to be unrealistically low and the contractor agrees to withdraw the bid.
 - The contractor has failed to follow the procedures outlined in instructions to the bidders.
 - The Applicant does not want the lowest bidder to do the work. In that case, the Applicant must pay 100% of the difference between the lowest bid and the preferred contractor's bid.
 - There appears to have been collusion between two or more contractors and/or the Applicant. Collusion among contractors will result in their being barred from further participation in the Program. Collusion involving the Applicant will result in the rehab project being canceled and the Applicant

- being barred from the Program.
 - The contractor fails to bid according to specifications and, following efforts by the Rehabilitation Advisor, it is impossible to compare that contractor's bid with those of the other bidders.
3. Contracts may be made with general contractors or individually by trade. Contracts will be let by the Applicant with a Notice to Proceed issued by the Administrator, and shall be a contract between the Applicant and the contractor. Prior to initiating work, the contractor shall attend a Preconstruction Conference with the Administrator and the property owner, to review the project and discuss various compliance issues. A standard construction contract as listed in Section K.2.9 and issued by the Rehabilitation Advisor will be utilized.
 4. Any repair work which begins before a written Notice to Proceed is issued will not be paid for by funds from any Financing Source.
 5. Projects not under contract within 60 days after the date when bids are reviewed by the Rehabilitation Advisor shall be dropped from the program.

7. Agreements and Contracts

Upon selection of contractors and determination of project budget, the Rehabilitation Advisor will draft the following agreements and contracts to be signed by the Applicant:

- Agency-Owner Contract
- Repayment Agreement (Promissory Note)
- Loan Security Instrument (Mortgage)
- Notice of Rights of Rescission
- Loan Term Sheet
- Truth in Lending (if applicable)
- Notice of First Payment (if applicable)
- Applicant/Contractor Construction Contracts
- Contractors Notice to Proceed

The Rehabilitation Advisor will arrange a time for the Applicant to sign the required documentation. At that time, the Applicant must provide a check written to Blue Earth County for the necessary recording fees and taxes, if applicable. If the Applicant will be paying the required matching funds through liquid assets, the Applicant must also issue checks for the required match amount. After all documents have been signed and the time frame for the Right of Rescission has expired, the Rehabilitation Advisor will record the mortgage(s) at Blue Earth County.

8. Change Orders.

Work which is not specified in the scope of work write-up will not be paid for by the Program without a written change order approved by the Administrator, the Rehabilitation Advisor, the contractor, and the Applicant before the work in the change order is undertaken. Change Orders which increase costs of a project beyond the maximum amount specified in J.1 shall be paid by the Applicant.

9. Interim Inspections.

The Rehabilitation Advisor may conduct interim or progress inspections for each commercial building assisted by the Program. The interim inspections shall be used: To monitor the work in progress and the quality of work being performed, and to determine the completeness and quality of repairs prior to any payments to contractors or subcontractors.

10. Partial Payments to Contractors.

No interim or partial payments will be made without prior inspection by the Rehabilitation Advisor and approval by the Administrator. No partial payment or sum total of partial payments shall exceed 80% of the total contract amount. No pre-payment or advance of Program funds is allowed. A partial payment can be made when the Contractor submits the required billing documents, lien waiver and completion certificate signed by the Applicant, Contractor and Rehabilitation Advisor.

11. Final Inspection and Acceptance of Work.

The Rehabilitation Advisor shall conduct a comprehensive final inspection of all repairs upon completion of all work. This final inspection shall be used to determine the completeness and quality of repairs prior to the final payment to contractors or subcontractors. Substandard or incomplete work identified by the Rehabilitation Advisor will not be paid for. Prior to payment, a "Completion Certificate and Acceptance of Work" form shall evidence satisfaction with the work and shall be signed by the Applicant, the contractor and/or subcontractor, the Rehabilitation Advisor and the Administrator. Final payment will not be released until the work has been completed and inspected by the Rehabilitation Advisor and any state or local building officials when required. Contractor shall provide billing statement, billing invoice, completion certificate (signed by Applicant, Contractor and Rehabilitation Advisor), sworn construction listing all subcontractors and material suppliers, lien waivers from contractor, subcontractors and material suppliers, and copies of approved building permits when applicable.

12. Payment and Lien Waivers.

Commercial Rehabilitation Program funds shall be disbursed to the contractor upon approval and acceptance of the work as noted in Section K.2.10. Appropriate lien waivers must be provided by the contractor prior to the release of checks.

13. Time for Completion.

1. A maximum of 90 calendar days will be allowed for completion of contracted work on a commercial building, beginning as of the date of the contract for the repairs, or as of the date proposed by the contractor (when provided). Failure to begin work by the completion date shall be grounds for termination of the contract.
2. This time period shall not be exceeded except by a written Change Order, which shall outline the circumstances which require an extension of time and shall specify a revised completion date. In the absence of such a Change Order, failure to complete work on time shall be grounds for termination of the contract.

