

# MINNESOTA HISTORICAL SOCIETY

## State Capital Projects Grants-in-Aid County and Local Preservation Grants Program Manual

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# GENERAL INFORMATION

## 1. INTRODUCTION

The purpose of this manual is to provide information about the Minnesota Historical Society's State Capital Projects Grants-in-Aid County and Local Preservation grants program. It will help you determine whether or not particular projects are likely to be eligible for funding. It also explains the application process and the requirements for administering capital project grants.

In the 2020 Fifth Special Session, the Minnesota Legislature and Governor approved funding in the Capital Budget Bill for the State Capital Projects Grants-in-Aid County and Local Preservation grants program administered by the Minnesota Historical Society. The language from the 2020 Capital Budget Bill is cited below:

Laws of Minnesota, 2020, Fifth Special Session, Chapter 3,  
Section 24, MINNESOTA HISTORICAL SOCIETY:

**County and Local Preservation Grants** **\$750,000**

For grants to county and local jurisdictions as matching money for historic preservation projects of a capital nature, as provided in Minnesota Statutes, section 138.0525.

**NOTE:** Using state general obligation (GO) bond funds, from which this grant program is funded, carries additional requirements and restrictions that are different from other grant programs administered by MNHS, such as Legacy Amendment grant programs. Minnesota Management and Budget administer additional requirements for the use of state bond funds (MMB).

## **STATE CAPITAL PROJECTS GRANTS-IN-AID COUNTY & LOCAL PRESERVATION GRANTS PROGRAM**

Information necessary for organizations interested in applying to the State Capital Projects Grants-in-Aid County and Local Preservation grants program is found on the following pages. Grant application deadlines can be found on the [MNHS website](https://www.mnhs.org/preservation/state-capital) (https://www.mnhs.org/preservation/state-capital)

**Keep in mind that the Grants Office staff is available to discuss ideas with you. Your inquiries are encouraged.** For further information, call 651-259-3497, email the Grants Office at [grants@mnhs.org](mailto:grants@mnhs.org).

## 2. DEADLINES FOR APPLICATIONS

There are two deadlines per round, a mandatory pre-application deadline, and a final application deadline. Deadlines for submitting grant applications can be found on the [MNHS website](https://www.mnhs.org/preservation/state-capital) (https://www.mnhs.org/preservation/state-capital). Applications must be submitted no later than midnight on the date indicated to be eligible for consideration. **Applications are only accessible through the Minnesota Historical Society's online grants portal <https://mnhs.fluxx.io>. Mailed applications are not accepted.**

**A pre-application is required.** The pre-application phase provides initial screening to ensure that applicants and proposed work are eligible to receive a capital project grant. Final applications will not be accepted from applicants who did not participate in the pre-application process.

## 3. ELIGIBILITY OF WORK

The work must meet the following conditions:

- a. the expenditure funded must be for a public purpose;
- b. the work must fall within one of the prescribed categories outlined in Section 7 of this grants manual and described in detail in the project guidelines;
- c. the project expenditures funded must comply with state statutory requirements for the use of state bond funds, including, but not limited to, requirements that uses must be for land, buildings, or other improvements of a capital nature;
- d. the project must correspond with the purpose for which funding was issued, as outlined in the bill citation on page one ([Laws of Minnesota, 2020, Special Session 5, Chapter 3, Section 24](#)); as authorized by Minnesota Statutes 138.0525;
- e. the work must meet the *Secretary of the Interior's Standards for the Treatment of Historic Properties* - <https://www.nps.gov/tps/standards/treatment-guidelines-2017.pdf>.

#### **4. ELIGIBILITY OF APPLICANT**

Applicants must be a governmental unit eligible to receive state bond funds as defined in [Minnesota Statutes 16A.695](#). The primary recipients of state capital project grants are public entities, including county and local jurisdictions. Applicants must demonstrate an ability and a plan to fund the program(s) intended for the facility.

State agencies or organizations primarily funded by the State of Minnesota are not eligible to apply for grants. Previous grant recipients with overdue final reports cannot apply for grants until the Grants Office has accepted the final report.

#### **5. ELIGIBILITY OF PROPERTY**

The property must be publicly owned. It must also be listed in the National Register of Historic Places or determined eligible for listing in the National Register by the State Historic Preservation Office (SHPO). Properties not evaluated do not qualify for funding.

#### **6. FUNDING AVAILABILITY**

The total amount available is \$750,000. The minimum requested grant amount needs to be \$10,001. There is no request grant amount cap. Keep in mind that grants are spread across the state as much as possible.

#### **7. MATCHING GRANTS**

The amount of any grant cannot exceed fifty (50) percent of the total project. Match may be cash, in-kind and donated services or materials, or a combination of cash, in-kind, and donated services or materials (see [Appendix C](#)). State funds may not be used for match. Keep in mind that grants are spread across the state as much as possible.

The Minnesota Department of Management and Budget requires every applicant to certify that it has committed sufficient funds to meet the grant program's match requirements and complete the proposed project (For more information, [Appendix E](#)).

#### **8. ELIGIBLE PROJECT CATEGORIES**

Two types of historic preservation projects are eligible for this grants program:

- A. Restoration/Preservation/Rehabilitation Projects
- B. Building Systems and Accessibility

They are described in detail in the [Project Guidelines and Review Criteria](#) section on the following pages. Applicants planning projects that do not appear to fit into one of the general categories should contact the Grants Office **before** submitting a pre-application.

## **9. APPLICATION PROCEDURES**

Preliminary inquiries to the Grants Office are welcomed and encouraged. Organizations planning to apply should contact the Grants Office about an intended project well in advance of the published deadlines.

**The Grants Office requires applicants to submit a pre-application.** (See *Instructions for [Pre-Application and Applications](#)* for further details.) A pre-application is a draft application to ensure project work is eligible for state capital project grants (bond funds). The pre-application also allows staff to provide suggestions and comments to applicants to incorporate revisions into the final application.

Instructions for completing the applications should be followed carefully; **incomplete or late applications will be disqualified.**

## **10. SCOPE OF PROJECTS**

Most projects should be completed within a relatively brief period. They should also be of a size and complexity manageable by the organization planning to implement them and commence soon after the grant is awarded.

