

TO: MAYOR AND CITY COUNCIL
FROM: Neil Jensen, City Administrator
SUBJECT: Small Cities Development Program Presented by SEMMCHRA
MEETING DATE: January 17, 2023

BACKGROUND

The City of Cannon Falls received a SCDP Grant in the amount of \$659,425.00 and Nick Koverman from SEMMCHRA will be here to give the City Council the information needed to have the grant documents signed and ready for submission.

See the front page of the packet to understand which items relate to the approval numbers below. There are several resolutions that need to be approved separately (see below) and then a motion to approve the remaining items 1, 2, 6, 7, 8, 9, 10, 11, 12, and 16 as a group.

- 2a. ADMIN CONTRACT RESOLUTION
- 3. EXCESSIVE FORCE (CIVIL RIGHTS) RESOLUTION
- 4. ANTI-DISPLACEMENT RESOLUTION
- 5. AUTHORIZATION/RELEASE FUND RESOLUTION

STAFF RECOMMENDATION

Please follow Nick Koverman's lead and approve the above items to secure the \$659,425.00 in Small Cities Development Program dollars.

REQUESTED COUNCIL ACTION

Please adopt the above Resolutions and SCDP Documents.

**CITY OF CANNON FALLS SCDP
ITEMS NEEDED FROM CITY COUNCIL**

** SIGNIFIES ITEMS NEEDED FROM SECONDARY APPLYING COMMUNITIES

| <u>ITEM</u> | <u>ACTION NEEDED</u> | <u>PAGE NUMBER</u> |
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| a. OWNER-OCCUPIED HSG. REHAB. | MOTION | Page 39 – 52 |
| 12. WALK AWAY POLICY | MOTION | Page 53 – 54 |
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| 15. TIMELINE | NO ACTION NEEDED | Page 58 |
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STATE OF MINNESOTA
UEI NO. FFKFBWSX12E6
GRANT CONTRACT AGREEMENT NO. CDAP-21-0054-O-FY23

This grant contract agreement is between the State of Minnesota, acting through the Department of Employment and Economic Development ("State") and City of Cannon Falls, 918 River Road, Cannon Falls, MN 55009, Federal Tax ID # 41-6005032 ("Grantee").

Recitals

1. Under Minn. Stat. 116J.401 the State is empowered to enter into this grant contract agreement.
2. The State is in need of local government to administer projects in accordance with the Small Cities Development Program (SCDP), Minnesota Rules, Chapter 4300.
3. The funds are intended to provide grant funds for eligible SCDP activities.
4. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant contract agreement to the satisfaction of the State.
5. Pursuant to [Minn. Stat. §16B.98](#), Subd.1, the Grantee agrees to minimize administrative costs as a condition of this grant contract agreement.

Grant Contract Agreement

1 Term of Grant Contract Agreement

1.1 *Effective date:*

November 7, 2022, or the date the State obtains all required signatures under Minn. Stat. §16B.98, Subd. 5, whichever is later. Per [Minn. Stat. §16B.98](#), Subd. 5, the Grantee must not begin work until this grant contract agreement is fully executed and the State's Authorized Representative has notified the Grantee that work may commence. Per [Minn. Stat. §16B.98](#) Subd. 7, no payments will be made to the Grantee until this grant contract agreement is fully executed. Per 24 CFR 570.489 the Grantee may receive reimbursement for eligible expenses that occurred prior to the execution of this grant contract agreement.

1.2 *Expiration date:*

December 1, 2025, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

1.3 *Survival of Terms.*

The following clauses survive the expiration or termination of this grant contract agreement: 10. Liability; 11. State Audits; 12. Government Data Practices and Intellectual Property Rights; 14. Publicity and Endorsement; 15. Governing Law, Jurisdiction and Venue; 17. Data Disclosure; 20. Assessments; and 31. Program Income

2 Grantee's Duties

The Grantee, who is not a state employee, will:

Comply with required grants management policies and procedures set forth through [Minn. Stat. §16B.97](#), Subd. 4 (a) (1).

The Grantee has made application to the State for the purpose of administering a SCDP project in the manner described in Grantee's "Application," which is incorporated into this grant contract agreement by

reference.

The Grantee, who is not a state employee, is awarded funds to provide financial assistance to address the need for decent, safe, affordable housing, economic development and public facility needs, and provide a suitable living environment by expanding economic opportunities, principally benefiting low to moderate income households. The activities may include: Housing Rehabilitation – (This includes owner-occupied and single family, duplex and multi-family rental units), Commercial Rehabilitation and Public Facility Improvements: (i.e., construction or improvements to water and wastewater systems, etc.).

Specific grantee activity will be detailed and set forth in Clause 4.1(a).

2.1 **Provisions for Contracts and Sub-grants**

- (a) **Contract Provisions.** The Grantee must include in any contract and sub-grant, in addition to provisions that define a sound and complete agreement, such provisions that require contractors and sub-grantees to comply with applicable state and federal laws. Along with such provisions, the Grantee must require that contractors performing work covered by this grant be in compliance with all applicable OSHA regulations, especially the federal Hazardous Waste Operations and Emergency Response Standards (29 CFR 1910.120 and 29 CFR 1926.65).
- (b) **Ineligible Use of Grant Funds.** The dollars awarded under this grant contract agreement are grant funds and shall only be used by Grantee and not be awarded by Grantee to third parties as grant funds
- (c) **Job Listing Agreements.** Minnesota Stat. § 116L.66, subd.1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives \$200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with MinnesotaWorks.net at www.minnesotaworks.net as soon as it occurs.
- (d) **Payment of Contractors and Subcontractors.** The Grantee must ensure that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed.

3 Time

The Grantee must comply with all the time requirements described in this grant contract agreement. In the performance of this grant contract agreement, time is of the essence.

4 Consideration and Payment

4.1 **Consideration**

The State will pay for all services performed by the Grantee under this grant contract agreement as follows:

- (a) **Compensation**

| Fed. Obj. | Activity Code | Activity Title | Unit Goal | Number of households/ persons served | Number of LMI households/ persons served | SCDP Funds | Other Funds | Total |
|-----------|---------------|-------------------|-----------|--------------------------------------|--|---------------------|--------------------|---------------------|
| LMH | 14A | Res. Owner Rehab. | 21 | 21 | 21 | \$514,500.00 | \$62,750.00 | \$577,250.00 |
| | 21A | Administration | | | | \$77,175.00 | \$5,000.00 | \$82,175.00 |
| | | Totals | | | | \$591,675.00 | \$67,750.00 | \$659,425.00 |

(b) Travel Expenses

Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee as a result of this grant contract agreement will not exceed \$0.00; provided that the Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Minnesota Management and Budget (MMB). The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

(c) Total Obligation

The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract agreement will not exceed \$591,675.00.

(i) Pre-award Costs. Grantee may incur administrative costs prior to the fully executed grant contract agreement. This would include work on the environmental clearance, producing rehabilitation policies and procedures and costs associated with attending SCDP implementation training.

(ii) Eligible Costs. Eligible costs include the costs identified in the Section 4(a) of this Grant Contract Agreement that are incurred during the contract period and are also eligible for the CDBG program.

4.2 Payment

(a) Invoices

The State will promptly pay the Grantee after the Grantee presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule:

Payment requests will be processed on a bi-weekly calendar basis with the calendar being provided by the State. The total amount of grant funds requested must be two thousand dollars (\$2,000) or more in each payment request. The final payment request, and payment requests made in the two-week periods prior to June 30 and September 30 of each year, may be under \$2,000.

The State has authority to withhold payment of administrative funds if adequate progress on contractual goals is not being met.

(b) Federal funds

Payments under this grant contract agreement will be made from federal funds obtained by the State through CFDA number 14.228, Title 1 of the Housing and Urban Development Act of 1974. Federal Award number B-22-DC-27-0001. The Grantee is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Grantee's failure to comply with federal requirements.

Funds made available pursuant to this grant contract agreement shall be used only for expenses incurred in performing and accomplishing such purposes and activities during the grant period described above. Notwithstanding all other provisions of this grant contract agreement, it is understood that any reduction or termination of Housing and Urban Development funds provided to the State may result in a reduction to the Grantee.

Where provisions of the Grantee's Application are inconsistent with other provisions of this grant contract agreement, the other provisions of this grant contract agreement shall take precedence over the provisions of the Application.

(c) Unexpended Funds

The Grantee must promptly return to the State any unexpended funds that have not been accounted for annually in a financial report to the State due at grant closeout.

4.3 Contracting and Bidding Requirements

Per Minn. Stat. §471.345, grantees that are municipalities as defined in Subd. 1 must follow the law.

- (a)** Support documentation of the bidding process utilized to contract services must be included in the grantee's financial records, including support documentation justifying a single/sole source bid, if applicable.
- (b)** For projects that include construction work of \$25,000 or more, prevailing wage rules apply per; Minn. Stat. §§177.41 through 177.44, consequently, the bid request must state the project is subject to *prevailing wage*. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.
- (c)** The grantee must not contract with vendors who are suspended or debarred in MN: <http://www.mmd.admin.state.mn.us/debarredreport.asp>

5 Reporting Requirements

Grantee shall submit reports annually during the grant period to the State by October 15, or the date designated by the State. Progress Reports will be submitted quarterly and include reporting on outcomes. All other reports must be in accordance with the reporting requirements set forth in Minnesota Rule 4300.3200. Grantee shall use the reporting forms provided by the State.

6 Conditions of Payment

All services provided by the Grantee under this grant contract agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state and local laws, ordinances, rules and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state or local law.

7 Monitoring and Corrective Action

The State shall monitor grantee performance as outlined in its Action Plan to HUD. The Grantee will make all books, records, documents, and accounting procedures and practices accessible for any monitoring. Monitoring will be based on forms provided by the State. The monitor may be in person or a request for information at any time during the grant and any time after grant closeout as needed.

The grantee will monitor the activities of the sub-recipient according to 2 CFR §200.303 and 2 CFR §200.331 as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the Sub-award; and that sub-award performance goals are achieved. Pass-through entity monitoring of the sub-recipient must include:

- (a) Reviewing financial and programmatic reports required by the pass-through entity.
- (b) Following-up and ensuring that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub-recipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (c) Issuing a management decision for audit findings pertaining to the Federal award provided to the sub-recipient 2 CFR §200.332 from the pass-through entity as required by 2 CFR §200.521 management decision.

8 Authorized Representative

The State's Authorized Representative is Emajeane Hanson-Ford, Grants Specialist, 1st National Bank Building, 332 Minnesota Street, St. Paul, MN 55101-1351, (651) 259-7461, emajeane.hanson-ford@state.mn.us, or his/her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative is The Honorable John Althoff, Mayor of City of Cannon Falls, 918 River Road, Cannon Falls, MN 55009, 507-263-9300, njensen@cannonfallsmn.gov, or his/her successor. If the Grantee's Authorized Representative changes at any time during this grant contract agreement, the Grantee must immediately notify the State.

9 Assignment, Amendments, Waiver and Grant Contract Agreement Complete

9.1 *Assignment*

The Grantee shall neither assign nor transfer any rights or obligations under this grant contract agreement without the prior written consent of the State, approved by the same parties who executed and approved this grant contract agreement or their successors in office.

9.2 *Amendments*

Any amendments to this grant contract agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract agreement or their successors in office.

9.3 *Waiver*

If the State fails to enforce any provision of this grant contract agreement, that failure does not waive the provision or the State's right to enforce it.

9.4 ***Grant Contract Agreement Complete***

This grant contract agreement contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract agreement, whether written or oral, may be used to bind either party.

10 Liability

The Grantee must indemnify, save and hold the State, its agents and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract agreement by the Grantee or the Grantee's agents, employees or independent contractors. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract agreement.

11 State Audits

Under [Minn. Stat. § 16B.98](#), Subd.8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant contract agreement or transaction are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant contract agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

Accounting methods must be in accordance with generally accepted accounting principles. The Grantee shall comply with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). When a Grantee expends over \$750,000 in federal funds during their fiscal year, a single audit is required to be submitted for that year.

12 Government Data Practices and Intellectual Property Rights

12.1 *Government Data Practices*

The Grantee and State must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by the State under this grant contract agreement, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the Grantee under this grant contract agreement. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

12.2 *Intellectual Property Rights*

- a) The State owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the works and documents created and paid for under this Grant Contract Agreement. The "works" means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Grantee, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this Grant Contract Agreement. "Works" includes documents. The "documents" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Grantee, its employees, agents, or subcontractors, in the performance of this Grant Contract Agreement. The documents will be the exclusive property of the State and all such

documents must be immediately returned to the State by the Grantee upon completion or cancellation of this Grant Contract Agreement. To the extent possible, those works eligible for copyright protection under the United States Copyright Act will be deemed to be “works made for hire.” The Grantee assigns all right, title, and interest it may have in the works and the documents to the State. The Grantee must, at the request of the State, execute all papers and perform all other acts necessary to transfer or record the State’s ownership interest in the works and documents.

- b) Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the Grantee including its employees and subcontractors, in the performance of this Grant Contract Agreement, the Grantee will immediately give the State’s Authorized Representative written notice thereof, and must promptly furnish the State’s Authorized Representative with complete information and/or disclosure thereon.
- c) The Grantee must perform all acts, and take all steps necessary to ensure that all intellectual property rights in the works and documents created and paid for under this grant contract agreement are the sole property of the State, and that neither Grantee nor its employees, agents, or subcontractors retain any interest in and to the works and documents. The Grantee represents and warrants that the works and documents do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 10, the Grantee will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the State, at the Grantee’s expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of the works or documents infringe upon the intellectual property rights of others. The Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Grantee’s or the State’s opinion is likely to arise, the Grantee must, at the State’s discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing works or documents as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

13 Workers Compensation

The Grantee certifies that it is in compliance with [Minn. Stat. §176.181](#), Subd. 2, pertaining to workers’ compensation insurance coverage. The Grantee’s employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers’ Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State’s obligation or responsibility.