14. Termination of Contract.

Rehabilitation contracts may be terminated for convenience or for cause. The provisions contained in Section K.2.13 shall be a basis for termination for cause.

15. Permits and Fees.

Payment of local building permit fees will be the responsibility of the Contractor. State inspection fees should be included in the contractor's bid.

16. Appeals Procedure and Resolution of Disputes.

All Applicants and contractors shall have full right to appeal any decision or action relating to the administration of the Program. Such appeals shall be made in accordance with SECTION N.

17. Close-Out.

Upon completion of all rehab activities and acceptance of the work by all parties, the Rehabilitation Advisor will coordinate a Certificate of Completion, which must be signed by the Applicant and each contractor.

SECTION L

OTHER PROGRAM PROVISIONS

L.1 — Refinancing and Work In Progress.

No funds from this Program shall be used to refinance existing indebtedness. No funds shall be used to pay for any repairs or improvements which may be in progress or may have begun prior to the Administrator issuing a written Notice to Proceed.

L.2 — Financing: Security Position

The Commercial Rehabilitation Program will not require a first-position security interest for Deferred Loan or Installment Loan financing. Upon request from a bank or other lender, the Program may subordinate its security interest to another party, at the discretion of the Administrator. Taking into consideration all outstanding loans, including the Commercial Rehabilitation Deferred Loan and/or Installment Loan, that are secured against the property, the amount of outstanding loans should not exceed 90% of the estimated market value of the property as determined by the County Assessor or a certified professional appraiser.

L.3 — Fees to the Applicant.

Neither the Administrator nor the City of Mankato shall charge the Applicant an origination fee, inspection fee, or fee of any kind, other than building permit fees noted in Section K.2.15.

L.4 — Contractor's Warranty.

1. The Contractor shall defend, indemnify, and hold harmless the Applicant, Administrator, Rehabilitation Advisor, the City of Mankato and its officers, and the officers of any other Financing Source from all liability and claims for damages arising from bodily injury, death, property damage, sickness, disease, or loss and expense resulting from or alleged to result from a Contractor's operations under this Program.
2. The Contractor shall warrant to the Applicant and subsequent owners of the property that:
 - All materials, hardware, fixtures, and utilities of whatever kind used in making repairs are of good quality and free from defects in workmanship or material.
 - The Contractor shall repair, correct, or replace at no cost to the Applicant or subsequent owners any defective workmanship or materials or deficiencies subject to warranty, upon written notice within two years from the date of completion and acceptance of work.

SECTION M

PROGRAM INCOME & REVOLVING LOAN FUND

M.1 — Program Income

Program income may be generated from commercial rehabilitation through the repayment agreements. The agreements will stipulate that if an applicant sells the property within ten (10) years after receiving a commercial rehabilitation deferred loan, he/she/they must repay a portion of the deferred amount, as shown in the table below:

Date property is sold, transferred or conveyed	Percent to be repaid
Within 0-12 months of repayment agreement	100%
Within 13-24 months of repayment agreement	90%
Within 25-36 months of repayment agreement	80%
Within 37-48 months of repayment agreement	70%
Within 49-60 months of repayment agreement	60%
Within 61-72 months of repayment agreement	50%
Within 73-84 months of repayment agreement	40%
Within 85-96 months of repayment agreement	30%
Within 97-108 months of repayment agreement	20%
Within 109-120 months of repayment agreement	10%

Any program income generated in this manner from a project that was initially financed with CDBG funds will be immediately dedicated to CDBG Program activities. Any program income generated from a project that was initially financed with non-CDBG funds will be dedicated to a revolving loan fund set up by the City of Mankato.

M.2 — Revolving Loan Fund

A revolving rehabilitation loan fund shall be established to collect any repayments of non-CDBG monies. Such repayments shall be used for eligible uses under commercial, owner occupied or rental rehabilitation programs.

The revolving loan funds will be held in a separate account and will be made available to qualified Applicants in the City of Mankato. Use of the revolving rehabilitation loan funds will be consistent with these guidelines.

SECTION N

COMPLAINTS AND APPEALS

N.1 — Client Complaint Process

1. Initial client complaints about any aspect of: the City's service delivery; the City's staff; Program

restrictions; or contractor relations/workmanship, may be pursued verbally or in writing to the City Manager and shall be responded to by either the Housing Rehabilitation Advisor who shall work with the staff, the contractor, and the client to resolve the problem within two (2) weeks. Additionally, if the rehabilitation project includes CDBG funds, the Client may contact the Minneapolis HUD Office at any time to file a complaint. If the applicant is still dissatisfied, the client may further pursue the complaint as follows:

- a. A complaint may be filed with the City Manager who shall provide a response within two weeks.
- b. If the Client is still dissatisfied, they may be asked to be placed on the next regular agenda of the City Council for action at its next regularly scheduled meeting.
- c. If the client is still unsatisfied and CDBG funds were utilized in the rehabilitation project, the complaint will be forwarded to the Minneapolis HUD Office along with the following information:
 - 1) A copy of the written complaint and request for satisfaction under the appeals process.
 - 2) A copy of all correspondence between the Administrator and the appealing client concerning the appeal disposition.
 - 3) The final appeal disposition.