## **11. STATE OF MINNESOTA LABOR REQUIREMENTS**

Prevailing wage is the minimum hourly wage, plus benefits, required by law to be paid for each trade or occupation while performing state-funded construction projects. All grant projects must adhere to Minnesota's prevailing wage laws (Minn. Stat. Chap. 177.41-44 and corresponding Rules 5200.1000 to 5200.1120). Be sure to use prevailing wage rates when determining the project budget. To view prevailing wage information by county, visit: <http://www.dli.mn.gov/business/employment-practices/prevailing-wage-commercial-rates>

## **12. INELIGIBLE COSTS**

Neither grant nor matching funds may be used for administrative expenses not related to the project, general operating costs, or maintenance expenses. Grant funds may not be used for equipment purchases except when they are of a capital nature necessary and reasonable to carry out the project objectives and when the project guidelines permit such purchases. Grant funds cannot be used for administrative or personnel costs. Indirect cost rates applicable for specific federal grant programs are **not** allowable in the program. Funds may not be used to pay for expenditures incurred before MNHS authorizes the grantee to begin work.

### **Ineligible Costs**

- Projects to remodel or modernize the interior of historic properties.
- General maintenance, such as painting, refinishing of woodwork, and other small-scale aesthetic upkeep work items.
- Landscaping/sitework cost unless it entails the preservation or restoration of a historic landscape.
- Costs incurred before the project start date assigned for the grant.
- Administrative or personnel costs.

## **13. APPLICATION REVIEW PROCESS**

The Minnesota Historical Society staff reviews the pre-applications to give the applicant constructive feedback for final application improvement. Final applications, along with review comments, are then sent to the MNHS Grants Review Committee (GRC) for consideration at a public meeting approximately six weeks after the final application deadline. You will receive advance notice of the meeting and invited to make a three-minute presentation supporting your application. Such presentations are not required; your application is given full consideration whether or not you make a presentation.

Based on their evaluation and the review criteria, the GRC recommends approval or denial of each application. Their recommendations are forwarded to Minnesota Historical Society Executive Council for final action. You will be notified of their decision by the Grants Office. In some cases, special conditions may be required on approved projects; the conditions will be outlined in your grant agreement.

#### **14. GRANTEE'S RESPONSIBILITIES**

The following will need to be completed before a grant agreement is released:

- Per the MINNESOTA HISTORICAL SITES ACT AND MINNESOTA FIELD ARCHAEOLOGY ACT REVIEW, the State Historic Preservation Office (SHPO) must review the project. Further information for the Grants Office will follow about the review process for funded projects. Expect the review to take at least 30 days to be complete.
- The grantee must document that all project funding has been received or a legally binding commitment is in place. This information must be submitted to and approved by the Minnesota Historical Society and MMB. For more information, see [Appendix E](#).

After a grant award and the above item has been met, the grantee's authorized representative(s) must sign a Grant Agreement. This document outlines the terms and conditions established for each award. It will specify an authorized Project Start Date, a Project End Date, approved scope of work, and an approved Project Budget. It also contains the following stipulations:

- a. Project changes must be approved in writing by the Minnesota Historical Society
- b. The project will be administered and conducted in accordance with Minn. Stat. 16B.98 for Grants Management and Minn. Stat. Chap. 177.41-44 regarding prevailing wage rates and contracts and corresponding Rules 5200.1000 to 5200.1120.
- c. All work on the project will conform to the *Secretary of the Interior's Standards for the Treatment of Historic Properties* - <https://www.nps.gov/tps/standards/treatment-guidelines-2017.pdf>.
- d. All publicity releases, informational brochures, public reports, publications, and other public information relating to approved projects must acknowledge assistance from the Minnesota Historical Society and the Minnesota Legislature in writing. The suggested wording for this acknowledgment is: "This project has been financed in part with funds provided by the State of Minnesota through the Minnesota Historical Society's Capital Grants-in-Aid Program." The grantee must post a sign carrying the same acknowledgment in a prominent location during the project.
- e. A final report must be submitted to the Grants Office within thirty (30) days following the project's assigned end date. The report describes all project activities and outlines the project expenditures of both grant funds and the applicant's match.
- f. The grantee agrees to hold harmless the Minnesota Historical Society and the State of Minnesota for any action, complaint, discriminatory proceedings, or litigation of any kind whatsoever, in conjunction with the funded project. The liability of the State Entity and the Commissioner of MMB is governed by the provisions contained in Minn. Stat. § 3.736, as it may be amended, modified, or replaced from time to time. The liability of the State Entity and the Commissioner of MMB is governed by the provisions contained in Minn. Stat. § 3.736, as it may be amended, modified, or replaced from time to time. The grantee further agrees to conform to Minnesota Statutes' provisions, Section 181.59, which prohibits discrimination in hiring and contracting of labor by reason of race, creed, or color.
- g. The grantee agrees to record in the official real estate records maintained by the county or counties in which the property is located a declaration or other appropriate instrument of state bond assistance in the form attached as Exhibit 1 of [Appendix B](#) per the *Commissioner's Order* dated July 30, 2012 (copy of the complete order is included in [Appendix B](#)).
- h. The grantee agrees to sign a Letter of Agreement Governing Use of Historic Site (see [Appendix F](#)), assuming responsibility to maintain the historic property satisfactorily for a specified number of years.
  - Grants up to \$50,000 require a 5-year letter of agreement.

- Grants of over \$50,001 require a 10-year letter of agreement.

## **PROJECT GUIDELINES AND REVIEW CRITERIA**

### **TYPES OF PROJECTS**

- A. Restoration/Preservation/Rehabilitation Projects
- B. Building Systems and Accessibility

### **PURPOSE**

To restore, rehabilitate, preserve, and/or make accessible buildings, structures, or sites that are significant to national, state, or local history and are open or highly visible to the public. Projects most likely to be funded will stabilize, conserve, and make accessible significant historic properties.

### **FUNDING PRIORITIES**

Priority is often given to projects that involve the stabilization or preservation of significant historical features of properties. In addition, exterior work is generally given priority over interior work unless it is systems or accessibility related.