14 Publicity and Endorsement

14.1 Publicity

Any publicity regarding the subject matter of this grant contract agreement must identify the State as the sponsoring agency and must not be released without prior written approval from the State’s Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications or services provided resulting from this grant contract agreement. All projects primarily funded by state grant appropriations must publicly credit the State of Minnesota, including on the grantee’s website when practicable.

14.2 **Endorsement**

The Grantee must not claim that the State endorses its products or services.

15 **Governing Law, Jurisdiction and Venue**

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract agreement. Venue for all legal proceedings out of this grant contract agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

16 **Termination**

16.1 **Termination by the State**

The State may immediately terminate this grant contract agreement with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

16.2 **Termination for Cause**

The State may immediately terminate this grant contract agreement if the State finds that there has been a failure to comply with the provisions of this grant contract agreement, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

16.3 **Termination for Insufficient Funding**

The State may immediately terminate this grant contract agreement if:

- (a) Funding for Grant No. CDAP-21-0054-O-FY23 is withdrawn by the United States Department of Housing and Urban Development.
- (b) Or, if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

16.4 **In the Event of Cancellation**

In the event of any cancellation under this provision, the Grantee shall cooperate fully with the State and help facilitate any transition for the provision of services by a different vendor. Failure to cooperate with or withholding any information or records requested by the State or a different vendor that impairs in any way the transition of the provision of services shall constitute a material breach of this grant contract agreement, subjecting Grantee to liability for all damages incurred by the State resulting from such breach.

17 **Data Disclosure**

Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and

state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

18. Conflicts of Interest

The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per [Minn.Stat. §16B.98](#) and Department of Administration, Office of Grants Management, Policy Number 08-01 [Conflict of Interest Policy for State Grant-Making](#) (Current Policies tab). When a conflict of interest concerning State grant-making is suspected, disclosed or discovered, transparency shall be the guiding principle in addressing it.

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

The Grantee must complete a Conflict-of-Interest Disclosure Form.

19. Uniform Relocation Assistance and Real Property Acquisition Policies Act

Permanent easements of land required for any public facilities improvement made using SCDP funds, or in conjunction with SCDP activities, must be acquired in conformance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR 24). Budget modification, if necessary to achieve compliance, must be approved in writing by the State.

Unless otherwise approved in writing by State, use of SCDP funds to purchase real property is limited to the value established by appraisal(s) conducted in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. Reuse of real property that is acquired with SCDP funds must be approved by the State.

20. Assessments

Grantee will not assess the SCDP funds share of any public facilities project.

21. Debarment and Suspension Certification

(If applicable) The Grantee agrees to follow the President's Executive Order 12549 and the implementing regulation "Non-procurement Debarment and Suspension: Notice and Final Rule and Interim Final Rule," found at 53 FR 19189, May 26, 1988, as amended at 60 FR 33041, June 26, 1995, including Appendix B, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions;" unless excluded by law or regulation. Evidence that contractors are not debarred will be maintained over the life of the grant.

Eligible Contractors: All Grantees are required to verify that all contractors, subcontractors and sub-recipients are not listed on the Federal publication that lists debarred, suspended and ineligible contractors. Evidence of this determination must be readily available to the State throughout the life of the project.

22. Conflict of Interest Screening

The Grantee must comply with the Conflict-of-Interest provisions of Minn. Stat. § 471.87 – 471.88 and Subpart K of 24 CFR, Part 570.611 of the Code of Federal Regulations. Grantee will screen for conflicts of interest in any activity that involves individual assistance and exceptions for participation for individual assistance must be approved by DEED.

23. Federal Environmental Standards

Unless the State indicates otherwise and prior to release of funds, the Grantee is required to conduct an environmental review on project activities to comply with the National Environmental Policy Act of 1969 (NEPA), as amended. Disbursement of funds from the State will not occur until State has issued an environmental clearance to the Grantee.

Grantee must maintain environmental review documentation and records and make them available to the public.

24. Drug-free Workplace/Drug-Free Workplace Awareness Program

The Grantee agrees to provide a drug free workplace by notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying actions that will be taken against employees for violation of such prohibition. The Grantee must have an Awareness Program, or establish a drug free workplace awareness program to inform employees about the dangers of drug abuse, the availability of drug counseling and penalties for violations of the drug free workplace policy. Prior to release of funds, Grantee will provide evidence of a drug-free workplace to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

25. Prohibition of Excessive Force Policy

The Grantee agrees to adopt and enforce a policy to prohibit the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations (P.L. 101-144, Section 519). Prior to release of funds, Grantee will provide evidence of a Prohibition of Excessive Force Policy to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

26. Residential Anti-displacement and Relocation Assistance Plan

The Grantee agrees to adopt, make public and follow a "residential anti-displacement and relocation assistance plan" in accordance with Section 104(d) of the Housing and Community Development Act of 1974, as amended. This plan must include steps to minimize displacement of residents caused by project activities. Prior to release of funds, Grantee will provide evidence of a Residential Anti-displacement and Relocation Assistance Plan to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

27. Fair Housing

Grantee agrees to adopt a Fair Housing plan and abide by and promote all Fair Housing Regulations during the grant period, including conducting at least one unique activity to affirmatively further fair housing each year that the grant remains open. Activities must be reported via the State's Annual Report each year.

28. Policies and Procedures

Where applicable and prior to release of funds, Grantee must approve and maintain policies and procedures which are consistent with the Application and consistent with current SCDP guidance and policy. All policies and procedures must adhere to federal and/or state requirements.

29. Federal Labor Standards

When applicable, Grantee must comply with all federal Davis Bacon and Related Act requirements (DBRA). Grantee must follow DEED's "12 Step Instructions" that are available on the SCDP portion of the DEED website in order to comply with DBRA. Grantee must submit the DEED "Notice of Contract Award" to DEED staff within 14 days of each contract award where DBRA applies and before using grant funds to pay contractors or subcontractors. For projects involving a public facility or rental rehabilitation of eight or more

units, copies of the first payroll for each contractor and/or subcontractor working on the project will be provided to DEED staff for review before any cash disbursements for the activity are issued by the State.

30. Use of Out of State Contractors

The Grantee must comply with Minnesota Statutes, Section 290.9705 by either:

- a) Depositing with the State, eight percent of every payment made to non-Minnesota construction contractors, where the contract exceeds \$50,000; or
- b) Receiving an exemption from this requirement from the Minnesota Department of Revenue.

31. Program Income

Program Income is defined as any income equal to or exceeding \$35,000 in a federal fiscal year (October 1-September 30) received by the Grantee from repayments on deferred or installment loans made from SCDP grants. Any income received from these SCDP loans that total less than \$35,000 in a federal fiscal year, is not Program Income, but must be reused for an SCDP approved purpose. Total Program Income expenditures for the year must be reported on the expenditures section of the annual report. Program Income must all be used before SCDP will provide a payment request form, if applicable.

Grantee agrees to have a "SCDP Income Reuse Plan" on file that states how Program Income and other funds generated from the grant will be reused. This plan should prescribe that funds will be reused for an approved SCDP purpose and be consistent with the Grantee's Application. If the funds received by the Grantee cannot be utilized by the Grantee within a reasonable amount of time, the State may ask for the funds.

Annual Post Closeout Program Income Reporting: Following grant closeout, the Grantee must report Program Income to the state by October 15 of each year. Reporting must include Program Income:

- Funds received during the federal fiscal year,
- Expended during the federal fiscal year, and the funds
- Balance at the end of the federal fiscal year.

This reporting will be completed online using the "[Post Closeout Online Reporting](#)" and if applicable the "Post Closeout Program Income Expenditure Reporting Form" located on the DEED/SCDP website. These forms can be found on this webpage: <http://mn.gov/deed/government/financial-assistance/community-funding/>.

Grantees should track Program Income (\$35,000 or more received in a fiscal year) and other income from SCDP loans (under \$35,000 in a year) with separate accounts. These funds do not include Minnesota Investment Funds.

Refer to SCDP A-Z Guide for additional information.

32. Procurement

The Grantee must maintain documentation that shows that professional services were procured in accordance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Services obtained from an HRA, RDC, or nonprofit organization do not have to be procured by competitive negotiation, but contracts for these services must only be on a cost reimbursement basis, accounted for in accordance with "The Common Rule."

33. Equal Employment & Section 3

Grantee must adhere to the Subparts A, C and D of the Section 3 regulations at 24 CFR 75 if the financial assistance provided to the project exceeds a threshold of \$200,000 in HUD program funding. If the project is found to be a Section 3 project, requirements at 24 CFR 75.19 must be followed. The Grantee will report labor hours in the Annual Report as described in 24 CFR 75.25(a), provide the qualitative efforts to assist low and very low-income persons described at 24 CFR 75.25(b) if reporting benchmarks are not met, must include Section 3 requirements and language in bidding documents and contracts, and retain necessary Section 3 documentation as described in 24 CFR 75.31. Additionally, the Grantee will include The Standard Federal Equal Employment Opportunity Construction Contract Specifications (Executive Order 11246, as amended) in the bidding and contract documents. Grantees will adopt an "Affirmative Contractor Outreach Plan – Section 3, MBE and WBE" which will outline how the Grantee will adhere to Section 3 requirements and will promote the use of Section 3 business concerns and Women- or Minority-Owned Businesses. The plan will include a requirement that contractors and subcontractors will complete the Section 3 and Women- or Minority-Owned Business Certification form.

34. Public Hearing

The Grantee will hold a second public hearing (first was held for submission of Application) that includes a citizen participation opportunity midway through the implementation period to solicit public feedback on grant progress and results. The public hearing must be publicly advertised and minutes from the hearing and evidence that the hearing was publicly advertised will be provided to the State, if requested. Documentation that the second public hearing was held will be made on the final report to DEED.

35. Bid Specifications

For projects that involve construction of public facilities, new housing construction, conversion for new housing, or rehabilitation of 8 housing units or more under 1 site: Grantee will provide State with bid specifications (not maps or architectural drawings) for review and approval.

36. Rental Development Agreement

When applicable and prior to release of funds, the Grantee will provide the State with a development agreement between the Grantee and developer and, if applicable, the management company who will manage the building(s). The agreement(s) will include provisions to ensure that rents and utility costs charged for housing units meet current DEED standards and incomes of tenants are within the current HUD section 8 limits. If applicable, the agreement would also ensure against the economic displacement (rents and utilities raised to above 30% of a household's gross, monthly income) of any current housing tenants.

37. National Objectives

All activities outlined in the Grantee Application and table contained in 4.1 shall meet a National Objective as outlined by the CDBG program. In the event that any facility used for multi-family rental housing no longer meets the Benefit to Low- and Moderate-Income People National Objective, the SCDP construction funds used to construct or renovate the facility will be returned to the State within a reasonable time frame. This provision will expire five years after the closeout date associated with the final Grant Adjustment Notice, unless a different time period is contained in the Application.

38. Lead Based Paint

For activities that involve the rehabilitation of housing, the Grantee will follow the DEED lead policy.

39. Equal Opportunity, Americans with Disabilities Act, and Minnesota Human Rights Act

The Grantee agrees to comply with all nondiscrimination assurances described in: [Section 188 of the Workforce Innovation and Opportunity Act \(WIOA\)](#); the [Americans with Disabilities Act, as amended \(ADA\), Title I and Title II, as amended](#); and the [Minnesota Human Rights Act](#).

1. STATE ENCUMBRANCE VERIFICATION

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

Signed: Robin Culbertson

Date: 12/19/22

SWIFT Contract/PO No(s): 222357 PR 74506 PO 3-496540

2. GRANTEE

The Grantee certifies that the appropriate person(s) has executed the grant contract agreement on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

3. STATE OF MINNESOTA: DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

By: _____
(WITH DELEGATED AUTHORITY)

Title: _____

Date: _____

Distribution:
Agency
Grantee
State's Authorized Representative

Adopted – 01/17/2023 **ADMINISTRATION CONTRACT WITH
SOUTHEASTERN MINNESOTA MULTI-COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY**

This contract, for Administrative Services, is between the City of Cannon Falls, (hereinafter referred to as the "City") and the Southeastern Minnesota Multi-County Housing and Redevelopment Authority, (hereinafter referred to as the "HRA").