N.2 — Project Appeal Process

1. If an applicant's application for any reason is denied or an applicant is dissatisfied with the level of assistance they have received, the following procedure is to allow for a standardized appeal/complaint process to all applicants of the Commercial Rehabilitation Program. Upon complaint, an applicant will be informed of the following procedure:

- a. That a written procedure for appeal is available.
- b. In the case of denial of assistance or service, a written notice shall be sent to the applicant clearly stating under what condition that application was denied and also a copy of this appeal process.
- c. Initial client appeals about any aspect of service delivery expressed verbally or in writing shall be responded to within two (2) weeks. If the applicant is dissatisfied with the response, then the client shall be informed of the following procedure.
- d. All appeals should be addressed to:

City of Mankato
Economic Development Specialist
10 Civic Center Plaza
PO Box 3368
Mankato, Minnesota 56002-3368
Attention: Commercial Rehabilitation Appeal

- e. The applicant who wishes to appeal the initial response must submit a request for appeal in writing within thirty (30) days of the initial response. This request must state the reason(s) for the appeal and should include any information that the applicant feels is pertinent to the appeal.
- f. The applicant may appeal to the City Manager within fifteen (15) working days. At that time, the applicant will be notified that he/she has the right to appeal to the City Manager. The Manager will respond with a written decision within fifteen (15) working days.
- g. The applicant may appeal to the EDA within fifteen (15) working days following the Manager's decision. At that time, the applicant will be notified that he/she has the right to appeal before the City Council. The City Council will respond with a written decision, *which shall be final*, within thirty (30) working days.
- h. In cases where CDBG funds are the Financing Source, any further appeal actions will be forwarded to the Minneapolis HUD Office, along with the following information:

- 1) A copy of the written complaint and request for satisfaction under the appeals process.
- 2) A copy of all correspondence between the Administrator and the appealing client concerning the appeal disposition.
- 3) The final appeal disposition.

SECTION O

AMENDMENTS / APPROVAL

O.1 — Amendments

These procedural guidelines may be amended or supplemented from time to time by the City of Mankato by issuance of revised pages to be effective on the date of City Council approval.

O.2 — City Council Approval

Upon a motion made and seconded, the "Guidelines & Policies" for the Commercial Rehabilitation Program are hereby approved and adopted, subject to any changes recommended by HUD in their capacity as funding agency for the Community Development Block Grant Program.

Adopted by the City Council of the City of Mankato on this 14th day of March, 2022.

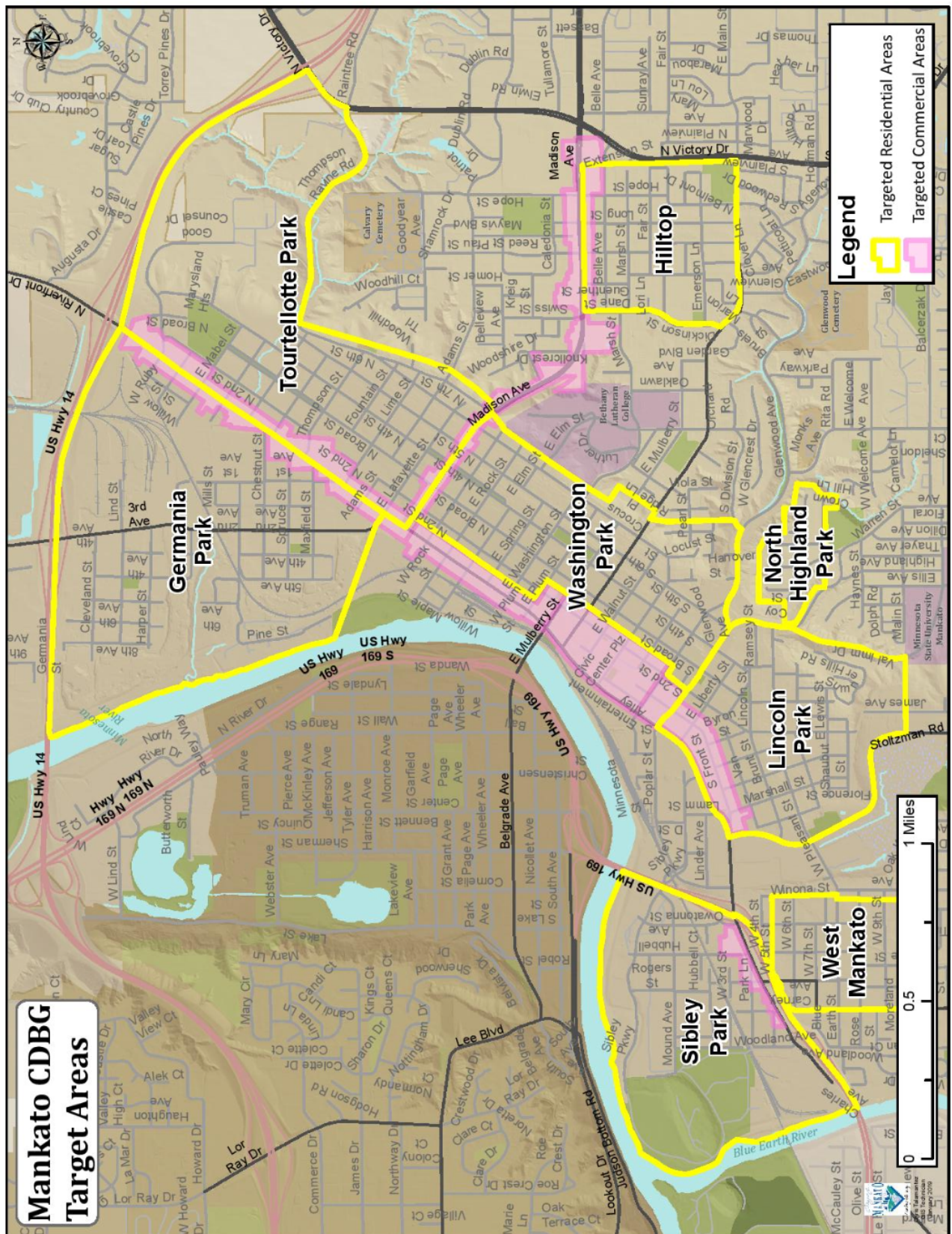
Signed:

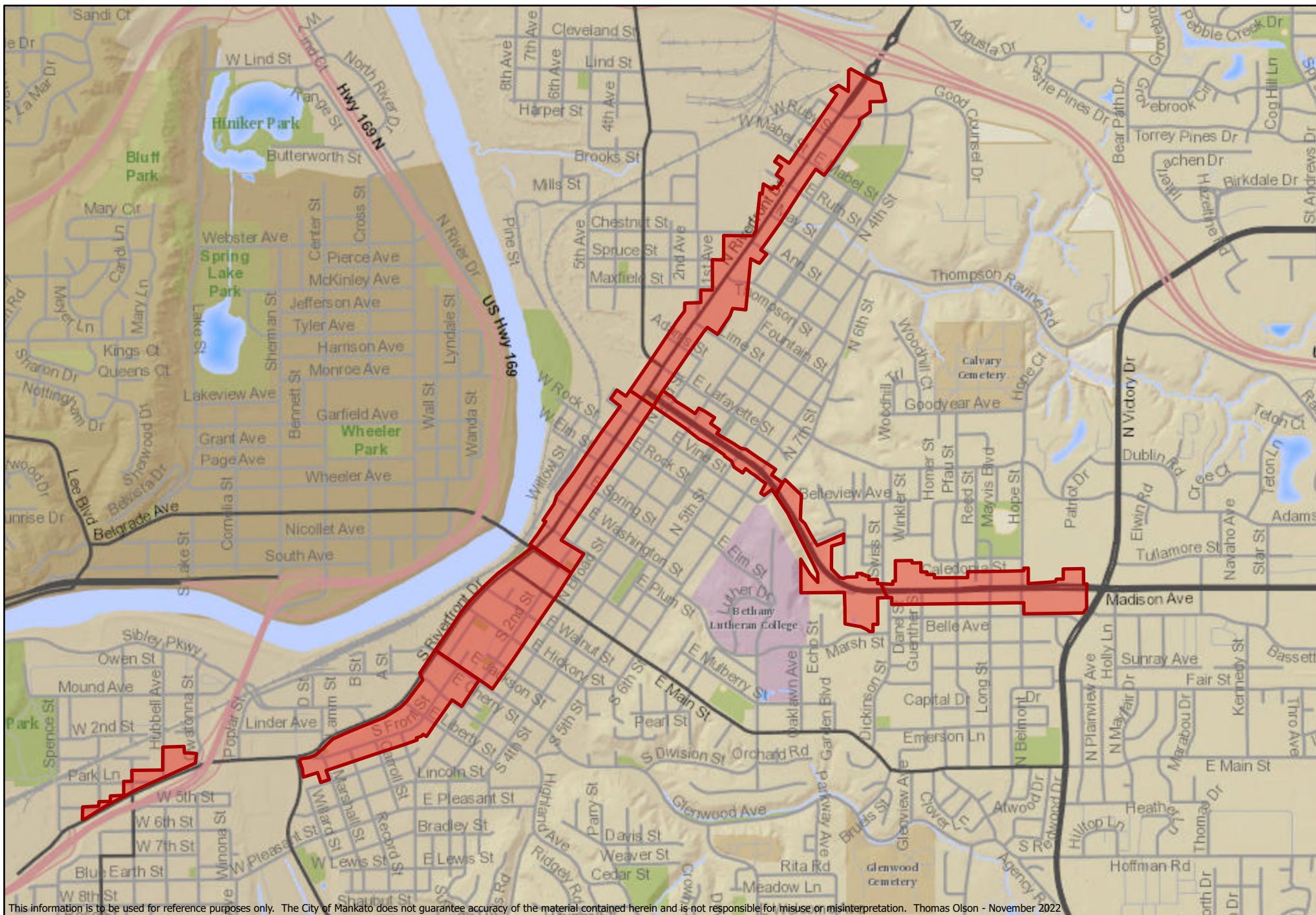
Witnessed:

Mayor

City Manager

Exhibit A





This information is to be used for reference purposes only. The City of Mankato does not guarantee accuracy of the material contained herein and is not responsible for misuse or misinterpretation. Thomas Olson - November 2022

Commercial Rehabilitation Targeted Areas

Overview Map





AGENDA RECOMMENDATION

Economic Development Authority

4. B.

Meeting Date: 06/08/2026

Agenda Item:

Resolution authorizing support for Phase VI of the PCLT seeking MN Housing funding to implement services of the community land trust.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Southwest Minnesota Housing Partnership (SWMHP) is preparing an application to the Minnesota Housing Impact Fund Program to support Phase VI of the Partnership Community Land Trust (PCLT) single-family homeownership initiative. The application deadline is July 9, 2026.

Phase VI advances the City of Mankato's housing goals by expanding affordable homeownership opportunities through the development of up to 10 newly constructed homes, anticipated for completion in 2028. The PCLT model provides long-term affordable homeownership opportunities for income-qualified households while promoting housing stability and community inclusion. Participating homebuyers will have the flexibility to select homes that best meet their household needs.

The program is expected to serve households earning up to 80% of Area Median Income (AMI), based on the statewide average. If additional funding sources are secured, eligibility may be expanded to households earning up to 100% of AMI.

To support a competitive application, SWMHP is requesting partnership commitments from the City of Mankato and Blue Earth County. The proposed Phase VI funding sources include:

Funding Source	Amount
City of Mankato Affordable Housing Trust Fund (AHTF)	\$200,000
Blue Earth County AHTF	\$100,000
Community Development Block Grant (CDBG)	\$100,000
Minnesota Housing Impact Fund	\$2,000,000
Total	\$2,400,000

Local investment has historically leveraged significant additional funding from Minnesota Housing, the Greater Minnesota Housing Fund, philanthropic partners, SWMHP, local development partners, and the Housing Partnership Network's New Markets Tax Credit (NMTTC) program. SWMHP is also pursuing an additional NMTTC allocation that could support future phases of affordable homeownership development in Mankato.

SWMHP is requesting that AHFT and CDBG contributions remain flexible to address individual homebuyer financing gaps and coordinate with other funding sources available at the time of sale. The proposed funding structure for Phase VI is as follows:

Funding Source	Per Home Contribution
City Affordable Housing Trust Fund	\$20,000
County Affordable Housing Trust Fund	\$10,000
CDBG	\$10,000
Minnesota Housing Impact Fund	\$200,000

Affordable Housing Trust Fund Capacity

The AHTFs were established using Statewide Affordable Housing Aid (SAHA) allocations and Minnesota Housing's Housing Trust Fund (HTF) grants. To date, the City and County have committed \$835,000 to previous phases of the Partnership Community Land Trust program.

After accounting for existing commitments, the City AHTF maintains an unallocated balance of approximately \$223,079. A \$200,000 commitment to Phase VI would be funded from available Trust Fund resources and would continue the City's long-standing partnership with SWMHP to expand affordable homeownership opportunities.

Recommendation

Staff recommends approval of a resolution and letter of support committing up to \$200,000 from the City of Mankato Affordable Housing Trust Fund for Phase VI of the Partnership Community Land Trust, contingent upon SWMHP receiving Minnesota Housing Impact Fund financing.

The commitment would be provided on a pay-as-you-go basis as homes are completed and sold, with funding available through December 31, 2029.

Attachments

Resolution
Letter of Support
AHTF Financial Report

**RESOLUTION OF SUPPORT FOR COMMUNITY LAND TRUST PHASE VI
APPLICATION AND RECOGNIZING THAT
THE PROJECT WILL MEET AN IDENTIFIED HOUSING NEED**

WHEREAS, the Economic Development Authority of Mankato, Minnesota (EDA) is a duly organized and existing under the Constitution and laws of the State of Minnesota; and

WHEREAS, the City of Mankato has adopted a Consolidated Plan and affordable housing is identified as a community need; and

WHEREAS, a need has been identified for additional affordable housing in the City, based on 2025 Housing Study commissioned by the EDA and the 2023 Housing Action Plan; and

WHEREAS, the EDA has undertaken a variety of action step to promote the development and preservation of affordable housing; and

WHEREAS, a community land trust is one strategy to promote and preserve single family affordable housing; and

WHEREAS, Southwest Minnesota Housing Partnership (SWMHP) operates the Partnership Community Land Trust (PCLT) in the region; and

WHEREAS, SWMHP has expanded their PCLT in Mankato to create affordable homeownership and preserving the affordability of homeownership for future owners; and

WHEREAS, five Phases of the PCLT have been approved by the Mankato City Council and EDA since July 25, 2022, to implement the community land trust, provide education, outreach, and purchase of up to 33 homes in the City of Mankato; and

WHEREAS, SWMHP will be applying to the Minnesota Housing Finance Agency under the Super RFP for Impact Funding on July 9, 2026, for Phase VI of the PCLT in the City of Mankato; and

WHEREAS, it is anticipated that successful development of the project will require participation from the EDA through financial support for up to ten (10) new homes at 80% of AMI at the statewide average. The total funding request is \$200,000.