### **PRESERVATION STANDARDS**

All proposed work must meet the *Secretary of the Interior's Standards for the Treatment of Historic Properties*. The *Standards* are a set of established principles that consider the historic nature and character defining features of buildings/structures when recommending treatments for their preservation. The *Standards* can be found at <https://www.nps.gov/tps/standards/treatment-guidelines-2017.pdf> or downloaded from the National Park Service's website at <http://www.nps.gov/tps/standards.htm>.

### **REVIEW CRITERIA**

The grants cycle is a competitive process. Factors considered by Minnesota Historical Society staff and Grants Review Committee members in evaluating grant applications for projects in either category include the significance of the property or properties involved in their proposed use and the quality of the proposed work. Review criteria are considered per the following factors:

- the significance of the property,
- open or highly visible to the public,
- adherence to the *Secretary of Interior's Standards for the Treatment of Historic Properties*,
- project readiness (including whether the match is secured),
- demonstrated ability of the applicant to complete the project and a plan to fund the program(s) intended for the facility,
- the quality and completeness of the application, and
- the public benefit. In evaluating the public benefit of a project, accessibility and compliance with the Americans with Disabilities Act are given special consideration.

### **A. RESTORATION/PRESERVATION/REHABILITATION PROJECTS**

Plans for restoration, preservation, and rehabilitation projects must follow guidelines outlined in *The Secretary of the Interior's Standards for the Treatment of Historic Properties* - <https://www.nps.gov/tps/standards/treatment-guidelines-2017.pdf>. In general, the *Standards* dictate that the historic character of a property should be retained and preserved whenever possible. Deteriorated historic features should be repaired rather than replaced. Where the severity of deterioration requires replacement of a distinctive feature, the new feature should match the old in design, color, texture, and, where possible, materials.

Typical projects in the restoration/preservation/rehabilitation projects category:

- Roof replacement
- Masonry restoration/repair, including repointing
- Window restoration or replacement – Note: Windows should only be replaced if they cannot be repaired. Complete photo documentation of the window deterioration must be submitted if a complete replacement is being proposed. Energy efficiency alone is not grounds for window replacement.
- Foundation and step repair/restoration
- Soffit, siding, and fascia repair
- Porch restoration
- Mural/decorative painting restoration

It is strongly recommended that a Conditions Assessment or Historic Structures Report (HSR.) be completed before applying for restoration, preservation, and rehabilitation funds. A Conditions Assessment examines the various mechanisms that affect the structural and material conditions of the building. For more information, contact the Grants Office. An HSR is used to analyze a historic property, establish preservation objectives for the property, and schedule their accomplishment. Information on HSRs can be found on the following website: <http://www.nps.gov/tps/how-to-preserve/briefs/43-historic-structure-reports.htm>.

## **B. BUILDING SYSTEMS AND ACCESSIBILITY**

Building systems projects include devices to regulate and control temperature and humidity; devices designed to detect and provide notification in case of emergencies, such as fire or unauthorized entrance to a building; replacement of heating/cooling systems; and the upgrading to code and/or replacement of electrical or plumbing systems. For building systems projects to be eligible for a capital project grant, the useful life of the devices or systems must exceed twenty (20) years. Other eligible projects include those that improve access to comply with the Americans with Disabilities Act through the appropriate addition/installation of properly sized and equipped restrooms, ramps, elevators, and/or lifts. The impact of the system replacement/upgrade or the addition/installation of accessible equipment on the building's historic fabric must be minimal.

Typical projects in the building systems and accessibility projects category:

- Replacement of a building's heating, ventilation, and air conditioning system
- Updating a building's electrical and/or plumbing system
- Installation of a security or fire protection system
- Installation of an elevator or lift
- Installation of a handicapped-accessible ramp
- Installation of the handicapped accessible restroom(s)

## PRE-APPLICATION AND APPLICATION INFORMATION

Applicants access the grant system through a grantee portal (<https://mnhs.fluxx.io>). The portal provides access to everything you'll need in administering a grant from the Minnesota Historical Society, from the pre-application stage through reporting on the completion of a project. Here you will be able to track where an application is in the review process and have access to information about previous grants you have received. The portal allows you to save your work on an application and come back to finish it later.

Before you start to complete the application, familiarize yourself with the Project Guidelines' information on pages 6-7 and the following instructions. Consultation with the Grants Office is strongly encouraged before submitting the pre-application.

### USING THE GRANTEE PORTAL:

1. Previous applicants will already be in the system but will need to log-on to register to access it for the first time.
2. New applicants need to request an account.

### REQUESTING AN ACCOUNT

To submit a grant application, you must request an account by providing the organization's necessary information. If the organization already has an account, disregard this step.

- **Your Name:** Provide your name.
- **Applicant Organization Name:** Provide the name of the organization submitting a grant proposal project.
- **Federal Employer Identification Number:** Provide the federal employer identification (FEI) number of the applicant organization.
- **Email:** Provide a contact email address, not a generic organizational email. This email will become the username of your login.
- **Phone:** Provide a daytime phone number.
- **Mailing address: city, state, country, and postal code:** Provide the address of the applicant organization. Be sure that this address has a mail receptacle so the US Postal Service can safely deliver grant award information and payments.
- **Project title and Project summary:** Provide a little background on the project. This form is not the application, but it helps determine if this is the correct funding source for your project. Your summary should be no longer than a few sentences and should describe the project, not the organization.
- **Amount Requested:** Again, this is not the actual application, so the numbers do not have to be set in stone. However, give an estimate of the amount of funding sought.

## ACCESSING THE GRANT APPLICATION

Applicants access the grant system through the grants portal (<https://mnhs.fluxx.io>). Here applicants track where an application is in the review process and access information about previous grants. The portal allows applicants to save work on an application and come back to finish it later. The portal provides access to everything needed in administering a grant from the Minnesota Historical Society, from the pre-application stage through reporting on the completion of a project.

### LOGGING IN AND COMPLETING GRANT APPLICATION

Grant Portal User Guide

[https://www.mnhs.org/sites/default/files/preservation/grants/mnhs\\_grants\\_portal\\_user\\_guide.pdf](https://www.mnhs.org/sites/default/files/preservation/grants/mnhs_grants_portal_user_guide.pdf)

To start a new application, click on the APPLY FOR A STATE CAPITAL in the Information section. Then click on the green "Apply for a State Capital" at the top of the page. A new application will appear.