WITNESSETH: In consideration of the mutual covenants and agreements contained herein, the City and the HRA agree as follows:

1. The term of this contract is from April 20, 2021, through until such date the program shall close.
2. In consideration of financial reimbursement to be made specifically described below and in accordance with the City of Cannon Falls' 2022 Small Cities Development Program for Housing Rehabilitation, Grant Number CDAP-21-0054-O-FY23 attached hereto as Exhibit A, the HRA agrees to act as the Administering Agent for the City, which will receive monies from the Minnesota Department of Employment and Economic Development, (hereinafter referred to as the "DEED").
3. The City shall reimburse to the HRA an amount not to exceed \$659,425.00, which shall be federal funds appropriated to the State of Minnesota under the Community Development Block Grant Program to conduct a single purpose program. The HRA shall perform the activities that are specified under special conditions within the Grant Agreement during the period from April 20, 2021 through until such date the program shall close in accordance with all applicable provisions of Title One of the Housing and Community Development Act of 1974, as amended, its implementing regulation particularly federal statutes identified entitled twenty-four (24) of the Code of Federal Regulations, Part 570, again, "Implementation Manual" provided by DEED and all applicable state and federal laws. SEMMCHRA agrees that it will comply with all the terms and conditions of the State Contract (Exhibit A).
4. **Project Planning.** The HRA will coordinate the preparation of plans, specifications, contracts, budgets and other agreements in a consistent manner with applicable state and federal laws and regulations for all project activities.
5. **Implementation.** The HRA will implement programs authorized under the Small Cities Development Program Grant, within the respective limitations of the grant monies provided and/or in accordance with the state and federal requirements. The following activities include:
 - A. Single family and commercial rehabilitation. The HRA will develop rehabilitation program guidelines and implement them in accordance with federal and state standards. This would include, but not be limited to, environmental review, labor standards compliance, determination of eligibility, dwelling unit inspection, rehabilitation work write-up, assistance to property owners in obtaining bids, appraisals, inspections during construction, certification completion for contractor completion of work, and reporting.
 - B. Administration/Planning/Management. The HRA will be responsible for program accounting, environmental reviews, reporting and monitoring project progress.
6. **Coordination of Other Rehabilitation Programs within the Project Area.** The HRA will coordinate other applicable rehabilitation programs in the project area, such as the Minnesota

Housing Finance Agency's Home Improvement Loan Program.

7. Financial Record Keeping and Control. The HRA will keep complete and accurate records of all claims and disbursements in accordance with the following procedures:
 - A. Program Status Reports. The HRA shall prepare and maintain program status reports, including records of individual activities and program recipients in the form and manner required by DEED.
 - B. Financial Status Reports. For all expenditures of funds made pursuant to this agreement, the HRA shall keep financial records, including properly executed payrolls, time records, invoices, contracts, receipts, vouchers and other documents sufficient to evidence in proper detail the nature and propriety of the expenditure. For all personnel compensated out of such funds, the HRA shall keep time distribution records which identify each individual compensated by name and indicate the calendar dates and number of hours each day for which the individual was compensated by the source of such compensation. These time records must be signed by both the individual and the supervisor. A written record shall also be maintained that clearly indicates the amount of vacation, personal leave and compensatory time earned and taken. For contracts with individual consultants, invoices for payments must state that the work performed and invoiced is in accordance with the terms of the Consultant Contract. Furthermore, these invoices must also state the calendar dates and number of hours of each day for which the consultant is requesting compensation. Accounting methods for this program will meet the standards set forth in Common Rule "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments".
 - C. Reporting. The HRA shall submit program status reports and financial status reports to the City for each month of the term of this contract. A final program status report shall be submitted following the 90-day liquidation period. The HRA shall submit to the City, annually, a narrative progress report. This report will be received by the city on or before the last day of October, which follows a report period. A final project report will be submitted at the close-out of the grant. The HRA shall promptly submit other reports as the City shall reasonably request.
 - D. Audit and Inspection. The HRA shall furnish the City and DEED with an acceptable independent audit prepared in compliance with the Single Audit Act. The audit must be submitted within 30 days after the completion of the audit, but no later than one year after the end of the audit period.

Accounts and records related to the funds provided under this Agreement shall be accessible to authorized representatives of the Grantor for the purposes of examination and audit. In addition, Grantee will give the State of Minnesota, Minnesota Department of Employment and Economic Development, Legislative Auditors, State Auditor's Office and the Comptroller General of the United States, through any authorized representative, access to and the right to examine all records, books, papers or documents related to the grant.
 - E. Financial Closeout. Payments made under the terms of this Agreement shall not exceed the amount of funds awarded under the Grant Agreement. The HRA shall liquidate all unpaid obligations relating to the project which were incurred on or before the last day of the grant within 90 days immediately following the expiration of the grant period.

8. The HRA will perform all those tasks, which the city has agreed to perform in the SCDP Grant Agreement, which is hereto attached as Exhibit B.
9. For the purposes of this contract, the HRA shall be deemed an independent contractor and not an employee of the City. Any and all employees of the HRA or other persons while engaged in the performance of any work or services required by the HRA under this contract, shall not be considered employees of the City; and any and all claims that may or might arise on behalf of said employees or the HRA shall in no way be the obligation or responsibility of the City.
10. It is further agreed that the HRA shall defend and save the City harmless from any claims, demands, actions, or causes of action arising out of any act or admission on the part of the HRA, its agents, servants, or employees in performance of, or with relation to, any of the work or services provided to be performed or furnished by the HRA under the terms of this contract.
11. The HRA shall not assign any interest in this contract and shall not transfer any interest in the same, whether by assignment, subcontract or novation, without the prior written consent of the City.
12. Any alteration, variation, modification or waiver of the provisions of this contract shall be valid only after it has been reduced in writing, duly signed by both parties and attached to the original of this contract.
13. The waiver of any of the rights and/or remedies arising under the terms of this contract on any one occasion by either party hereto shall not constitute a waiver of any rights and/or remedies in respect to any subsequent breach or default of the terms of this contract. The rights and remedies provided or referred to under the terms of the agreement are cumulative and not mutually exclusive.
14. This contract, as well as Exhibit A and B, which are attached hereto, and incorporated herein by reference, shall constitute the entire agreement between the parties and shall supersede all prior oral or written negotiations.
15. The City shall have full access to all records relating to the performance of this agreement.
16. In performing the provisions of this contract, the HRA agrees to comply with all Federal, and State Laws and all applicable rules, regulations or standards established by any agency of such governmental units, which are now or hereafter promulgated.
17. In consideration of the prompt and efficient carrying out of the above, DEED shall reimburse the HRA dollar for dollar, for its administrative and project related costs in carrying out the above activities up to an amount not to exceed the maximum amount allowable as specified by DEED during the term of the contract said monies to come solely from the \$659,425.00 totally available to the City of Cannon Falls' 2022 Small Cities Development Program for Housing Rehabilitation and monies actually received by the City. Accurate records of administrative costs shall be kept by the HRA. For the purposes of this contract, administrative and project related costs are defined as follows:
 - A. Salary costs actually incurred by the HRA for time expended in all phases of the project.
 - B. Mileage, supplies, and publication costs.

- C. Proportionate share of allowable overhead expenses figured on a time extended basis, according to the HRA's approved indirect cost allocation plan.
 - D. Costs incurred by the attendance at applicable Small Cities Development Conferences within the term of this contract, including registration fees and travel expenses. Conference attendance shall be for the purpose of gaining additional information on community development, regulations and program implementation.
 - E. The DEED shall disburse funds to the HRA pursuant to the Agreement, based upon a payment request submitted by the HRA and reviewed and approved by the DEED. Payment requests shall be reviewed and processed on a bi-monthly basis to DEED.
18. Should any of the above provisions be subsequently determined by a court of competent jurisdiction to be in violation of any federal or state laws or to be otherwise invalid, both parties agree that only those provisions so adjudged shall be invalid and that the remainder of this contract shall remain in full force and effect.
19. Antitrust. Contractor (HRA) hereby assigns to the State of Minnesota any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations, which arise under the antitrust laws of the United States and the antitrust laws of the State of Minnesota.
20. The City reserves the right to terminate this contract if the HRA fails to perform any of the provisions hereof. Such termination shall occur thirty-(30) days after the HRA's receipt of written notice specifying the grounds thereof, unless, prior to the date, the HRA has cured the alleged non-performance of the provisions of this contract. In the event that the project is terminated or that the grant funds are withdrawn for any reason by the State, the City may terminate this contract without penalty or obligation upon giving thirty-(30) days written notice to the HRA.
21. Special Administrative Provisions. All records pertaining to this Agreement shall be maintained by the HRA for a period of at least ten (10) years after the expiration of the term of this Agreement.

The HRA further understands and agrees that it shall be bound by Minnesota Statutes on data privacy with respect to "data on individuals" which collects, receives, stores, uses, creates or disseminates, pursuant to this Agreement.

NOTICE OF CONTRACTOR (HRA): You are required by Minnesota Statutes, 1982, Section 270.66 to provide your Social Security Number or Minnesota Tax Identification Number if you do business with the State of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in action to require you to file state tax returns and pay delinquent state tax liabilities. This contract will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

Minnesota Tax ID: 8021053

Federal Tax ID: 41-6005032

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed.

**SOUTHEASTERN MINNESOTA MULTI-COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY**

Buffy J. Beranek, Executive Director

CITY OF CANNON FALLS, MINNESOTA

Matt Montgomery, Mayor

Neil L. Jensen, City Administrator

**CITY OF CANNON FALLS
GOODHUE COUNTY, MINNESOTA**

RESOLUTION NUMBER _____

**A RESOLUTION TO ENTER INTO AN ADMINISTRATIVE CONTRACT WITH THE
SOUTHEASTERN MINNESOTA MULTI-COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY**

WHEREAS the City of Cannon Falls (hereinafter referred to as the "City"), has secured funding under Title I of the Housing and Community Development Act of 1974 through the Minnesota Department of Employment and Economic Development's (hereinafter referred to as "DEED"), Small Cities Development Program (SCDP); and

WHEREAS, the City has entered into a contract with DEED for the Project entitled City of Cannon Falls Housing Rehabilitation Project, Grant Number CDAP-21-0054-O-FY23, dated April 20, 2021, through until such date the program shall close; and

WHEREAS the City does not currently have staff capability to perform all the requirements necessary for the delivery of the City of Cannon Falls' 2022 Small Cities Development Program for Housing Rehabilitation and

WHEREAS the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (hereafter referred to as the "HRA") has the ability to perform all of the activities required under the contract entitled City of Cannon Falls Housing Project, Grant Number CDAP-21-0054-O-FY23, dated April 20, 2021, through until such date the program shall close.

NOW THEREFORE BE IT RESOLVED that the Cannon Falls City Council hereby agrees to enter into an Administrative Contract with the HRA, effective on January 17, 2023.

Motion Made By: _____

Seconded By: _____

Date: _____

By: Matt Montgomery, Mayor

ATTEST: _____
Neil L. Jensen, City Administrator

I do hereby certify that at a regular meeting of the Cannon Falls City Council on the 17th day of January, 2023, at which a majority of all the members of said Council were present, the foregoing resolution was unanimously adopted.

(Seal)

Neil L. Jensen, City Administrator

**CITY OF CANNON FALLS
GOODHUE COUNTY, MINNESOTA**

RESOLUTION NUMBER _____

A RESOLUTION ADOPTING A CIVIL RIGHTS (EXCESSIVE FORCE) POLICY

BE IT RESOLVED that the Cannon Falls City Council does hereby adopt a Civil Rights Policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations.

The City of Cannon Falls also will enforce applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstration with its jurisdiction.

Adopted by the City Council this 17th day of January, 2023.

By: Matt Montgomery, Mayor

ATTEST: _____
Neil L. Jensen, City Administrator

**CITY OF CANNON FALLS
GOODHUE COUNTY, MINNESOTA**

RESOLUTION _____

**A RESOLUTION ADOPTING A RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION
ASSISTANCE PLAN**

Residential Anti-displacement and Relocation Assistance Plan
under Section 104(d) of the Housing and Community Development Act of 1974, as Amended

City of Cannon Falls, Minnesota

The City of Cannon Falls anticipates participating in the Minnesota Small Cities Development Program. Through this participation, owner-occupied housing rehabilitation will occur. The consequence of the proposed activities is that the potential for displacement exists, although it is not anticipated. The purpose of the Residential Anti-displacement and Relocation Assistance Plan is to describe the steps the City of Cannon Falls shall take to mitigate the adverse effects of displacement on low and moderate-income persons.

- I. The City of Cannon Falls will replace all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to use other than as low/moderate-income housing in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR, Part 570.606 and 24 CFR, Part 42. All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the City of Cannon Falls to provide funds for an activity that will directly result in such demolition or conversion, the City of Cannon Falls will make public and submit to the Minnesota Department of Employment and Economic Development the following information in writing:
 - A. A description of the proposed assisted activity.
 - B. The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a direct result of the assisted activities.
 - C. A time schedule for the commencement and completion of the demolition or conversions.
 - D. The location on a map and the number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units. If such data are not available at the time of the general submission, the City of Cannon Falls will identify the general location on an area map and the approximate number of dwelling units by size and provide information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as possible.
 - E. The source of funding and a time schedule for the provision of replacement dwelling units.
 - F. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least 10 years from the date of initial occupancy.
 - G. Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of low and moderate-income households in the jurisdiction.

The City of Cannon Falls may request the Minnesota Department of Employment and Economic Development to recommend that the U.S. Department of Housing and Urban Development approve an exception to required replacement housing if there is an adequate local supply of vacant low/moderate-income dwelling units in standard condition. Exceptions will be reviewed on a case-by-case basis as described in 24 CFR, Part 570.488(c)(1)(B).

- II. The City of Cannon Falls will provide relocation assistance, as described in 24 CFR, Part 570.488(c)(2), to any lower-income person displaced by the demolition of any dwelling unit or the conversion of a low/moderate-income dwelling unit to another use in connection with an assisted activity.
- III. Consistent with the goals and objectives of activities assisted under the Act, the City of Cannon Falls will take the following steps to minimize the displacement of persons from their homes:
 1. Only homes determined suitable for rehabilitation will be assisted.

2. Work items and hours will be planned to mitigate the need for individuals to relocate temporarily during construction. In the event that relocation is necessary, information referrals will be provided to the individual.

IV. Definitions for the purposes of this plan are as follows:

A "**low/moderate-income dwelling unit**" is a unit with a market rent, including utility costs, that does not exceed the applicable fair market rent for existing housing and moderate rehabilitation, as established under the HUD Section 8 existing housing program.

A "**vacant occupiable dwelling unit**" is a vacant unit that is in standard condition; or in substandard but suitable for rehabilitation condition; or in dilapidated condition and occupied less than three months from the date of the grantee agreement.