NOW, THEREFORE, BE IT RESOLVED, that the EDA finds that the project will meet an identified need by creating and preserving affordable homeownership and, subject to approval of the applications to Minnesota Housing, will provide \$200,000 in funding through a future agreement with PCLT.

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

Adopted this 8th day of June 2026.

Najwa Massad, Mayor

Attest: _____
Susan MH Arntz, Executive Director

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

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



June 8, 2026

Minnesota Housing Finance Agency
400 Sibley Street, Suite 300
Saint Paul, MN 55101

RE: Letter of Support for the Community Land Trust Application

To Whom It May Concern:

At its meeting on June 8, 2025, the Mankato EDA reviewed and endorsed the Southwest Minnesota Housing Partnership Community Land Trust proposal that proposes up to 10 homes for new construction in the city of Mankato. This endorsement is based upon the findings that the project will meet locally identified housing needs and that the proposed housing is in short supply in the local housing market. This need is evidenced by the 2025 Housing Study and the 2023 Affordable Housing Action Plan commissioned by the City of Mankato.

The City designates the Associate Director of Housing & Economic Development as program contact person:

Contact: Nancy Bokelmann
Title: Associate Director of Housing & Economic Development
Address: 10 Civic Center Plaza, PO Box 3368, Mankato, MN 56002-3368
Phone: 507-387-8623
Email: nbokelmann@mankatomn.gov

As part of its endorsement, the City of Mankato will provide financial support to the Southwest MN Housing Partnership for this Community Land Trust application in the amount of \$200,000 from the City Affordable Housing Trust Fund. These funds will be spent by December 31, 2029. The grant fund commitment will be a pipeline of funding available on a pay as you go, ongoing basis upon sale of each home.

This endorsement is evidenced by the Mankato EDA approved Resolution included with this letter.

Sincerely,

Susan MH Arntz
Executive Director

Enclosure

AFFORDABLE HOUSING TRUST FUND

Revenues		
SAHA Funding 2023	\$454,098.00	
SAHA Funding 2024	\$454,098.00	
SAHA Funding 2025	\$193,093.00	
SAHA Funding 2026	\$201,598.00	
SAHA Total		\$1,302,887.00
MN Housing HTF Grant	\$300,000.00	
EDA General -Matching Funds	\$300,000.00	
MN - HTF Total		\$600,000.00
Total Revenue		\$1,902,887.00

Blue Earth County	Mankato
\$ 165,141.00	\$ 288,957.00
\$ 165,141.00	\$ 288,957.00
\$ 69,985.00	\$ 123,108.00
\$ 84,258.00	\$ 117,340.00
\$ 484,525.00	\$ 818,362.00
\$ 150,000.00	\$ 150,000.00
\$ 150,000.00	\$ 150,000.00
\$ 300,000.00	\$ 300,000.00
\$ 784,525.00	\$ 1,118,362.00

Expenses		
PCLT Phase III	\$85,000.00	
PCLT Phase IV	\$500,000.00	
PCLT Phase V	\$250,000.00	
Total PCLT		\$835,000.00
Connections Shelter Summer Expansion		\$135,283.00
RAD Cash Flow Loan		\$600,000.00
Total Expense		\$1,570,283.00

	\$ 85,000.00
\$ 250,000.00	\$ 250,000.00
\$ 125,000.00	\$ 125,000.00
\$ 375,000.00	\$ 460,000.00
	\$ 135,283.00
\$ 300,000.00	\$ 300,000.00
\$ 675,000.00	\$ 895,283.00

HTF Unallocated Balance		\$332,604.00
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\$ 109,525.00	\$ 223,079.00
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AGENDA RECOMMENDATION

Economic Development Authority

4. C.

Meeting Date: 06/08/2026

Agenda Item:

Resolution approving authorized signatories for the Bring It Home Rental Assistance Program.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

Minnesota Housing has awarded funding through the Bring It Home Rental Assistance Program to support tenant-based and project-based rental assistance activities across participating jurisdictions. The Mankato EDA, in collaboration with regional housing partners, has been allocated \$3,347,771.00, including startup funding and Housing Assistance Payments (HAP) and Administrative Fees for the two-year contract term.

The Bring It Home Rental Assistance Program aligns with identified housing needs and priorities outlined in the City of Mankato Strategic Plan, Affordable Housing Action Plan, and the 2025 Housing Study. The funding will support the administration and expansion of rental assistance services for Very Low-Income families within the region.