Save your work often to avoid losing it. If you click the 'Save' button and receive an error message,



you must correct the error(s) and re-save your work. For example, applicants often make the error of leaving a required field blank. To avoid this error, make sure that the fields in bold marked with an \* (Mailing Address, Project Title, Project Summary, and Amount Requested) are populated before saving your application for the first time. If you get an error message at the top of the page after you hit the save button, scroll down the page to find the blank field. The field will be highlighted in red.

If you do not correct the errors, the portal will not save your application. There is no way to retrieve an application if it was not saved properly or if it is deleted.

### **STEP BY STEP APPLICATION INSTRUCTIONS**

These instructions follow the order in which questions will appear on your screen in the Grants Portal.

#### **Applicant Information**

- **Applicant:** The organization name you entered in your original account request will automatically populate the Applicant field.
- **Mailing Address:** If your organization has multiple locations, you can select the site from a drop-down menu. Otherwise, the mailing address will be the one you entered on your account request form. The address will be abbreviated as 'headquarters' on the application. This field is one of the four required. It needs to be populated to save the application for the first time.
- **Project Director:** Select the person who has primary responsibility for the project and work with the Grants Office throughout the project's duration. If that person's name does not appear in the list, contact the Grants Office with the person's full contact information.
- **Authorized Officer:** Select the name of the individual authorized by the organization to conduct its business. If that person's name does not appear in the list, contact the Grants Office with the person's full contact information.
- **Applicant County:** Select the applicable county from the drop-down menu.

**Click on the arrow to view the contact information (drop-down):**

**The Organization or Contact Information needs to be updated (check box):**

#### **Project Information**

- **Project Title:** Provide a concise title for the project in the space provided. This is one of the four required fields that need to be populated to save the application for the first time.
- **Brief Project Summary:** Provide a one-line summary description of the project in the space provided. This is one of the four required fields that need to be populated to save the application for the first time.
- **Geographic Focus:** Select all counties that the project will affect or choose 'Statewide' if it includes the entire state. Highlight county desired on the left and select > to move the county name into the right column.

#### **Historic Property Information**

- **Property Name:** Provide the name of the property. If the property is listed in the National Register of Historic Places, please use its historic name. This name may be different from the commonly used one.
- **Address:** Provide the street address of the property, not a post office box
- **City:** in which the property is located
- **Zip:** code in which the property is located
- **County:** in which the property is located
- **Nr Number:** indicate the National Register Reference Number
- **National Register:** Indicate in the appropriate checkbox whether the property is listed in the National Register of Historic Places or if it has been determined eligible for listing in the National Register.

#### **Budget Request Details**

This table is a line-item budget. Line items are individual expense items designated for a specific purchase or service. For example, the payment to a carpenter to install porch spindles would be one line item, as would the purchase of roof shingles. List each line item, indicating in the columns on the right whether it will be charged to the grant amount or one of the applicant match columns. Please round off to the nearest dollar amount. The system will calculate the line and column totals for you as you work

*For each budget item, start by clicking on the Green "+" button at the upper right of the "Budget Line Items" box, then:*

- **Budget Item:** Enter a short but descriptive name.
- **Budget Item Cost to be Paid by Grant:** Enter the item's amount to be charged to the grant award. Enter whole numbers only.
- **Cash Match for Budget Item:** Cash match for the project may be money in the applicant's accounts designated for the project, or it may be funds received from another source at the time the grant application is submitted. Enter whole numbers only. Cash match is optional.
- **Cash Match Source (if applicable):** Provide the name of the source of the cash match. Funds from the State of Minnesota cannot be used as a match.
- **Cash Match Status (if applicable):** Anticipated funds may be listed, but listing them commits the applicant to raise them for the project. Funds listed as anticipated should be relatively secure; keep in mind that one of the review criteria is the applicant's ability to complete and carry out the proposed program.
- **In-Kind Match for Budget Item—Name of Person:** Enter the person's name proving the in-kind time. The in-kind match will primarily include services provided by staff salaries (including fringe benefits) and unpaid volunteers that represent actual work that will occur on the project. They cannot include general administration of the organization, grant administration, or audit costs.
- **In-Kind Match for Budget Item—Hourly Pay Rate: Enter the pay rate of the person providing the in-kind time.** Calculate the value of in-kind services according to the person's training/expertise and the work they provide for the project. If professional, technical, or clerical persons provide services in the area of their training/expertise for the project, calculate the value of their services at their usual hourly rate of pay. However, if the same people provide work outside of their training/expertise, calculate the value of their services at the current state minimum hourly pay rate.
- **In-Kind Match Hours (if applicable):** Enter the number of in-kind hours the person listed above is anticipated to work on the project.
- **In-kind Match Amount (if applicable):** This will calculate automatically based on the rate of pay and hours entered above. Click the "Create budget request" button to save and return to the application.

#### Allocating Match to Appropriate Match Columns

**Cash Match:** This may be money in the applicant's accounts designated for the project. It may be funds that have been received from another source when the grant application is submitted to the Minnesota Historical Society. Funds listed as anticipated should be relatively secure; keep in mind that one of the review criteria is the applicant's ability to complete and carry out the proposed program. Funds from the State of Minnesota **may not** be used as a match.

**IN-KIND MATCH:** In-kind services are specific portions of staff salaries representing work that will occur on the project. They cannot include general administration, grant administration, or audit costs.

**DONATED SERVICES:** Donated services are provided by volunteers who are not paid by the applicant for their work on the project. The value of their services should be calculated based on their training and the work they provide for the project. If professional, technical, or clerical persons provide services **in the area of their training** for the project, calculate the value of their services at their usual hourly rate of pay. However, if the same people provide work outside of their training area, the value of their services must be calculated at the current state minimum hourly rate of pay.

- **How were the above figures determined?** In the space provided below the line-item budget, describe how the line items were determined.

- **Amount Requested:** Enter the amount for which you are applying on the request line. This figure should equal the total grant request shown in your line-item budget. This is one of the four required fields that need to be populated to save the application for the first time.
- **Match Amount Requested:** Enter the match amount on the match amount request line. A match of at least 50% of the project budget is required. This figure should equal the total shown as match in your line-item budget. A match of at least 50% of the project budget is required.