An "**Occupiable Dwelling Unit**" is a unit that is in standard condition or has been raised to a standard condition from a substandard condition, suitable for rehabilitation.

A "**Standard Condition**" dwelling unit is a unit which meets HUD Section 8 Housing Quality Standards (HQS) with no major defects in the structure and only minor maintenance is required. Such a dwelling will have the following characteristics: reliable roofs, sound foundations; adequate and stable floors, walls and ceilings; surfaces and woodwork that are not seriously damaged nor have paint deterioration; sound windows and doors; adequate heating, plumbing, and electrical systems adequate insulation; and adequate water and sewer systems, and not overcrowded (defined as more than one person per room).

A "**Substandard Condition**" dwelling unit is a unit if it does not meet HUD Section 8 Housing Quality Standards (HQS) which includes lacking the following: complete plumbing, complete kitchen facilities, efficient and environmentally sound sewage removal and water supply, and heating source. In addition, the dwelling may be overcrowded defined as more than one person per room).

A "**Substandard but Suitable for Rehabilitation Condition**" dwelling unit, at a minimum, is a dwelling unit that does not meet Housing Quality Standards (HQS) with some of the same features as a "substandard condition" dwelling unit. This unit is likely to have deferred maintenance and may have some structural damage such as a leaking roof, deteriorated interior surfaces, and inadequate insulation.

A "**substandard but suitable**" dwelling unit, however, has basic infrastructure (including systems for clean water and adequate waste disposal) that allows for economically and physically feasible improvements and upon completion of rehabilitation meets the definition of a "Standard" dwelling unit.

Adopted by the City Council of Cannon Falls on the 17th day of January, 2023

SIGNED:

WITNESSED:

Matt Montgomery, Mayor

Date

Neil L. Jensen, City Administrator

Date

**CITY OF CANNON FALLS
GOODHUE COUNTY, MINNESOTA**

RESOLUTION _____

**A RESOLUTION AUTHORIZING THE RELEASE OF FUNDS ON BEHALF OF
THE CITY OF CANNON FALLS**

WHEREAS, the City of Cannon Falls has entered into a grant agreement with the State of Minnesota, acting through the Department of Employment and Economic Development, Business and Community Development Division (DEED); and

WHEREAS, the City of Cannon Falls has entered into an Administrative Contract with Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA) for the administration of the DEED grant; and

THEREFORE, BE IT RESOLVED BY the City Council of the City of Cannon Falls that the SEMMCHRA Accountant or Executive Director is authorized to sign the reimbursement payment request forms on behalf of the City.

Adopted by the City Council of Cannon Falls on the 17th day of January, 2023.

SIGNED:

Matt Montgomery
Mayor, City of Cannon Falls

Date

WITNESSED:

Neil L. Jensen
City Administrator, City of Cannon Falls

Date

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

Program/Activity Receiving Federal Grant Funding

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federalagency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. Sites for Work Performance. The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Title

Signature

Date

X

Fair Housing Plan of Action

Minnesota Small Cities Development Program State of Minnesota

CDAP Grantee #: CDAP-21-0054-O-FY23

Date: January 17, 2023

Applicant Name: City of Cannon Falls

The purpose of this plan is to formally declare the conviction and the intention of the City of Cannon Falls to achieve the aims of the Fair Housing Act and to assist the Secretary of Housing and Urban Development for the promotion and assurance of equal opportunity in housing with regard to race, color, religion, sex, handicap, familial status, national origin, or public assistance status.

For the purposes of this plan, the following definitions will apply.

1. Discriminatory housing practices mean any act that is unlawful under the Fair Housing Act.
2. Dwelling means any building, structure or portion thereof, which is occupied as, or designed or intended for occupancy as, a residence by one or more families.
3. Fair Housing Act means Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988 (42 U.S.C. 3600-3620).
4. Familial status means one or more individuals (who have not attained the age of 18 years) being domiciled with:
 - a. A parent or another person having legal custody; or
 - b. The designee of such parent or other person having such custody, with the written permission of such parent or other person.
5. Handicap means, with respect to a person, a physical or mental impairment, which substantially limits one or more major life activities.

It will be the plan of the City of Cannon Falls to formally support equal opportunity for all residents or persons who wish to become residents of the City, and to ensure their rights to obtain decent, safe and sanitary housing. The City of Cannon Falls will not tolerate discriminatory practices within its jurisdiction. The following practices have been declared to be discriminatory and unlawful under the Fair Housing Act:

1. To refuse to sell or rent or to negotiate for the sale or rental of any property based on race, creed, color, sex, religion, national origin, marital status, familial status, handicap, or in regard to public assistance.
2. Discrimination in terms, conditions, and privileges and in services and facilities.
3. Engage in any conduct, which makes dwellings unavailable or denies dwellings to persons.
4. Make, print, or publish or cause to make, print, or public discriminatory advertisements.
5. To represent that a dwelling unit is not for sale or rent when in fact it is.
6. To engage in blockbusting.
7. To deny access to or membership or participation in, or to discriminate against any person in his or her access to or membership or participation in, any multiple-listing service, real estate brokers association, or other service organization or facility relating to the business of selling or renting a dwelling or in the terms or conditions or membership or participation.

Proposed Fair Housing Activities

The following is a non-inclusive list of proposed Fair Housing activities that the City of Cannon Falls will conduct on a yearly basis for each year that the grant is open. A different activity will be conducted each year in accordance with the Small Cities Development program requirements.

1. Hanging the Fair Housing poster at city hall.
2. Make Fair Housing brochures available at city hall.
3. Press release announcing the City as a Fair Housing City
4. Incorporating the Fair Housing logo on the Small Cities Development program application form.

When a complaint alleging a discriminatory housing practice is received within the jurisdiction of Cannon Falls, the City of Cannon Falls will assist households who may have been discriminated against by providing the following services:

1. The City of Cannon Falls will post Fair Housing information in public places and will provide information in the preferred language of the complainant.
2. The City of Cannon Falls will provide Fair Housing information (pamphlets) to all interested parties
3. The City of Cannon Falls will provide referral information concerning the ability of alleged discriminated households to make formal complaints to the State of Minnesota Department of Human Rights or to the U.S. Department of Housing and Urban Development.
4. The City of Cannon Falls will provide referral information enabling alleged discriminated households to contact Legal Services and the Minnesota Migrant Council.

This Fair Housing Plan is adopted by the Cannon Falls City Council this 17th day of January, 2023.

BY: _____ ATTEST: _____
Matt Montgomery, Mayor Neil L. Jensen, City Administrator

Program & Local Income Plan CANNON FALLS, MINNESOTA

Owner-Occupied Rehabilitation

Income may be generated from housing rehabilitations through the repayment agreements. The agreements will stipulate that if an applicant sells the dwelling within ten (10) years of receiving a rehabilitation deferred loan, they must repay all or a portion of the deferred amount. The repayment agreement will stipulate that after six (6) years the amount will decrease 20% per year until totally forgiven after ten (10) years. Any property transfers within the first six-(6) years shall be repaid at 100% of the deferred amount.

Income generated in this manner will be dedicated to a revolving loan fund set up by the City of Cannon Falls. Funds repaid to the City must be used within the City of Cannon Falls for community development-related activities that meet one of the three Federal Objectives. Program Income is defined as income of \$35,000 or more received during the Federal Fiscal Year. Local Income is defined as less than \$35,000 received during the Federal Fiscal Year. Reuse of all generated income, whether Program or Local, will follow SCDP program requirements.

The funds will be tracked by SEMMCHRA and reported to the City of Cannon Falls for tracking in the City's accounting system, which will account grants, leveraged funds, separate payments and disbursements.

If the fund is established due to receipt of either Program or Local Income funds financial transactions will be recorded, and a financial statement created. All records will be available for an independent auditor to review and verify all transactions.

When there is an active grant, all Generated Income recaptured from grant inception due to a defaulted repayment agreement will be re-spent prior to any draw requests, per DEED's policies.

Revolving Loan Fund

Fund Established: Pursuant to the terms of the City's SCDP application and Grant Agreement, a rehabilitation revolving loan fund shall be established. This fund shall collect any repayments of SCDP funds. Such repayments shall be used for additional rehabilitation work at such time as they have sufficiently accumulated following close-out of the original SCDP grant. The revolving loan funds will be held in a separate account and will be made available to Applicants in the City of Cannon Falls that have a need and qualify for rehabilitation assistance. Use of the revolving funds will be consistent with these guidelines.

Priority Projects: The Revolving Loan Fund shall give priority to those properties that were not previously assisted by the Program. The Revolving Loan Fund shall not be available for repeated use by an Applicant for making additional repairs to the same property. Any property

assisted by the Small Cities Development Grant prior to its close-out shall not be eligible for assistance by the Revolving Loan Fund, unless specifically authorized by the City Council.

RLF Accounting: The Revolving Loan Fund will be accounted for by establishing a separate group of journal and ledger accounts, including a cash account and a program income account. Procedures included in the financial management of the Revolving Loan Fund include: a recipient loan register account to record the name of the recipient (borrower), the amount of the loan, the date approved, the terms of the loan, payments, and current balances; assurances that all funds received shall be accurately classified and coded to the accounts to be credited; and, assurances that funds are immediately deposited into the proper bank account. Prior to close-out of the grant, the above tasks shall be the responsibility of the Administrator. After close-out, the City may contract with SEMMCHRA for the administration of regenerated funds, or it may service the loans itself.

This Program and Local Income Plan is adopted by the Cannon Falls City Council this 17th day of January, 2023.

BY: _____ ATTEST: _____
Matt Montgomery, Mayor Neil L. Jensen, City Administrator

City of Cannon Falls Section 3 Plan

The City of Cannon Falls, in conjunction with Small Cities Development Program Grant No. CDAP-21-0054-O-FY23, has the following plan to direct employment and other economic opportunities generated by U.S. Department of Housing and Urban Development (HUD) financial assistance for housing and community development programs, to the greatest extent feasible, towards low-and very low-income persons, particularly those who are recipients of government assistance for housing.

The plan outlines how the City of Cannon Falls and its subrecipients, contractors and subcontractors will comply with HUD's Section 3 requirement, as applicable, in implementing, the City of Cannon Falls' SCDP grant. To the greatest extent feasible, funded project work will be directed towards low- and very low-income persons and to Section 3 businesses. In addition, to the greatest extent feasible, work will also be directed towards women- or minority-owned businesses. Being a Section 3 business or woman- or minority-owned business is not required; however, preference is given to those businesses.

A business may be considered a Section 3 business if they meet one or more of the following criteria:

1. At least 51% of the business is owned and controlled by low- or very low-income persons; or
2. At least 51% of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing; or
3. Over 75% of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers

Businesses may demonstrate Section 3 business eligibility by submitting the Section 3 and Women- or Minority-Owned Business Certification form. This form may also be used to demonstrate a business is a women- or minority-owned business. The City of Cannon Falls will require all contractors and subcontractor to complete and submit the Section 3 and Women- or Minority-Owned Business Certification form prior to the start of the project.

The City of Cannon Falls will attempt to recruit Section 3, women- or minority-owned businesses, or low- or very low-income workers through:

- Local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within Goodhue County in which the Section 3 covered program or project is located, or participate in the one of the HUD program or other program which promotes the training or employment of Section 3 residents, or will participate in a HUD program or other program which promotes the award of contracts to businesses which meet the definition of Section 3.

This Section 3 Plan is adopted by the Cannon Falls City Council this 17th day of January 2023.

By: _____
Matt Montgomery, Mayor

Attest: _____
Neil L. Jensen, City Administrator

THE CITY OF CANNON FALLS, MINNESOTA

2023 SCDP REHABILITATION STANDARDS

The City of Cannon Falls, Minnesota SCDP Rehabilitation Program has been designed to provide rehabilitation assistance for residential property owners in the City of Cannon Falls by combining funding resources, which will provide the maximum benefit to the participating residential property owner. These standards are provided to outline the anticipated condition of each dwelling upon completion of rehabilitation in light of the benefits received by the residential property owner.

It is the goal of this housing rehabilitation project to rehabilitate housing units to a point where they meet or surpass these standards. The following standards incorporate standards from the Section 8 Housing Quality Standards (HQS) and select items from the 1993 BOCA National Property Maintenance Code (PM). Furthermore, units will be upgraded to meet or exceed the Minnesota Energy Efficiency Standards for owner-occupied properties.

The primary focus of rehabilitation efforts will be to eliminate health, safety and structural violations or deficiencies in substandard dwellings. In all cases, any rehabilitation work done in dwellings will be done for functional, not cosmetic purposes.

1. **Sanitary Facilities**

a. Summary of Standards

- HQS1-1 The bathroom must be located in a separate room and have a flush toilet in proper operating condition.
- HQS1-2 The unit must have a fixed basin with a sink trap and hot and cold running water in proper operating condition.
- HQS1-3 The unit must have a shower or a tub with hot and cold running water in proper operating condition.
- HQS1-4 The facilities must utilize an approval public or private disposal system, including a locally approvable septic system.

PM-503.1 Dwelling Units - Every dwelling unit shall contain its own bathtub or shower, lavatory, water closet and kitchen sink which shall be maintained in a sanitary, safe working condition. The lavatory shall be placed in the same room as the water closet or located in close proximity to the door leading directly into the room in which such water closet is located.

PM-505.1 General - All plumbing fixtures shall be properly installed and maintained in working order and shall be kept free from obstructions, leaks and defects and be capable of performing the function for which such plumbing fixtures are designed. All plumbing fixtures shall be maintained in a safe, sanitary and functional condition.