Staff is requesting that the EDA authorize Susan MH Arntz, Executive Director, and/or Nicole Cunningham, Housing Coordinator, to execute and deliver grant agreements and all related documents required by Minnesota Housing for administration of the Bring It Home Rental Assistance Program.

The authorization would permit the designated staff to submit and execute documents electronically on behalf of the EDA electronically and use the following email addresses for communications:

sarntz@mankatomn.gov

ncunningham@mankatomn.gov

Staff recommend approval of the resolution authorizing the identified signatories to execute all required agreements and associated program documents with Minnesota Housing related to the Bring It Home Rental Assistance Program.

Attachments

Resolution

**RESOLUTION
APPROVING AUTHORIZED SIGNATURES
FOR THE BRING IT HOME RENTAL ASSISTANCE PROGRAM**

WHEREAS, the Economic Development Authority of Mankato, Minnesota (EDA) administers the Housing Choice Voucher program funded by the US Department of Housing and Urban Development (HUD) to provide tenant-based and project-based rental assistance vouchers to meet the housing needs of Very Low-Income households in Blue Earth County; and

WHEREAS, the EDA has a documented need for the addition of rental assistance vouchers as identified in the City of Mankato's Strategic Plan, Affordable Housing Action Plan, and the 2025 Housing Study.

WHEREAS, Minnesota Housing, a public body corporate and politic of the State of Minnesota, has the authority under Minnesota Statute 462A.2095 to establish and administer a statewide rental assistance program that provides tenant-based and project-based rental assistance through Program Administrators and is granting funding to eligible program administrators to provide direct rental assistance through the Bring It Home Rental Assistance Program; and

WHEREAS, the Mankato EDA, in collaboration with the Blue Earth County EDA, the Faribault County HRA, the LeSueur County HRA, the New Ulm HRA, the Pipestone HRA, and the South Central MN Multi-County HRA, is allocated \$3,347,771.00 made up of \$62,575.00 in startup costs to be used in the first twelve months of contracting and \$3,285,196.00 in Housing Assistance Payments (HAP) and Administrative Fees intended to be used during the full two-year contract term.

WHEREAS, that the EDA accepted the funding from Minnesota Housing to administer the Bring It Home Rental Assistance Program on September 8, 2025, and will comply with all requirements imposed by regulations of MN Housing for the administration of the program.

NOW THEREFORE, BE IT RESOLVED, that Susan MH Arntz, Executive Director, and or Nicole Cunningham, the Housing Coordinator of the Mankato EDA are authorized on behalf of the EDA at any time hereafter and without further action or authority or direction from the members of the EDA to execute and deliver to Minnesota Housing, in the forms required by the agency, the grant agreement and all documents required by Minnesota Housing using the email addresses sarntz@mankatomn.gov and ncunningham@mankatomn.gov for submission.

This resolution shall become effective immediately upon passage.

Adopted this 8th day of June 2026.

Najwa Massad, Board Chair

Attest:

Susan MH Arntz, Executive Director



AGENDA RECOMMENDATION

Economic Development Authority

4. D.

Meeting Date: 06/08/2026

Agenda Item:

Resolution approving the authorized signature and designation of an authorized representative for HUD Program Administration.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The attached resolution authorizes the Executive Director to designate the Associate Director of Housing and Economic Development to act on behalf of the Executive Director for purposes of administering the EDA's U.S. Department of Housing and Urban Development ("HUD") programs.

The EDA administers several federally funded housing programs, including the Housing Choice Voucher Program and the operation of public housing units located throughout the City of Mankato. These programs require continuous administrative access to HUD systems and timely completion of numerous operational and compliance responsibilities.

As HUD increasingly relies on electronic systems and designated authorized users for regular access to administer the program, it is important for the EDA to maintain continuity of operations and ensure that key staff members can maintain appropriate authorization to perform required administrative functions within the system.

The proposed resolution formally authorizes the Executive Director to designate the Associate Director of Housing and Economic Development as an authorized representative for HUD program administration activities. The resolution also authorizes the Associate Director to execute and deliver HUD-required documents, certifications, and submissions necessary for the administration and operation of HUD-funded programs on behalf of the Executive Director and the EDA, consistent with applicable federal requirements and Minnesota Statutes Section 469.097.

This action is administrative in nature and does not alter existing Executive Director or Board oversight responsibilities. Rather, it provides operational flexibility and ensures uninterrupted compliance with HUD administrative requirements.

The EDA is requested to adopt the attached resolution approving authorized signatures and designation of an authorized representative for HUD program administration within HUD systems.