### Application Narratives

- **Brief History and Significance of Property:** Provide a brief history of the property. Explain why the property is historically and/or architecturally significant in the space provided. (Do not attach the National Register nomination form to your application.)
- **Physical Description and Description of Need:** Describe the property and its current physical condition and summarize the need for the work that is being proposed. Include the construction date, type of structure(s), type of construction, and a concise discussion of the project's need.
- **Project Planning and Timetable:** Describe the planning that has been undertaken for the project to date and provide a timetable for completing the work. Note: Projects cannot begin until after the grants are awarded. This narrative describes the work that will be accomplished and the anticipated dates each will be completed. Upload a copy of the HSR or Conditions Assessment (if applicable) to the application.
- **Property Use and Funding:** Describe how the property is currently used and how it will be used after the project is completed. Describe the intended long-term use for the property and the sources of financial resources for its continued preservation. Include a brief discussion of the building's occupants/tenants and the public's use of the building. Applicants must demonstrate ability and a plan to fund the program(s) intended for the property. Discuss how the project fits into the mission and the long-range plan of the applicant.
- **Public Benefit:** Describe how the public will benefit from the project. Be as specific as possible. Accessibility and compliance with the Americans With Disabilities Act are considered when evaluating the public benefit.

### **REQUIRED ATTACHMENTS (REQUIRED TO BE UPLOADED TO THE REQUEST DOCUMENTS SECTION OF THE APPLICATION)**

#### ***Scope of Work Form (See [Appendix D](#))***

A *Scope of Work Form* (SOW) must be included with both the pre-application and final application. The Scope of Work Form is used to determine whether the proposed work meets the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, a grant program requirement.

The SOW can be found on the first screen in the portal

([https://www.mnhs.org/sites/default/files/preservation/legacy-grants/apply/feb2019\\_sowform\\_fillable\\_final.pdf](https://www.mnhs.org/sites/default/files/preservation/legacy-grants/apply/feb2019_sowform_fillable_final.pdf)). This is an interactive form that can be viewed, completed,

and saved using Adobe Acrobat Reader, a program found on most computers. Be sure to download the form and save it to your computer before filling it out. Once you have completed the form, you will need to upload it to the Request Documents section of the application.

### **Photographs**

Provide a sufficient number of photographs to show the entire historic property from several perspectives and its surroundings. Include photographs of the parts of the building for which funds are being requested. Photos should be numbered and referenced in the scope of work items. They should be consolidated in a single file, an MS Word or PDF file, which contain all the photos. You should also include a photo key to orientate reviewers to the building. The photos are to be uploaded with the application to the Request Documents section of the application.

## APPLICATION REVIEW PROCESS

### **PRE-APPLICATION REQUIREMENTS:**

A pre-application is a required draft application and should include:

1. *Scope of Work Form* including referenced materials such as construction documents, including specifications, plans, conditions assessments, or other evaluations/reports. The Scope of Work Form is found in the forms section of the grantee portal. It must be completed and uploaded with the application.
2. Plans of proposed work, which illustrates what historic fabric is affected by the project and an all-encompassing description of the proposed construction work.
3. Current photographs of the building. Photos must be uploaded with the application in the grantee portal. Photocopies of photographs from a report or publication are acceptable if taken within the last two years and are an accurate representation of the building's current condition.
4. Property eligibility letter (if applicable) from State Historic Preservation Office (SHPO)

When the pre-application with uploaded attachments is completed, click on the "submit" button. Once submitted, you will not be able to make further changes.

After the pre-application is submitted, it is reviewed by the Grants Office staff. Our comments that provide feedback on making your application as competitive as possible and meeting the grant requirements are sent to you 2 to 3 weeks after the application due date.

### **FINAL APPLICATION REQUIREMENTS:**

The final application request must include:

1. A completed online application.
2. A revised *Scope of Work Form* including referenced materials such as construction documents, including specifications, plans, conditions assessments, or other evaluations/reports. The Scope of Work Form is found in the forms section of the grantee portal. It must be completed and uploaded with the application.
3. Plans of proposed work, which illustrates what historic fabric is affected by the project and an all-encompassing description of the proposed construction work.
4. Additional photographs, if applicable. The photographs submitted with the pre-application will remain with your final application. Only upload additional photographs if necessary.
5. Property eligibility letter (if applicable) from State Historic Preservation Office (SHPO)

After you have finished revising your application, recheck it to make sure it is complete. When the final application with the required attachments is completed, click on the "submit" button to submit for review. Once submitted, you will not be able to make further changes.

The Grants Office staff reviews the grant application. The application with our comments is sent to the Grants Review Committee for their review. They will meet to make funding recommendations to the MNHS Executive Council. After the final decision is made by MNHS Executive Council, the Grants Office will notify all applicants of the decision.

## State Bond Proceeds Law

(This information can be found at the State of Minnesota website at: <https://www.revisor.mn.gov/statutes/cite/16A.695>)

### 2020 Minnesota Statutes

#### 16A.695 STATE BOND FINANCED PROPERTY.

Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this section.

(b) "State bond financed property" means property acquired or bettered in whole or in part with the proceeds of state general obligation bonds authorized to be issued under article XI, section 5, clause (a), of the Minnesota Constitution.

(c) "Public officer or agency" means a state officer or agency, the University of Minnesota, the Minnesota Historical Society, and any county, home rule charter or statutory city, school district, special purpose district, or other public entity, or any officer or employee thereof.

(d) "Fair market value" means, with respect to the sale of state bond financed property, the price that would be paid by a willing and qualified buyer to a willing and qualified seller as determined by an appraisal of the property, or the price bid by a purchaser under a public bid procedure after reasonable public notice.

(e) "Outstanding state bonds" means the dollar amount certified by the commissioner, upon the request of a public officer or agency, to be the principal amount of state bonds, including any refunding bonds, issued with respect to the state bond financed property, less the principal amount of state bonds paid or defeased before the date of the request.