PM-505.2 Fixture Clearances - Plumbing fixtures shall have adequate clearances for usage and cleaning.

PM-507.2 Maintenance - Every plumbing sack, vent, waste and sewer line shall function properly and be kept free from obstructions, leaks and defects.

2. Food Preparation and Refuse Disposal

a. Summary of Standards

- HQS2-1 The unit must have a cooking stove or range and refrigerator of appropriate size for the unit (i.e. family), all in proper operating condition. This equipment may be supplied by either the owner or tenant.
- HQS2-2 The unit must have a kitchen sink in proper operating condition with a sink trap and hot and cold running water, which drains into an approvable public or private system.
- HQS2-3 The unit must provide space for the storage, preparation, and serving of food.
- HQS2-4 There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary (e.g. garbage containers).

3. Space and Security

a. Summary of Standards

- HQS3-1 The unit must have a minimum of a living room, kitchen area and bathroom.
- HQS3-2 The unit must contain at least one (1) sleeping or living/sleeping room for each two (2) persons.
- HQS3-3 The units windows, which are accessible from the outside such as basement, first floor and fire escape windows, must be lockable (e.g. window units with sash pins or sash locks and combination windows with latches). Windows, which are nailed shut are acceptable provided that they are not needed as an alternate means of exit in case of fire.
- HQS3-4 The units exterior doors (i.e. those that provide access to or egress from the unit) must be lockable.

PM-702.4 Arrangement - Exits from dwelling units, rooming units, guest rooms and dormitory units shall not lead through other such units or through toilet rooms or bathrooms.

PM-705.5 Smoke Detectors - In all residential occupancies, smoke detectors shall be required on every story of the dwelling unit including basements. In dwelling units with split levels and without an intervening door between the adjacent levels, a smoke detector installed on the upper level shall suffice for the adjacent lower level provided that the lower level is less than one (1) full story below the upper level.

PM705.5.1 Installation - When actuated, the smoke detectors shall provide an alarm suitable to warn the occupants within the individual room or dwelling unit.

PM705.5.2 Power Source - The power source for smoke detectors shall be either an AC primary power source or a motorized battery primary power source.

4. Thermal Environment (Heating and Cooling Systems)

a) Summary of Standards

HQS4-1 The unit must contain a safe heating system (and safe cooling system, where present) which is in proper operating condition and can provide adequate heat (and cooling, if applicable), either directly or indirectly, to each room in order to assure a health living environment appropriate to the climate.

HQS4-2 The unit must not contain un-vented room heaters, which burn gas, oil or kerosene. (Electric heaters are acceptable.)

PM-602.2 Residential Buildings - Every dwelling shall be provided with heating facilities capable of maintaining a room temperature of 65 degrees F. (18 degrees C) in all habitable room, bathrooms and toilet rooms based on the outside design temperature required for locality.

PM-602.4 Room Temperature Measurement - The required room temperatures shall be measured at a pint 3 feet (914 mm) above the floor and 3 feet (914 mm) from the exterior walls.

PM-603.1 Mechanical Equipment - All mechanical equipment fireplaces and solid fuel burning appliances shall be properly installed and maintained in a safe working condition and shall be capable of performing the intended function.

PM-603.2 Cooking and Heating Equipment - All cooking and heating equipment, components and accessories in every heating, cooking and water heating device shall be maintained free from leaks and obstructions.

PM-603.3 Flue - All fuel burning equipment and appliances shall be connected to an approved chimney or vent.

Exception - Fuel burning equipment and appliances, which are labeled for un-vented operation.

PM-603.4 Clearances - All required clearances to combustible materials shall be maintained.

PM-603.5 Safety Controls - All safety controls for fuel burning equipment shall be maintained in effective operation.

PM-603.6 Combustion Air - A supply of air for complete combustion of the fuel and for ventilation of the space shall be provided for the fuel burning equipment.

5. Illumination and Electricity

a. Summary of standards

HQS5-1 There must be at least one (1) window in the living room and in each sleeping room.

HQS5-2 The kitchen area and the bathroom must have a permanent ceiling or wall type light fixture in working condition. The kitchen area must also have at least one (1) electrical outlet in operating condition.

HQS5-3 The living room and each bedroom must have at least two (2) electrical outlets in operating condition. Permanent overhead or wall mounted light fixtures may count as one of the required electrical outlets.

PM-604.2 Service - Every dwelling shall be served by a main service that is not less than sixty-(60) amperes, three (3) wires.

PM-604.3 Electrical System Hazards - Where it is found that the electrical system in a structure constitutes a hazard to the occupants or the structure by reason of inadequate service, improper fusing, insufficient outlets, improper wiring or installation, deterioration or damage, or for similar reasons, the code official shall require the defects to be corrected to eliminate the hazard.

PM-605.1 Installation - All electrical equipment, wiring, and appliances shall be properly installed and maintained in a safe and approved manner.

PM-605.2 Receptacles - Every habitable space in a dwelling shall contain at least two (2) separate and remote receptacle outlets. Every laundry area shall contain at least one (1) grounded type receptacle. Every bathroom shall contain at least one (1) receptacle.

PM-605.3 Lighting Fixtures - Every public hall, interior stairway, water closet compartment, bathroom, laundry room and furnace room shall contain at least one (1) electric lighting fixture.

PM-403.1 Habitable Spaces - Every habitable space shall have at least one (1) window of approved size facing directly to the outdoors or to a court. The minimum total window area, measured between stops, for every habitable space shall be eight percent (8%) of the floor area of such room, except in kitchens where artificial light is provided in accordance with the provisions of the building code. Wherever walls or other portions of a structure face the windows of any room and such obstructions are located less than three (3) feet (914 mm) from the window and extend to a level above that of the ceiling of the room, such window shall not be deemed to face directly to the outdoors nor to a court and shall not be included as contributing to the required minimum total window area for the room.

6. Structure and Materials

a. Summary of Standards

HQS6-1 Ceilings, walls and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts or other serious damage.

HQS6-2 The roof must be structurally sound and weather tight.

HQS6-3 The exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or effects that would result in air infiltration or vermin infestation.

HQS6-4 The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc. must not present a danger of tripping and falling. Broken or missing steps and loose boards are examples of potential hazards.

HQS6-5 Elevators must be working and safe.

HQS6-6 Manufactured homes shall be equipped with at least one (1) smoke detector in working condition. Manufactured homes must be securely anchored by a tie-down device which distributes and transfers the loads imposed by the unit to appropriate ground anchors so as to resist wind overturning and sliding (unless the Field Office has approved a variation to the Acceptability Criteria because the units are in a low wind zone area.)

PM-304.3 Structural Members - All structural members shall be maintained free from deterioration and shall be capable of safely supporting the imposed dead and live loads.

PM-304.4 Foundation Walls - All foundation walls shall be maintained plumb and free from open cracks and breaks and shall be kept in such condition so as to prevent the entry of rats.

PM-304.5 Exterior Walls - All exterior walls shall be free from holes, breaks, loose or rotting materials and maintained weatherproof and properly surface coated where required to prevent deterioration.

PM-305.3 Interior Surfaces - All interior surfaces, including windows and doors, shall be maintained in good, clean and sanitary condition. Peeling paint, cracked or loose plaster, decayed wood, and other defective surface conditions shall be corrected.

PM-304.6 Roofs and Drainage - The roof and flashing shall be sound, tight and not have defects that admit rain. Roof drainage shall be adequate to prevent dampness or deterioration in the walls or interior portion of the structure. Roof water shall not be discharged in a manner that creates a public nuisance.

PM-304.7 Decorative Features - All cornices, belt courses, corbels, terra cotta trim, wall facings and similar decorative features shall be maintained in good repair with proper anchorage and in a safe condition.

PM-304.8 Overhang Extensions - All canopies, marquees, signs, metal awnings, stairways, fire escapes, standpipes, exhaust ducts and similar overhang extensions shall be maintained in good repair and be properly anchored so as to be kept in a safe and sound condition. When required, all exposed surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather coating materials such as paint or similar surface treatment.

PM-304.9 Chimneys and Towers - All chimneys, cooling towers, smokestacks and similar appurtenances shall be maintained structurally safe and sound and in good repair. All exposed surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather coating materials such as paint or similar surface treatment.

PM-304.10 Handrails and Guards - Every handrail and guard shall be firmly fastened and capable of supporting normally imposed loads and shall be maintained in good condition.

PM-304.11 Window and Door Frames - Every window, door and frame shall be kept in sound condition, good repair and weather tight.

PM-304.11.1 Glazing - All glazing materials shall be maintained free from cracks and holes.

PM-304.11.2 Openable Windows - Every window, other than a fixed window, shall be easily openable and capable of being held in position by window hardware.

7. Interior Air Quality

a. Summary of Standards

- HQS7-1 The unit must be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust and other harmful pollutants.
- HQS7-2 The unit must have adequate air circulation.
- HQS7-3 Bathroom areas must have one (1) openable window or other adequate exhaust ventilation.
- HQS7-4 Any room used for sleeping must have at least one (1) openable window, if the window was so designed.

PM-404.2 Bathrooms and Toilet Rooms - Every bathroom and toilet room shall have at least one (1) openable window, except that a window shall not be required in spaces equipped with a mechanical ventilation system that complies with the following:

- 1) Air exhausted by a mechanical ventilation system from a bathroom within a dwelling unit shall be exhausted to the exterior and shall not be re-circulated to any space, including the space from which such air is withdrawn.

8. Water Supply

a. Summary of Standards

- HQS8-1 The unit must be served by an approvable public or private water supply, which is sanitary and free from contamination.

PM-506.1 General - Every sink, lavatory, bathtub or shower, drinking fountain, water closet or other plumbing fixtures shall be properly connected to either a public water system or to an approved private water system. All kitchen sinks, lavatories, laundry facilities, bathtubs and showers shall be supplied with hot or tempered and cold running water.

PM-506.2 Contamination - The water supply shall be maintained free from contamination and all water inlets for plumbing fixtures shall be located above the flood level rim of the fixture. Shampoo basin faucets, janitor sink faucets and other hose bibs or faucets to which hoses are attached and left in place shall be protected by an approved atmospheric type vacuum breaker or an approved permanently attached hose connection vacuum breaker.

PM-506.3 Supply - The water supply system shall be installed and maintained to provide a supply of water to plumbing fixtures, devices and appurtenances in sufficient volume and at pressures adequate to enable the fixtures to function properly, safely and free from defects and leaks.

PM-506.4 Water Heating Facilities - Water heater facilities shall be properly installed, maintained and capable of providing an adequate amount of water to be drawn at every required sink, lavatory, bathtub, shower and laundry facility at a temperature of not less than 110 degrees F (43 degrees C). A gas-burning water heater shall not be located in any bathroom, toilet room, bedroom or other occupied room normally kept closed, unless adequate combustion air is provided. An approved combination temperature and pressure relief valve and relief valve

discharge pipe shall be properly installed and maintained on water heaters.

9. **Lead Based Paint**

a. Summary of Standards

The regulation at 24 CFR Part 35, which implements the Lead Based Paint Poisoning Prevention Act, requires the following:

HQS9-1 All interior surfaces must be either free of cracking, scaling, peeling, chipping, and loose paint *or* be adequately treated (as discussed in 3 below) to prevent the exposure of the occupants to such immediate hazards.

HQS9-2 All exterior surfaces such as stairs, decks, porches, railings, windows and doors which are accessible to children under seven years of age must be free of cracking, scaling, peeling, chipping, and loose paint *or* be adequately treated (as discussed in 3 below) to prevent the exposure of such children to immediate hazards.

HQS9-3 All surfaces to be *treated* must be thoroughly washed, sanded, scraped, wire brushed or otherwise properly cleaned to remove all immediate hazards on applicable surfaces before repainting with at least two (2) coats of a suitable non-lead paint *or* be covered with a suitable material such as gypsum wallboard, plywood, drywall, plaster, wallpaper or other suitable material. If the paint film integrity of the applicable surface cannot be maintained so that new paint or materials such as wallpaper will adhere, the old paint must be *completely* removed before any repainting or covering is undertaken. *Simply painting over affected surfaces is not an acceptable means of compliance.*

10. **Access**

a. Summary of Standards

HQS10-1 The unit must be used and maintained without unauthorized use of other private properties.

HQS10-2 The *building* must provide an alternate means of exit in case of fire (such as fire stairs or exit through windows, with the use of a ladder if windows are above the second floor).

11. **Site and Neighborhood**

a. Summary of Standards

HQS11-1 The site and neighborhood must be reasonably free of serious conditions, which would endanger the health and safety of resident.

12. **Sanitary Condition**

a. Summary of Standards

HQS12-1 The unit and its equipment must be free of serious vermin and rodent infestation.

**POLICIES AND PROCEDURES HANDBOOK
FOR THE
SMALL CITIES DEVELOPMENT PROGRAM
OWNER OCCUPIED HOUSING REHABILITATION
DEFERRED LOAN PROGRAM
FOR THE CITY OF CANNON FALLS**

Adopted – 01 / 17 /2023

**CITY OF CANNON FALLS
OWNER-OCCUPIED REHABILITATION POLICIES AND PROCEDURAL GUIDE**

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

The City of Cannon Falls will be responsible for the promotion of the Program at the local level and shall exercise care in avoiding promotion methods which 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, 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.

SECTION I. ELIGIBILITY REQUIREMENTS:

A. Location:

Residence must be within the City Limits as defined in the application for SCDP funds and shown on the attached map.

B. Conflict of Interest:

Federal regulations and Minnesota Statutes specify that elected officials, non-volunteer city employees, and administrators of the Small Cities Development Program have a conflict of interest. Those with a conflict may be able to secure an exception in order to participate in the program if they have no role in the approval of rehabilitation assistance and can meet with the approval of DEED.