Attachments

Resolution

RESOLUTION

APPROVING AUTHORIZED SIGNATURES AND DESIGNATION OF AUTHORIZED REPRESENTATIVE FOR HUD PROGRAM ADMINISTRATION

WHEREAS, the Economic Development Authority of Mankato, Minnesota (“EDA”) administers the Housing Choice Voucher Program funded by the United States Department of Housing and Urban Development (“HUD”) to provide tenant-based and project-based rental assistance to very low-income households in Blue Earth County; and

WHEREAS, the EDA owns and operates public housing units located throughout the City of Mankato, including Orness Plaza and scattered site units totaling one hundred thirty (130) public housing units; and

WHEREAS, the EDA previously disposed of forty-nine (49) scattered site public housing units pursuant to Section 18 of the United States Housing Act of 1937, as amended, to the City of Mankato, effective April 1, 2025, that are project-based, tenant protection vouchers; and

WHEREAS, the EDA has identified an ongoing need for additional rental assistance resources as documented in the City of Mankato Strategic Plan, Affordable Housing Action Plan, and 2025 Housing Study; and

WHEREAS, the EDA recognizes the necessity of maintaining continuous administrative access to HUD systems, including the PH Portal, and ensuring timely completion of all program reporting, compliance, and operational responsibilities associated with HUD-funded housing programs; and

WHEREAS, pursuant to Minnesota Statutes Section 469.097, subdivisions 1 through 7, an economic development authority is authorized to appoint officers and employees, prescribe their duties, and delegate administrative authority necessary to carry out the functions and purposes of the authority;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority of Mankato, Minnesota, that the Executive Director is authorized to designate the Associate Director of Housing and Economic Development to act on behalf of the Executive Director for purposes of administering HUD programs, including but not limited to system access, PH Portal, reporting, certifications, submissions, communications, and execution of documents required by HUD in connection with the administration of public housing and Housing Choice Voucher programs.

BE IT FURTHER RESOLVED that the Associate Director of Housing and Economic Development is authorized to execute and deliver to HUD, in forms required by the agency, all documents, certifications, and submissions necessary for the administration and operation of HUD-funded programs on behalf of the Executive Director and the EDA, without further action of the Board unless otherwise required by law or HUD regulation.

BE IT FURTHER RESOLVED that the delegation of authority authorized herein is intended to be consistent with and authorized under Minnesota Statutes Section 469.097, subdivisions 1 through 7, and shall remain subject to all applicable federal, state, and local laws and regulations.

This resolution shall become effective immediately upon its adoption.

Adopted this 8th day of June 2026.

Najwa Massad, Board Chair

Attest:

Susan MH Arntz, Executive Director



AGENDA RECOMMENDATION

Economic Development Authority

4. E.

Meeting Date: 06/08/2026

Agenda Item:

Resolution authorizing the Executive Director to enter into a Project Rebate Agreement with Centerpoint Energy and to participate in the "Commercial Hybrid Heating Pilot Rebate Program" for Capital Improvement Project 11237; Mankato Orness Plaza Rooftop Unit Replacement.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Centerpoint hybrid pilot program is seeking commercial customers that have an interest in advancing potential lower carbon solutions using electric heat pump heating with supplemental natural gas – to maintain efficiency for the coldest days while aiming to reduce overall energy use. As part of this pilot, they are offering rebates/incentives to qualified commercial customers for 40% of the equipment cost (\$100,000 maximum) for those who take part in the pilot.

This associated rebate is for Capital Improvement Project 11237; Orness Plaza RTU Replacement. The project has a total equipment cost of \$186,500.00 and an overall project cost of \$304,670.00. The City of Mankato meets the requirements to participate in the hybrid rebate program and would receive the allowed rebate of \$74,600.00.

Staff recommend authorizing the Executive Director to enter into this rebate program and to submit the program participation paperwork to Centerpoint energy.

Attachments

Resolution

RESOLUTION AUTHORIZING THE CITY OF MANKATO EDA TO ENTER INTO A PARTICIPATION AGREEMENT WITH CENTERPOINT ENERGY. TO PARTICIPATE IN THE COMMERCIAL HYBRID HEATING PILOT REBATE PROGRAM.

WHEREAS, the Commercial Hybrid Heating Pilot Rebate Program provides an equipment rebate to qualified customers of 40% of equipment costs with a \$100,000 maximum; and

WHEREAS, the program is designed to promote potential lower carbon solutions using electric heat with a supplemental secondary heating source; and

WHEREAS, participation in the program requires the City of Mankato EDA to enter into a Participation Agreement with Centerpoint Energy; and

WHEREAS, participation in the program will cover 40% of the equipment costs for the associated project and will reach the rebate amount of \$74,600.00; and

WHEREAS, staff have reviewed the proposed Participation Agreement and recommend participation in the program as a way to promote clean energy and continue our efforts to lower our carbon footprint.

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

1. The Executive Director is hereby authorized and directed to enter into a Participation Agreement with Centerpoint Energy to participate in the Commercial Hybrid Heating Pilot Rebate Program for the Orness Plaza RTU replacement project.

This resolution shall become effective upon its adoption.

Passed this 8th day of June, 2026

Najwa Massad
Board Chair

ATTEST: _____
Susan MH Arntz
Executive Director