Subd. 2. Leases and management contracts. (a) A public officer or agency that is authorized by law to lease or enter into a management contract with respect to state bond financed property shall comply with this subdivision. A reference to a lease or management contract in this subdivision includes any amendments, modifications, or alterations to the referenced lease or management contract and refers to the lease wherein the public officer or agency is the lessor of the state bond financed property and the other contracting party is the lessee.

(b) The lease or management contract may be entered into for the express purpose of carrying out a governmental program established or authorized by law and established by official action of the contracting public officer or agency, in accordance with orders of the commissioner intended to ensure the legality and tax-exempt status of bonds issued to finance the property, and with the approval of the commissioner. A lease or management contract must be for a term substantially less than the useful life of the property, but may allow renewal beyond that term upon a determination by the lessor that the lessee has demonstrated that the use continues to carry out the governmental program. If the lessor and lessee do not renew the lease or management contract and if the lessee has contributed to the land and the capital improvements on the state bond financed property, the lessor may agree to reimburse the lessee for its investment in the land and capital improvements. The reimbursement may be paid, at the option of the lessor and lessee, at the time of nonrenewal without a requirement for a prior escrow of funds or at a later date and on additional terms agreed to by the lessor and the lessee. A lease or management contract must be terminable by the contracting public officer or agency if the other contracting party defaults under the contract or if the governmental program is terminated or changed, and must provide for program oversight by the contracting public officer or agency. The expiration or termination of a lease or management agreement does not require that the state bond proceeds be repaid or that the property be sold, so long as the property continues to be operated by, or on behalf of, the public officer or agency for the intended governmental program. Money received by the public officer or agency under the lease or management contract that is not needed to pay and not authorized to be used to pay operating costs of the property, or to pay the principal, interest, redemption premiums, and other expenses when due on debt related to the property other than state bonds, must be:

(1) paid to the commissioner in the same proportion as the state bond financing is to the total public debt financing for the property, excluding debt issued by a unit of government for which it has no financial liability;

(2) deposited in the state bond fund; and

(3) used to pay or redeem or defease bonds issued to finance the property in accordance with the commissioner's order authorizing their issuance.

The money paid to the commissioner is appropriated for this purpose.

(c) With the approval of the commissioner, a lease or management contract between a city and a nonprofit corporation under section 471.191, subdivision 1, need not require the lessee to pay rentals sufficient to pay the principal, interest, redemption premiums, and other expenses when due with respect to state bonds issued to acquire and better the facilities.

Subd. 3. Sale of property. A public officer or agency shall not sell any state bond financed property unless the public officer or agency determines by official action that the property is no longer usable or needed by the public officer or agency to carry out the governmental program for which it was acquired or constructed, the sale is made as authorized by law, the sale is made for fair market value, and the sale is approved by the commissioner. If any state bonds issued to purchase or better the state bond financed property that is sold remain outstanding on the date of sale, the net proceeds of sale must be applied as follows:

(1) if the state bond financed property was acquired and bettered solely with state bond proceeds, the net proceeds of sale must be paid to the commissioner and deposited in the state treasury; or

(2) if the state bond financed property was acquired or bettered partly with state bond proceeds and partly with other money, the net proceeds of sale must be used: first, to pay to the state the amount of state bond proceeds used to acquire or better the property; second, to pay in full any outstanding public or private debt incurred to acquire or better the property; third, to pay interested public and private entities, other than any public officer or agency or any private lender already paid in full, the amount of money contributed to the acquisition or betterment of the property; and fourth, any excess over the amount needed for those purposes must be divided in proportion to the shares contributed to the acquisition or betterment of the property and paid to the interested public and private entities, other than any private lender already paid in full, and the proceeds are appropriated for this purpose. In calculating the share contributed by each entity, the amount to be attributed to the owner of the property shall be the fair market value of the property that was bettered by state bond proceeds at the time the betterment began.

When all of the net proceeds of sale have been applied as provided in this subdivision, this section no longer applies to the property.

Subd. 3a. Involuntary sale of property. Notwithstanding subdivision 3, this subdivision applies to the sale of state bond financed property by a lender that has provided money to acquire or better the property. Purchase by the lender in a foreclosure sale, acceptance of a deed in lieu of foreclosure, or enforcement of a security interest in personal property, by the lender, is not a sale. Following purchase by the lender, the lender shall not operate the property in a manner inconsistent with the governmental program established as provided in subdivision 2, paragraph (b). The lender shall exercise its best efforts to sell the property to a third party as soon as feasible following acquisition of marketable title to the property by the lender. A sale by the lender must be made as authorized by law and must be made for fair market value.

Subd. 4. Relation to other laws. This section applies to all state bond financed property unless otherwise provided by law.

Subd. 5. Program funding. Recipients of grants from money appropriated from the bond proceeds fund must demonstrate to the commissioner of the agency making the grant that the recipient has the ability and a plan to fund the program intended for the facility. A private nonprofit organization that leases or manages a facility acquired or bettered with grant money appropriated from the bond proceeds fund must demonstrate to the commissioner of the agency making the grant that the organization has the ability and a plan to fund the program intended for the facility.

Subd. 6. Match requirements. Recipients of grants from money appropriated from the bond proceeds fund may be required to demonstrate a commitment of money from nonstate sources. This matching money may be pledged payments that have been deposited into a segregated account or multi-year pledges that are converted into cash or cash equivalent through a loan or irrevocable letter of credit from a financial institution. The loan or irrevocable letter of credit may be secured by a lien on the state bond financed property.

Subd. 7. Ground lease for state bond financed property. A public officer or agency, as lessee, may lease real property and improvements that are to be acquired or improved with state bond proceeds. The lease must be for a term equal to or longer than 125 percent of the useful life of the property. The expiration of the lease upon the end of its term does not require that the state be repaid or that the property be sold and upon the expiration the real property and improvements are no longer state bond financed property.

§Subd. 8. General applicability. (a) This section establishes requirements for the receipt and use of general obligation grants and the ownership and operation of state bond-financed property. General obligation grants may only be issued and used to finance the acquisition and betterment of public lands and buildings and other public improvements of a capital nature that are used to operate a governmental program, and for predesign and design activities for specifically identified projects that involve the operation of a governmental program or activity. A general obligation grant may not be used for general operating expenses, staffing, or general master planning. A public officer or agency that is the recipient of a general obligation grant must comply with this section in its use of the general obligation grant and operation, management, lease, and sale of state bond-financed property. A public officer or agency that uses the proceeds of a general obligation grant for any unauthorized purpose or in violation of this section must immediately repay the outstanding balance of the grant to the commissioner, and a failure to comply authorizes the commissioner to recover the outstanding balance as a setoff against any state aid provided to the public officer or agency.