C. Residency:

To receive SCDP funds applicants will be required to have year round residency in the housing unit. Recipients must occupy or intend to occupy the selected property as their primary place of residence.

D. Ownership/Ineligible Types of Housing:

The applicant must have an ownership interest in the property to be rehabilitated such as: a title owner, a mortgagor, a contract for deed vendee, ~~or as holder of a life estate~~. All contracts-for-deed shall be recorded. Contract vendors must sign repayment agreements along with contract vendee. ~~Remaindermen must sign mortgages as required on a life estate deed. No descending forgiveness of a deferred loan (if applicable) will be allowed for rehabilitation liens with life~~

estates. SCDP policy is that no portion of the loan will be forgiven until after the full term has expired.

Single-wide mobile homes, even if the home is attached to a foundation or if it has additions, are not eligible for rehabilitation with SCDP funds. Homes in a 100-year floodplain are not eligible unless they will soon be removed from the flood plain due to re-mapping. Evidence of the pending floodplain change must be provided.

MURL homes are not eligible for SCDP assistance.

E. Taxes/Insurance/Assessments/Liens:

All property taxes must be paid in full prior to application approval and property owners will be expected to carry insurance that, at a minimum, covers the costs of the rehabilitation work over the life of the SCDP loan. There should be no tax liens or past-due assessments or judgments on the property.

F. Asset Limitation:

There is no asset limit. However, income earned from assets must be counted as income.

G. Income:

The total income of the household must not exceed the most recent HUD Section 8 Moderate Income Limits at the time of the application. See attached limits. Income verification will follow HUD regulations and includes all of the following:

- Salaries; including tips, bonuses, commissions, overtime pay, pensions and annuities
- Public Assistance; including MFIP, SSI, MSA, Unemployment Compensation
- Social Security or Disability and Workers Compensation
- Estate/trust income, rental income, gain from the sale of property or securities, contracts for deed
- Interest earned
- Business profit

H. Substandard Housing:

The structure to be rehabilitated must be deficient in at least one of the following areas: structural soundness, living space or accessibility, water supply or sewage disposal, energy efficiency, heating system, plumbing or electrical system.

I. Nuisance Standard: The property where the house resides must conform to all local nuisance standards (weeds, junk, etc.). The exception would be items proposed for rehabilitation being alleviated through the program.

J. Homeowner Expectations: The property owner will receive and review copies of the read, understand and sign the “What Can a Homeowner Expect,” the “Homeowner Responsibilities and Expectations,” and “Walk Away Policy” forms and policies and sign an acknowledgement as a condition of project approval.

SECTION II. TERMS OF ASSISTANCE

A. Maximum/Minimum SCDP Contribution:

The maximum SCDP contribution on any rehabilitation project shall not exceed \$25,000.

B. Deferred Loans:

Assistance provided with SCDP funds will be in the form of deferred payment loans. In order for this program to be as cost-effective as possible, applicants may be required to help finance a portion of their rehabilitation work. Other funding is available, usually in the form of reduced interest loans, to assist households to finance the remainder of their project. Households that qualify for 100% deferred payment loans through this program will also be expected to explore other funding options that may be available. The purpose of SCDP funds is to supplement other funding sources. Program staff will assist households in exploring other possible funding sources. An applicant may be eligible for SCDP funds if funding through other sources, including local financial institutions, has been denied. MHFA Rehabilitation Program loans, Greater Minnesota Housing Fund loans, Rural Development grants and loans, Weatherization Assistance, and other public/private sector funds may be used to help applicants finance rehabilitation. All LMI households unable to secure other resources may be assisted with SCDP funds not to exceed the maximum contribution. The most recent HUD Section 8 Income Limits by household size is shown in the following table:

| Goodhue County 80% County Median Income | |
|--|---------------------|
| Household Size | Income Limit |
| 1 | \$54,250 |
| 2 | \$62,000 |
| 3 | \$69,750 |
| 4 | \$77,450 |
| 5 | \$83,650 |
| 6 | \$89,850 |
| 7 | \$96,050 |
| 8 | \$102,250 |

C. Previous SCDP Assistance: If a home received prior SCDP assistance, all SCDP loans must have expired for the home to be eligible.

SECTION III. DETERMINATION OF IMPROVEMENTS

A. Suitable for Rehabilitation:

The property must be determined feasible both structurally and financially after all eligible assistance is calculated. The work required to correct any lead-based paint hazards will be considered in the suitable for rehabilitation determination. The suitability will be determined by

the Housing Inspector and/or the Project Director.

B. Basic and Necessary Repairs:

Each improvement must be a permanent general improvement. Only those repairs that are needed to bring the home up to the Program’s Housing Quality Standards (HQS), which are based on HUD’s Section 8 Housing Quality Standards, will be included in the rehabilitation project. Additionally, reasonable repairs that improve the structural integrity, livability and safety of the home could be included in the project at the discretion of the rehabilitation inspector. These could include weatherization measures, if vitally needed and weatherization sources of funds are not available. The priority of use of SCDP funds will be to correct deficiencies that affect the health, safety and welfare of the occupants, and to improve the energy efficiency of the units.

C. Housing Quality Standards:

Each improvement must be made in compliance with all applicable, health, fire prevention, building, housing and energy codes and standards. The property **must** comply with local nuisance standards and meet HQS after completion of the rehabilitation work. If funding sources will be inadequate for the home to meet HQS, the home will be deemed unsuitable for rehabilitation.

D. Ineligible Housing Rehabilitation Improvements

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

1. Detached garages, garage door openers, or any out-buildings (unless elements of the structure have been identified as a hazard in a lead-based paint risk assessment).
2. Fireplaces, central air-conditioning units, water softeners, or wood stoves.
3. Decks, patios, fencing, or landscaping beyond that which is necessary in connection with foundation and basement work. Reasonable work on decks might be allowed, if the deck also serves as an entrance to the house.
4. Driveways and sidewalks, unless health and safety dangers are present.
5. Kitchen appliances, plush carpeting, decorative work, or other improvements determined by the Housing Inspector to be “luxuries” or “frills” in nature.
6. 200 amp services, unless needed and justifiable.
7. Room additions. Exceptions to this rule may be granted by the Grant Administrator only under extraordinary circumstances and with approval of DEED. Where such an exemption is granted, room additions shall only be allowed: (1) to accommodate the installation of a bathroom or kitchen if ones do not exist and current space will not allow, or (2) case by case situations discussed with DEED.
8. The use of materials that are deemed by SEMMCHRA to be beyond standard and beyond cost-effective for the program.
9. Tree trimming may be allowed under circumstances where tree limbs present an immediate hazard to the home.

E. 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 eligible for financing with SCDP funds. Such

improvements shall be allowable as part of the “other source” participation and shall be separately identified on work write-ups and bid forms.

F. No funds for Assessments

SCDP funds shall not be used for the payment, wholly or in part of assessments for public improvements: provided, however, that such funds may be used for that portion of improvements located on the property which will bring an individual water supply system or sewage disposal system into compliance with local, state or federal environmental and sanitary standards.

G. No Funds for Refinancing Existing Debt

No SCDP funds shall be used in whole or in part for the purpose of refinancing or paying off existing indebtedness. All such funds must be used to finance improvements begun after application for such funds.

H. Historical Review

If the structure has been determined historically significant, plans for exterior improvements to the structure must be reviewed and commented on by the Minnesota Historical Society.

I. Lead Paint Policy: The City of Cannon Falls and will follow the current policy outlined by the MN Department of Employment and Economic Development. As participation in the owner-occupied housing rehabilitation is a voluntary decision, the program will not pay for any temporary relocation that maybe necessary due to interim controls related to lead-based paint.

J. Repayment Schedule for Deferred Payment Loans:

All SCDP funds will be secured with a lien against the property to be rehabilitated. Households will be required to repay all or some portion of their SCDP loan if the unit is sold within ten (10) years from the date that the loan is issued.

The percentage of the loan amount that must be repaid is gradually forgiven over the appropriate lien term according to the following schedule:

There will be no forgiveness of the deferred payment loan until 72 months after issuance of the loan. Beginning with completion of the 73rd month, 20 percent of the outstanding principal balance will be forgiven every 12 months until, after 120 months; the loan will be entirely forgiven.

SECTION IV. MARKETING/APPLICATION SELECTION AND APPROVAL

Housing program staff will review and fund eligible applications. The following process will be utilized to promote the program to eligible applicants, and for applicant selection:

A. Outreach and Public Notices:

An extensive effort will be made to reach those property owners who would benefit from the program by conducting outreach and public notice activities which will include those who

expressed interest as part of the application formation, ads in newspapers, newsletters, radio announcements, personal interviews and letters to homeowners. Various housing providers, disaster relief organizations and social service agencies will be notified of SCDP funding availability. Affirmative efforts will be undertaken to ensure that those who are minorities or have disabilities are made aware of the program.

B. Application Intake:

Applications will be accepted on a first come first serve basis throughout the entire length of the program or until funds are expended.

After a preliminary screening for eligibility, applicants will then receive an on-site visit by the Housing Inspector for an in-depth inspection. If the home was built prior to 1978, a Certified Lead Risk Assessor will also visit the property to conduct a lead risk assessment.

C. Procedural Guide:

A copy of the Procedural Guide will be given to applicants for review and discussion of content.

D. Notification:

Applicants with verified LMI incomes, houses that meet the definition of suitable for rehabilitation, and also meet the Eligibility Requirements outlined in Section 1 will be selected, if sufficient funds are available.

Letters will be sent to those selected as recipients, and also to those not selected, notifying them of the status of their application (accepted, rejected, or held for further consideration).

SECTION V. PROPERTY INSPECTIONS

A. Inspections

Program staff will be responsible for carrying out a minimum of three inspections, an initial inspection to determine scope of work, an interim inspection to monitor work and a final inspection. The initial inspection will be done to determine that:

1. All necessary improvements are listed, including those required to eliminate lead-based paint hazards, and;
2. The structure upon completion of rehabilitation will meet, at a minimum; the Program's Housing Quality Standards and will be livable, safe, and energy efficient.

Work Write-Ups: Upon completion of the initial inspection, the Housing Inspector shall prepare a work write-up indicating the scope of work necessary to bring the property into compliance with the Program's HQS. Any improvements deemed necessary by the Housing Inspector for the property to conform to the Program's HQS and the general program eligible improvements requested by the property owner shall be included as part of the work write-up. The Housing Inspector shall specify improvements that qualify for SCDP funding. Work items where lead based paint hazards are present will be called-out in the work write up in a way that makes them stand out. A notation on those items that qualified contractor(s) are

necessary to conduct the work will also be made. Ineligible improvements paid for with leveraged funds will be identified.

B. Risk Assessment for Lead

A Risk Assessment for Lead will be performed on homes built before 1978. ~~prior to the work write-up.~~ Once the inspector has determined the project to be feasible, a detailed scope of work will be completed following an inspection of the property. The homeowner will be notified of the eligibility or ineligibility, and terms of assistance to be provided. With homeowner approval of the proposed scope of work, the homeowner will receive a lead risk assessment notification and will sign the Walk Away policy indicating acceptance and responsibility. The risk assessment for lead hazards will be completed and a summary notice sent to the homeowner with a signed copy to be put on file. Lead Clearance will be performed at completion. ~~The property owner will sign a repayment agreement for the rehabilitation work prior to the assessment being done, which will include the costs for the risk assessment.~~ The cost of the assessment can only be waived if contractor bids do not allow for a cost-effective rehabilitation occur.

C. Interim Inspections

Interim inspections will be done before partial payments are made to assure that specified improvements are completed. Interim inspections will be scheduled by the Housing Inspector to monitor work progress. Program staff reserves the right to inspect the property at any time upon reasonable request to applicant.

D. Final Inspection

Upon completion of work, an inspection will be made to determine that all work has been completed in a satisfactory manner and that the unit meets the Program's Housing Quality Standards. The final inspection shall certify that all lead-based paint hazards have been properly eliminated or treated. In the event of a dispute between the owner and the contractor concerning the completion of rehabilitation, the Housing Inspector shall work with both parties to negotiate a satisfactory solution. If such a solution cannot be found, the City's building official shall be the final authority on when the job has been satisfactorily completed. All disputes will be resolved by binding alternative dispute resolution.

SECTION VI. CONSTRUCTION AND CONTRACT PROCEDURES

A. Contractor List

A list of contractors will be established by advertising in area newspapers and radio. Women and minority contractors and business owners will be urged to bid.

B. General Contractors

All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint eradication must be certified in accordance with DEED lead policy.

C. Contractor Eligibility and Performance

Contractors shall not be debarred and shall have been determined capable based on past

performance and ability to perform successfully. If applicable, contractors will carry at least the minimum amounts of liability insurance established by the State of Minnesota.

D. Bids/Cost Estimate (if applicable)

An attempt will be made to secure competitive bids from at least three general contractors, or two in areas of low contractor supply. If the project does not involve any general contractor work and it is more feasible to solicit bids from a specific trade, an attempt will be made to secure competitive bids from at least three contractors within that trade(s), or two in areas of low supply. In the event that only one bid is received after bid solicitation, a cost estimate shall be prepared to justify the reasonableness of the sole bid.

E. Work Write-Up and Change Orders

All bids shall relate only to improvements designated by staff in the work write-up. Any changes made in the scope of work by the homeowner after the inspection and work write-up by the Housing Inspector on the scope of work will be **prohibited and ineligible for SCDP program funds. ALL CHANGE ORDERS NEED TO BE APPROVED BY THE Housing Inspector and, if applicable, Project Director. The homeowner will be responsible for all costs associated with any extra work done by the contractor that is not in the scope of work.**

F. Bid Awards

Contract will, generally, be awarded to the lowest responsible bidder complying with specifications. Owner may contract with non-low bidder when willing to pay the difference between selected contractor and lowest bidder.

