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