(b) This section does not create any new authority regarding the ownership, construction, rehabilitation, use, operation, lease management, or sale of state bond-financed property, or the operation of the governmental program that will be operated on the property. Any authority that is needed to enter into a management contract or lease of property, to sell property, or to operate a governmental program or carry out any activity contained in the law that appropriates money for a general obligation grant must be provided by as contained in some other law.

Subd. 9. Grant agreement. All general obligation grants must be evidenced by a grant agreement that specifies:

(1) how the general obligation grant will be used;

(2) the governmental program that will be operated on the state bond-financed property; and

(3) that the state bond-financed property must be operated in compliance with this section, all state and federal laws, and in a manner that will not cause the interest on the state general obligation bonds to be or become subject to federal income taxation for any reason. A grant agreement must comply with this section, the Minnesota Constitution, and all commissioner's orders, and also contain other provisions the commissioner of the agency making the grant deems appropriate. The commissioner shall draft and make available forms for grant agreements that satisfy the requirements of this subdivision.

History: 1994 c 643 s 36; 1Sp1995 c 2 art 1 s 19-22; 1996 c 463 s 32; 2004 c 278 s 1; 2007 c 148 art 2 s 14-19

Official Publication of the State of Minnesota

Revisor of Statutes

## Fourth Order Amending Order of Commissioner of Finance Relating to Use and Sale of State Bond Financed Property

**IT IS HEREBY ORDERED** by the Commissioner of Minnesota Management and Budget of the State of Minnesota (f/k/a Commissioner of Finance of the State of Minnesota) that the Commissioner's Order entitled "Order of Commissioner of Finance Relating to Use and Sale of State Bond Financed Property" dated July 14, 1994, as subsequently amended by the Commissioner's Orders entitled "Order Amending Order of Commissioner of Finance Relating to Use and Sale of State Bond Financed Property" dated July 20, 1995, "Second Order Amending Order of Commissioner of Finance Relating to Use and Sale of State Bond Financed Property" dated March 9, 2010 and "Third Order Amending Order of Commissioner of Finance Relating to Use and Sale of State Bond Financed Property" dated August 26, 2010 be further amended to read as follows:

### Section 1. **Authorization and Purpose.**

1.01. **Authorization.** This order is adopted pursuant to the Act for the purpose of establishing requirements to be complied with by Public Officers and Agencies regarding GO Grants and relating to the use or sale of State Bond Financed Property.

1.02. **Purpose.** The purpose of this order is to ensure that the proceeds of State General Obligation Bonds are used solely for the purposes delineated in the corresponding Bonding Legislation, and that the interest to be paid on such bonds is and will continue to be (whenever possible) exempt from federal income taxation. Essentially, State General Obligation Bonds can be issued only to finance the acquisition and betterment of publicly owned land, buildings or betterments to be used to conduct governmental programs of the state and its instrumentalities and political subdivisions. Where State General Obligation Bonds are to be issued to finance property that is to be leased, managed, operated or otherwise used by a Non-Public Party, or where State Bond Financed Property is to be sold to a Non-Public Party, questions may arise as to the legality and tax-exempt status of the State General Obligation Bonds. Accordingly, the requirements set forth herein are to be complied with by a Public Officer or Agency as to any GO Grant it receives, its operation of any State Bond Financed Property, its entering into lease, management or other similar contracts relating to the use of State Bond Financed Property, and in its sale of State Bond Financed Property in order to ensure the legality and tax-exempt status of the State General Obligation Bonds.

Section 2. **Definitions.** For purposes of this order the terms defined in this Section shall have the meanings given to them in this Section.

2.01. "**Act**" means Minnesota Statutes, Section 16A.695, as it may be amended, modified or restated.

2.02. "**Bonding Legislation**" means the legislation that authorizes the issuance of the State General Obligation Bonds and the making of the GO Grant, or creates a program under which a GO Grant is made.

2.03. "**Code**" means the Internal Revenue Code of 1986, as amended, and all treasury regulations, revenue procedures and revenue rulings issued pursuant thereto.

2.04. "**Commissioner**" means the Commissioner of Minnesota Management and Budget, or his or her designated representative.

2.05. "**Counterparty**" means any entity with which a Public Officer or Agency contracts under a Use Contract.

2.06. "**Fair Market Value**" means the price that would be paid by a willing and qualified buyer to a willing and qualified seller as determined by an appraisal of the property that assumes that all liens and encumbrances on the property being sold that negatively affect the value of such property will be paid and released, or the bid price by a purchaser under a public bid procedure after reasonable public notice that assumes that all liens and encumbrances on the property being sold that negatively affect the value of such property will be paid and released.



2.07. "**GO Grant**" means a grant, loan or appropriation funded with the proceeds of State General Obligation Bonds.

2.08. "**Non-Public Party**" means a private person or entity.

2.09. "**Order**" means this Fourth Order Amending Order of Commissioner of Finance Relating to Use and Sale of State Bond Financed Property.

2.10. "**Public Officer or Agency**" means an entity specifically identified in the Bonding Legislation or selected through a program administered by the state as the recipient of the GO Grant, which must be a state officer or agency, the University of Minnesota, the Minnesota Historical Society, and any county, home rule charter or statutory city, school district, special purpose district, or any other public entity, or any 4 of 12 officer or employee thereof. It does not include the United States or any agency or instrumentality of the United States.

2.11. "**State**" means the State of Minnesota.

2.12. "**State Bond Financed Property**" means ownership of an interest, as described in Section 3.03, in property acquired or bettered in whole or in part with the proceeds of State General Obligation Bonds.

2.13. "**State General Obligation Bonds**" mean general obligation bonds of the state that are authorized by the legislature to be issued under Article XI, Section 5, clause (a) of the Minnesota Constitution, or any bonds issued to refund those bonds, the proceeds of which are used to fund a GO Grant.