G. Contractor Homeowner Warranty

ALL CONTRACT AGREEMENTS WILL BE BETWEEN CONTRACTOR AND OWNER. All contracts covering all or any portion of an improvement must contain an approval warranty of workmanship/materials as per a Contractor/Owner Warranty form.

H. Repayment Agreement:

A repayment agreement shall be signed by the property owner(s) before the Proceed to Work Order is issued. The repayment agreement will be filed/recorded either after the project costs are known to be at the SCDP maximum, or after the project is completed to account for any possible change orders that may occur.

I. Truth in Lending:

A signed truth in lending statement shall be secured from the homeowner(s) before the Proceed to Work Order is issued. The statement should be completed for installment (if applicable) and deferred loans as well, emphasizing that re-payment will be necessary if the period for forgiveness has not elapsed.

J. Right of Rescission:

A signed right of rescission form shall be secured from the homeowner(s) before the Proceed to Work Order is issued.

K. Limit for Housing Projects

Contractors will be limited to actively working on no more than three SCDP housing projects at any given time.

L. Contractor Requirements

Contractor shall be notified of requirements to comply with applicable federal/state laws. Building permit fees and any state inspection fees should be included in the contractor's bid.

M. Proceed To Work Order

Proceed to work orders will be issued after package approval and **must** be issued before work begins. A pre-construction conference may be conducted between the homeowner, contractor and Rehab Specialist prior to issuance of a notice to proceed with the work. The contractor must provide a copy of the building permit before work can proceed.

N. Inspections

Interim and final inspections shall be made by the Housing Inspector. Prior to the disbursement of funds, work shall be satisfactorily completed.

O. Release of Funds

Funds are released (partial funds may be released as partial work is completed) in issued checks as completed work is verified and payment is requested by invoice from the contractor.

P. Contractor Payments

Contractors will be required to provide a draw request for each partial payment. The draw request must be signed by the homeowner unless the homeowner has concerns that the Housing Inspector and Project Director have deemed as being unreasonable. Consultation with DEED as to what is unreasonable can occur. Upon completion of the rehabilitation construction, lien waivers and completion certificates will be executed by the homeowner, contractor, and Housing Inspector as necessary. On the homes that require lead reduction activities, final payment will not be made until after the Lead Clearance Test has been passed.

Q. Progress Payments

Progress payments shall be limited to two and may be subject to 10% retainage under terms specified in homeowner/contractor agreement.

R. Change Orders

Unforeseen construction problems will require a change order and all change orders will require signatures of both owner and contractor with approval by Program staff. Costs of changes must be included in change order. **Any work that is done and is not on the work write-up will not be paid for with SCDP funds. Any changes made by the homeowner after the inspection and work write-up by the Housing Inspector on the scope of work will be prohibited and ineligible for SCDP funds. ALL CHANGE ORDERS MUST BE APPROVED BY THE Housing Inspector and Project Director.**

S. Time for Completion

1. A maximum of 90 **180** calendar days will be allowed for completion of contracted work on a

house beginning as of the date of the Notice to Proceed. 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 written Change Order, which shall outline the circumstances that 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.

3. A waiver of this time period may be granted upon the homeowner's request to the Housing Inspector and/or Financial Analyst.

T. Termination of Contract

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

U. Termination of Rehabilitation

The Project Director can stop the rehabilitation process if the Homeowner Expectations in Section 1, item J are not met by the applicant/property owner.

V. Selection of Materials and Colors

Homeowner selects colors, style and pattern of any materials used in home improvements. These selections will fit the neighborhood and any judgment calls about what fits the neighborhood will be made collectively among the city, grant administrator and the homeowner. Costs and types will be deemed reasonable by the Housing Inspector and Project Director. Products come in three types, "economy", "standard" and "deluxe". We specify the "standard" items. The Housing Inspector will be the final decision maker as to whether or not a product is "standard."

SECTION VII. GENERAL CONDITIONS

A. Leveraged Funds

Each selected applicant will be evaluated on an individual basis to ascertain the most appropriate and effective source and method of funding available to leverage with SCDP funds. SCDP funds will be combined with Weatherization, MHFA Rehabilitation and Home Improvement loans, Rural Development Loans and Grants, Greater Minnesota Housing Fund loans, and other public/private funds to accomplish as much rehabilitation as possible within affordable costs.

B. Repayment Proceeds

Any proceeds received from the repayment of deferred loans originated with SCDP funds will be utilized by the Cities of Cannon Falls in accordance with DEED approved policies for the use of program income.

C. Data Privacy

Your name, address and the amount of assistance you receive are considered public data under the Minnesota Data Practices Act. Other information that you provide to the housing rehabilitation program about you and your household is considered private data.

Private data will only be used when it is required for administration and management of the program. Persons or agencies with whom this information may be shared include:

- Staff and other persons involved in program administration.
- Auditors who perform required audits of this program.
- Authorized personnel from the Minnesota Department of Employment and Economic Development, the U. S. Department of Housing and Urban Development or other local, state and federal agencies providing funding assistance for your loan.
- Those persons who authorized to see it by the applicant.
- Law enforcement personnel in the case of suspected fraud or other enforcement authorities as required.

SECTION VIII. SUMMARY OF STAFF AND RESPONSIBILITIES

The City of Cannon Falls has contracted with SEMMCHRA to administer the Project. SCDP funds will be requested through the City of Cannon Falls. The City of Cannon Falls will be responsible for the submission of Post Closeout Program Income reports and will consult with SEMMCHRA, if necessary, in order to complete the reports.

A. Project Director

The Project Director is responsible for coordinating all program activities and tasks. The Project Director coordinates payments of bills with the City. The Project Director also prepares and submits all required reports including the annual progress reports required by DEED. Clearance of any and all grant conditions, compliance with federal and state regulations and record keeping are also the responsibilities of the Project Director.

B. Housing Inspector

The Housing Inspector is responsible for implementing the rehabilitation activities including inspections and work write-ups, securing competitive bids, bid awards, overseeing the actual rehabilitation activities and inspections for payment.

SECTION VIII. APPLICATION APPROVAL/APPEALS PROCESS

A. Application Approval Process

All applications for assistance must be approved provided all eligibility criteria are met and resources are available. Applications are approved based upon the type of improvements and cost of rehabilitation being requested for the project.

B. Complaints and Disputes

Any person with a complaint concerning their project eligibility, terms of assistance or actual rehabilitation work will first take the complaint to the Project Director. Complaints shall be submitted in writing and shall be addressed to the Project Director. All complaints will receive a written response within thirty (30) days stating action taken regarding complaint.

If further action is required to resolve complaint, an appeal may be made in writing to Buffy Beranek, Executive Director.

C. Amendments

These policies may be amended from time to time by the Cannon Falls City Council.

SECTION IX. AFTER THE LOAN

A. Reverse Mortgages – SCDP loan agreements must be repaid if homeowner takes out a reverse mortgage on the property.

B. Subordination – During the life of the SCDP loan, recipients may refinance to secure a lower interest rate on a mortgage, not exceeding a loan to value determined by local policy. SCDP grant recipients may use the cash equity to rehabilitate the property. Cash equity for all other uses are not allowed unless the SCDP loan is repaid in full. An exception may be granted based on special circumstances with prior approval from DEED. DEED does not process subordinations. Subordinations are to be reviewed and processed by each respective grantee.

SECTION XII. OUTLINE OF HOUSING REHABILITATION PROCESS

1. Interact with Interested Homeowner

- A. Fill out application for assistance.
- B. Discuss data privacy, get Privacy Warning release signed.
- C. Discuss lead-based paint poisoning notification (Renovate Right Brochure).
- D. Discuss fair housing pamphlet.
- E. Obtain authorization to take pictures of house.
- F. Secure conflict-screening form. If conflict, need to secure exception from the SCDP.
- G. If contract for deed, obtain consent from contract holder.
- H. Get authorization signed by homeowner to verify income, assets and credit (latter if applicable for other leverage programs).
- I. Secure homeowner signatures on “What Can a Homeowner Expect,” the “Homeowner Responsibilities,” and “Walk Away Policy” forms.

2. Verification of Eligibility

- A. Verify income with employer or other documentation.
- B. Verify interest earned or other income.
- C. Check assets at the bank.
- D. Verify that home is not a single-wide mobile home.
- E. Recorder’s Office – verify title and check for liens.
- F. Review Treasurer’s Office – verify that current taxes are paid.
- G. Review Auditor’s Office – verify that all back taxes are paid.
- H. Clearance with State Historical Preservation Officer and home not in 100-year flood plain.

- I. Verify home in city limits or target area (if applicable).
- J. Verify home not a duplex (eligible under SCDP rental rehabilitation)

3. Inspection, Bids, Loan, Authority to Start

- A. Inspector determines project to be feasible or not feasible.
- B. Inspector determines that property is compliant with local nuisance standards (junk, weeds, etc.)
- C. Homeowner notified of lead risk assessment.
- D. Risk assessment for lead hazards completed. Summary Notice completed, copy provided to homeowner and signed copy in file.
- E. Inspection completed, and detailed specification prepared.
- F. Homeowner notified of eligibility or ineligibility, and if eligible the terms of assistance to be provided.
- G. Homeowner approves specifications.
- H. Homeowner chooses contractors to bid on the rehabilitation project, two if low contractor supply in area.
- I. Bid package is provided to the selected contractors. If any of the contractors are not interested in bidding, the homeowner may select a replacement.
- J. Bids opened at pre-selected date. Homeowner chooses contractor to undertake the project. SCDP program funds their percentage of the lowest bid received.
- K. Applicants and projects must be determined as eligible before a commitment of SCDP funds is made.
- L. Homeowner is notified about approval of the scope of work associated with their project.
- M. If required, homeowner deposits "other" financing into rehabilitation escrow account.
- N. Homeowner signs repayment agreement as security for the city.
- O. Homeowner is presented with Right of Rescission form.
- P. Relocation Screening Sheet for Occupant Protection with Lead Hazard Reduction Activities completed and placed in file.
- Q. Notice to Proceed is issued to the contractor.

4. Rehabilitation Project

- A. Project change orders processed, if necessary.
- B. Mortgage amount filled in and is filed with County Recorder.
- C. Partial payments made if required after inspections are completed.
- D. Project completion certificate signed by contractor, homeowner, and Program staff representative.
- E. Lead Clearance completed.
- F. Lien Waivers obtained from contractor, subcontractors, and material suppliers.
- G. Final payment is made after lien waivers and Lead Clearance received.

5. Rehabilitation Project File Maintained

- A. A rehabilitation project file will be maintained on each application for funding, and will include all the appropriate photos, documentation and forms relating to the project.

Southeastern Minnesota Multi-County Housing & Redevelopment Authority
Community Development Department
Rehabilitation Programs – Walk Away Policy

This walk-away policy will be instituted by the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA) staff for one or more of the following reasons.

1. When it is determined that it is not economically feasible or possible to bring the unit up to the Department of Housing and Urban Development's (HUD's) Housing Quality Standards (HQS) and Lead Based Paint standards. The purpose of the "walk-away" policy is to prevent investment in a home which is so deteriorated that compliance with the HQS and Lead Based Paint standards cannot be achieved within the maximum allowable funding level.
2. If a property is offered for bid on two separate occasions and no acceptable bid is received, or if the housing auditor confirms that the property cannot feasibly be rehabilitated to HQS and Lead Based Paint standards, within the maximum allowable funding level, SEMMCHRA may elect to "walk-away" from that property and take no further action regarding its renovation. The property owner will be notified in writing within two weeks of the determination to "walk-away".
3. If, in the opinion of the SEMMCHRA inspector, the current monetary value of property to be rehabilitated, together with the funds to be expended thru the Rehabilitation program, cannot bring the net monetary value up to at least the amount of the Rehabilitation funds expended, SEMMCHRA reserves the right to "walk- away" from that property and take no further action regarding its rehabilitation.
4. If the property to be rehabilitated is in an 'unkempt' state which could present Health or Safety hazards to SEMMCHRA personnel or a Rehabilitation Contractor who would be performing the work, the following will apply. "Unkempt" may include, but would not be limited to, general clutter or household garbage, either inside or outside of the property to be rehabilitated. If in the opinion of the SEMMCHRA rehabilitation specialist the property is in an "unkempt" state the property owner will be notified in writing and given thirty days to bring the property up to an acceptable standard of cleanliness as determined by the SEMMCHRA Inspector. If, within that thirty (30) day period, the property is not brought up to an acceptable standard, SEMMCHRA reserves the right to "walk away" from that property and take no further action regarding its rehabilitation. The property owner will be notified in writing within two weeks of this decision.
5. If it becomes apparent that the property owner, or tenants in the case of rental rehabilitation, at any phase of the project, are not willing to comply or accept standard practices of the rehabilitation program that are outlined in the "Steps for Single Family Rehabilitation" and "What to Expect and What Not to Expect" information sheets provided, or the Rehabilitation Policies and Procedures Guideline for the SEMMCHRA.

6. If the SEMMCHRA Staff or the Rehabilitation Contractor decides that continued presence on the job site may constitute a liability to their company due to the owner, or tenants, personal behavior or threatening manner.

If the project is cancelled due to items number 5 or 6, or the property owner chooses to withdraw from the program, after, either the initial inspection or lead risk assessment and inspection has been conducted, a fee of \$600.00 per inspection, up to \$1,200.00, will be charged to the owner of the property. If you continue with the home repairs the costs of the initial inspection will be charged to the program and the cost of the lead testing will be part of the program costs or loan, depending on the program.

Payments shall be made to the SEMMCHRA no later than thirty (30) days following the action that requires the repayment. If such payment is not made within 30 days, collection proceedings will begin to recapture these funds. Collection proceedings include submitting unpaid loan balance plus unpaid interest to Minnesota Department of Revenue Recapture Program.

Illustration 2
Grantee Summary Information Sheet
Small Cities Development Program
State of Minnesota

Grantee: City of Cannons Falls Grant Number: CDAP-21-0054-O-FY23
 All grantees must complete sections 1-6. Grantees whose projects will be administered in whole or in part by other entities must complete section 7.

1. PROJECT DIRECTOR

Buffy Beranek
 Name
Executive Director
 Title
S.E. Minnesota Multi-County HRA
 Agency
134 East Second Street
 Address
Wabasha MN 55981
 City State Zip Code
(651) 565-2638 202
 Phone: Area Code Number Extension

bberanek@semmchra.org
 E-mail Address

Enter the name and address of Project Director. If Project Director is not an employee of the grantee, but is an employee of a separate implementing agency, please complete section 7.

2. AUTHORIZED OFFICIAL/ENVIRONMENTAL CERTIFYING OFFICER

Matt Montgomery
 Name
Mayor
 Title
City of Cannon Falls
 Unit of Government
918 River Road
 Address
Cannon Falls MN 55009
 City State Zip Code
(507) 263-9300
 Phone: Area Code Number Extension

mmontgomery@cannonfallsmn.gov
 E-mail Address (none)

Enter the name and address of the individual designated as authorized official on the grantee's Resolution of Sponsorship. This individual will also certify compliance with environmental laws and regulations.

3. FINANCIAL OFFICER

Buffy Beranek
 Name
Executive Director
 Title
S.E. Minnesota Multi-County HRA
 Agency
134 East Second Street
 Address
Wabasha MN 55981
 City State Zip Code
(651) 565-2638 202
 Phone: Area Code Number Extension

bberanek@semmchra.org
 E-mail Address

Enter the name and address of the Financial Officer.

4. FH/EO OFFICER

Sara Fuher
 Name
Grant Administrator
 Title
S.E. Minnesota Multi-County HRA
 Agency
134 East Second Street
 Address
Wabasha MN 55981
 City State Zip Code
(651) 565-2638 221
 Phone: Area Code Number Extension

sara.fuher@semmchra.org
 E-mail Address

Enter the name and address of the person designated as FHEO/CEO Officer

5. LABOR STANDARDS OFFICER

Sara Fuher
 Name
Grant Administrator
 Title
S.E. Minnesota Multi-County HRA
 Agency
134 East Second Street
 Address
Wabasha MN 55981
 City State Zip Code
(651) 565-2638 221
 Phone: Area Code Number Extension

sara.fuher@semmchra.org
 Email Address

Enter the name and address of the person designated as Labor Standards Officer.

6. ENVIRONMENTAL COORDINATOR

Sara Fuher
 Name
Grant Administrator
 Title
S.E. Minnesota Multi-County HRA
 Agency
134 East Second Street
 Address
Wabasha MN 55981
 City State Zip Code
(651) 565-2638 221
 Phone: Area Code Number Extension

sara.fuher@semmchra.org
 E-mail Address

Enter name and address of individual designated to coordinate the Environmental Review.

7. IMPLEMENTING AGENCY (other than Grantee)

S.E Minnesota Multi-County HRA

Agency

134 East Second Street

Address

Wabasha MN 55981

City State Zip Code

(651) 565-2638 213

Phone: Area Code Number Extension

nkoverman@semmchra.org

E-mail Address

Enter name and address of implementing agency if other than grantee.

8. REHABILITATION SPECIALIST

Jason Hall

Name

Rehabilitation Specialist

Title

S.E. Minnesota Multi-County HRA

Agency

134 East Second Street

Address

Wabasha MN 55981

City State Zip Code

(651) 565-2638 212

Phone: Area Code Number Extension

jhall@semmchra.org

E-mail Address

2023 CITY OF CANNON FALLS
OFFICIAL LISTING

Mayor:

Matt Montgomery
918 River Road
Cannon Falls, MN 55009
Phone: 507-263-9300
Email: mmontgomery@cannonfallsmn.gov

City Administrator:

Neil L. Jensen
918 River Road
Cannon Falls, MN 55009
Phone: 507-263-9300
Email: njensen@cannonfallsmn.gov

Finance Dept
Human Resources:

Michelle Sandeen
918 River Road
Cannon Falls, MN 55009
Phone: 507-263-9300
Email: msandeen@cannonfallsmn.gov

City Council:

Lisa Groth

Derek Lundell

Ryan Jeppesen

Diane C. Johnson

Laura Kronenberger

Steve Gesme

**Project Title: CITY OF CANNON FALLS HOUSING
REHABILITATION PROGRAM**

Grant Number: CDAP-21-0054-O-FY23

Grant Timeline

| Project Task | Anticipated Completion Date |
|---|--|
| Grant approval from DEED | March 2023 (release of funds obtained) |
| Last date for rehab applications to be received | March 30, 2025 |
| Date of award of last rehab contracts | May 1, 2025 |
| Estimated program completion date | September 30, 2025 |

**ADMINISTRATION CONTRACT
WITH
SOUTHEASTERN MINNESOTA MULTI-COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY**

This contract, for Administrative Services, is between City of Cannon Falls, (hereinafter referred to as the "Grantee") and the Southeastern Minnesota Multi-County Housing and Redevelopment Authority, (hereinafter referred to as the "HRA").

WHEREAS: The Grantee has received a grant from the State of Minnesota to fund and administer the Small Cities Development Program (SCDP), Minnesota Rules chapter 4300, within the political jurisdiction of the Grantee; and

WHEREAS: The Grantee, which is a local unit of government and is not a state employee, is awarded funds to provide financial assistance to address the need for decent, safe, affordable housing, economic development and public facility needs, and provide a suitable living environment by expanding economic opportunities, principally benefitting low to moderate income households. The activities may include: Housing Rehabilitation – (This includes owner-occupied and single family, duplex and multi-family rental units), Commercial Rehabilitation, and Public Facility Improvements: (i.e. construction or improvements to water and wastewater systems, etc.); and

WHEREAS: The Grantee desires to have the assistance of the HRA, which is a multi-county political subdivision of the State of Minnesota, in the administration of the grant.

WITNESSETH: In consideration of the mutual covenants and agreements contained herein, the Grantee and the HRA agree as follows:

1. The term of this contract is from October 1, 2025, through September 30, 2026. This contract shall automatically renew annually and shall coincide with the Federal Fiscal Year.
2. In consideration of financial reimbursement to be made specifically described below and in accordance with the Grantee's Small Cities Development Program grant, the HRA agrees to act as the Administering Agent for the Grantee. As part of the post-grant administrative process, the Grantee may receive monies from borrowers, who have an obligation to repay funds in accordance with the terms of their Repayment Agreement and/or Program Mortgage. The grantee agrees to pay an administrative fee to the HRA during the Federal Fiscal Year in an amount not less than \$250 and not to exceed \$2,000 for administration. If funds are repaid by borrowers, then the administrative fee shall be collected from those repayment(s). The Grantee shall pay 15 percent of a project's total cost for administration of the re-use of funds in the form of a rehabilitation project. Costs, including attorneys' fees and court costs, incurred to collect a defaulted loan will be in addition to the above administrative fee and will be collected from funds collected from borrowers.
3. The HRA shall perform the activities in accordance with all applicable provisions of Title One of the Housing and Community Development Act of 1974, as amended, and its implementing regulation found in Volume 24 of Code of Federal Regulations, Part 570, and all applicable state and federal laws. The HRA shall perform its obligations and activities under this agreement consistent with and in compliance with the Grantee's obligations under the Small Cities Development Program Grant Agreement(s) entered into with the State of Minnesota including all amendments thereto. The grant agreement(s) are specifically identified in Appendix One.

4. **Project Planning.** The HRA will coordinate the preparation of plans, specifications, contracts, reports, budgets and other agreements in a consistent manner with applicable state and federal laws and regulations for all project activities, within the respective limitations of the funds collected on behalf of the Grantee and/or in accordance with the state and federal requirements for rehabilitation projects. Annually, the administrator will determine, based on the dollar amount of funds collected, how the funds will be administered and reported. In the next federal fiscal year, the HRA will allocate the funds for eligible project uses in accordance with the Small Cities Development Program. The HRA will report to the use of funds to the Grantee in a manner consistent with the original grant process.
5. **Borrower Servicing:** The HRA will maintain individual borrower information, based on that data of borrower payments provided monthly by the Grantee. The HRA will perform on the Grantee's behalf the annual 1098 reporting, subordinations and satisfactions. The HRA will follow the established guidelines approved by its board of commissioners. The HRA's board of commissioners will be reviewing and acting on subordinations on behalf of the Grantee. The HRA will follow-up with the borrowers on behalf of the Grantee.
6. **Financial Record Keeping and Control.** The HRA will keep complete and accurate records of all claims and disbursements in accordance with the following procedures:
 - A. **Annual Reports.** The HRA shall prepare and maintain annual post close out reports, including records of individual activities and program recipients in the form and manner required by DEED. At the time of annual reporting, the HRA will determine the type of funds to be reported and utilized in the next federal fiscal year.
 - B. **Financial Reporting and Collection of Funds.** For all collections of loan repayments made pursuant to this agreement, the HRA shall keep financial records to reconcile annually the bank account balance for individual loan payments from all grantees. This data will be provided to the Grantee by the 15th of January in the next calendar year for accounting purposes.
 - C. **Financial Reporting and Use of Funds.** For all expenditures of funds made pursuant to this agreement, the HRA shall keep financial records, including invoices, contracts, receipts, vouchers and other documents sufficient to evidence in proper detail the nature and propriety of the expenditure. For contracts with individual consultants, invoices for payments must state that the work performed and invoiced is in accordance with the terms of the Consultant Contract. Furthermore, these invoices must also state the calendar dates and number of hours of each day for which the consultant is requesting compensation. Accounting methods for this program will meet the standards set forth in Common Rule "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments". The annual uses of funds data will be provided to the Grantee by the 15th of January in the next calendar year for accounting purposes.
 - D. **Audit and Inspection.** Accounts and records related to the funds provided under this Agreement shall be accessible to authorized representatives of the State of Minnesota for the purposes of examination and audit. In addition, Grantee will give the State of Minnesota, Minnesota Department of Employment and Economic Development, Legislative Auditors, State Auditor's Office and the Comptroller General of the United States, through any authorized representative, access to and the right to examine all records, books, papers or documents related to the funds.

7. For the purposes of this contract, the HRA shall be deemed an independent contractor and not an employee of the Grantee. Any and all employees of the HRA or other persons while engaged in the performance of any work or services required by the HRA under this contract, shall not be considered employees of the Grantee.
8. The HRA shall not assign any interest in this contract and shall not transfer any interest in the same, whether by assignment, subcontract or novation, without the prior written consent of the Grantee.
9. Any alteration, variation, modification or waiver of the provisions of this contract shall be valid only after it has been reduced in writing, duly signed by both parties and attached to the original of this contract.
10. The waiver of any of the rights and/or remedies arising under the terms of this contract on any one occasion by either party hereto shall not constitute a waiver of any rights and/or remedies in respect to any subsequent breach or default of the terms of this contract. The rights and remedies provided or referred to under the terms of the agreement are cumulative and not mutually exclusive.
11. This contract shall constitute the entire agreement between the parties and shall supersede all prior oral or written negotiations.
12. The Grantee shall have full access to all records relating to the performance of this agreement.
13. In performing the provisions of this contract, the HRA agrees to comply with all Federal, and State Laws and all applicable rules, regulations or standards established by any agency of such governmental units, which are now or hereafter promulgated.
14. Should any of the above provisions be subsequently determined by a court of competent jurisdiction to be in violation of any federal or state laws or to be otherwise invalid, both parties agree that only those provisions so adjudged shall be invalid and that the remainder of this contract shall remain in full force and effect.
15. The Grantee reserves the right to terminate this contract if the HRA fails to perform any of the provisions hereof. Such termination shall occur ninety (90) days after the HRA's receipt of written notice specifying the grounds thereof, unless, prior to the date, the HRA has cured the alleged non-performance of the provisions of this contract. In the event that the project is terminated or that the grant funds are withdrawn for any reason by the State, the Grantee may terminate this contract without penalty or obligation upon giving ninety (90) days written notice to the HRA.
16. Special Administrative Provisions. All records pertaining to this Agreement shall be maintained by the HRA for a period of at least seven (7) years after the expiration of the term of this Agreement.

The HRA further understands and agrees that it shall be bound by Minnesota Statutes on data privacy with respect to "data on individuals" which collects, receives, stores, uses, creates or disseminates, pursuant to this Agreement. The HRA is a governmental unit that is subject to the Minnesota Data Practices Act, and nothing under this contract can waive or modify its obligation to comply with that Act.

NOTICE OF CONTRACTOR (HRA): You are required by Minnesota Statutes, 1982, Section 270.66 to provide your Social Security Number or Minnesota Tax Identification Number if you do business with the State of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in action to require you to file state tax returns and pay delinquent state tax liabilities. This contract will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

Minnesota Tax ID: 8021053

Federal Tax ID: 41-6005032

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed.

**SOUTHEASTERN MINNESOTA MULTI-COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY**

Buffy J. Beranek, Executive Director

CITY OF CANNON FALLS, MINNESOTA

Matt Montgomery, Mayor

Neil L. Jensen, City Administrator

APPENDIX ONE