2.14. "**Use Contract**" means a lease, management contract or other similar contract relating to State Bond Financed Property, between a Public Officer or Agency that owns or has jurisdiction over the property and another entity as a Counterparty under such lease, management contract or other similar contract.

Section 3. **Application.** This order shall apply only as provided in this Section, and the provisions of Sections 4 through 7 are subject to the provisions of this Section.

3.01. **In General.** This order applies to transactions involving State Bond Financed Property, regardless of when acquired or bettered, unless otherwise provided by law, or unless such application would impair a contract entered into pursuant to law, which contract was in effect on May 17, 1994.

3.02. **Operation of the State Bond Financed Property.** State Bond Financed Property must be operated by the Public Officer or Agency for the governmental program or purpose for which the GO Grant is made. If a Public Officer or Agency has specific statutory authority, then it may contract with another entity to have such entity operate the required governmental program in the State Bond Financed Property.

3.03. **Ownership Interest.** A Public Officer or Agency that is the recipient of a GO Grant must have a qualifying ownership interest in the State Bond Financed Property, which may be in the form of fee ownership, or a lessee's or grantee's interest in a qualifying long term lease or easement. A qualifying long term lease or easement must (i) create the functional equivalency of fee ownership for the length of its term, and (ii) be for a term that is equal to or greater than 125% of the useful life of the property that is the subject thereof, or such other period of time specifically authorized by a Minnesota statute, rule or session law. The Public Officer or Agency must be the lessee or grantee under the qualifying long-term lease or easement.

3.04. **Term.** State Bond Financed Property shall be subject to the Act and this order for a time period equal to 125% of the useful life of the State Bond Financed Property or until such property is sold in accordance with Section 5, and thereafter such property shall no longer be State Bond Financed Property.

Section 4. **Requirements for Use Contracts.**

4.01. **Statutory Authorization.**

(a) A Use Contract can be entered into only where authorized by state law other than the Act; the Act itself does not authorize, but only regulates, such contracts.

(b) A Use Contract must comply with the substantive and procedural provisions of the state law authorizing it, the Act, and the requirements of this order.

**4.02. Requirements for Use Contracts.** Use Contracts must fully comply with all of the following requirements.

(a) A Use Contract must be entered into for the express purpose of carrying out a governmental program established by law or authorized by law and established by official action of the contracting Public Officer or Agency. The governmental program, its purpose, and the statutory authority for the governmental program must be specifically set forth in the Use Contract.

(b) The term of a Use Contract, including all renewal terms that are solely at the option of the Counterparty, shall be substantially less than the useful life of the property to which it relates. Ordinarily a Use Contract term not exceeding 50% of the useful life of the property to which it relates will be considered to be for a period substantially less than the useful life of such property. Use Contracts with a longer term must be approved in writing by the Commissioner. A Use Contract may allow renewal beyond the end of the original (or any previous renewal) term during the last six (6) months of an existing term, upon determination by the Public Officer or Agency by official action that such renewal is necessary or desirable to continue to carry out the governmental program to be operated under the Use Contract and that the Public Officer or Agency wants the Counterparty to continue in the Use Contract. Under extraordinary circumstances the Commissioner may, at his or her sole option and discretion, authorize a renewal prior to the last six (6) months of an existing term upon compliance with all other requirements.

(c) A Use Contract must provide for program oversight by the Public Officer or Agency. This requirement will be deemed to have been satisfied if the Use Contract requires the Counterparty to provide to the Public Officer or Agency an initial program implementation plan and, at least annually, a program evaluation report and a program budget showing program revenues and expenses.

(d) A Use Contract must allow for termination by the Public Officer or Agency in the event of default by the Counterparty or in the event the governmental program is terminated or changed, and may provide for notice of default for a specified period which is reasonable under the circumstances prior to termination.

(e) A Use Contract must require the Counterparty to pay all costs of operation and maintenance of the property to which it relates, unless the Public Officer or Agency is authorized and agrees to pay such costs pursuant to state law. A Use Contract need not require the Counterparty to pay to the Public Officer or Agency any compensation for use of the property to which it relates unless required by a state law other than the Act or by the Commissioner.

(f) A percentage of all moneys received by a Public Officer or Agency pursuant to a Use Contract in excess of the amount needed and authorized to be used to pay operating costs of the property to which it relates, or to pay the principal, interest, redemption premiums, and other expenses when due on debt related to such property other than State General Obligation Bonds, must be paid to the Commissioner by the Public Officer or Agency. Such percentage shall be determined by the Commissioner and, absent circumstances which would indicate a different method, will be determined by dividing the total principal amount of all GO Grants issued with respect to such property by the total principal amount of all public debt financing incurred with respect to such property by the Public Officer or Agency (other than debt issued by the Public Officer or Agency for which it has no financial liability), without regard to the amount of GO Grants outstanding at any time.

**4.03. Approval by Commissioner.**

(a) No Public Officer or Agency shall enter into a Use Contract, or the renewal or amendment of an existing Use Contract, without the prior written approval of the Commissioner.

(b) Proposed Use Contracts, renewals and amendments of a Use Contract, and the related information described below, should be submitted to the Commissioner not less than 60 days before their proposed date of execution. Such related information should include, if not evident from the Use Contract: (i) the state law authorizing the Public Officer or Agency to enter into the Use Contract, (ii) the name, address, nature, financial condition, and reason for selection of the Counterparty, (iii) the initial or current program implementation plan and budget (except in cases of leases of excess property), and (iv) other information deemed relevant by the Public Officer or Agency. The Commissioner will endeavor to

provide approvals or comments requiring any changes needed within a reasonable period after receipt of the proposed Use Contract and the related information, but failure to approve or provide comments on a proposed Use Contract shall not constitute approval.

**4.04. Tax Considerations.** The Public Officer or Agency shall, upon direction by the Commissioner, take, and/or require the Counterparty to take, such actions and furnish such documents to the Commissioner as the Commissioner determines to be necessary to ensure that the interest to be paid on the State General Obligation Bonds issued to finance the property to which the Use Contract relates is exempt from federal income taxation. Such actions may include either: (i) compliance with procedures intended to classify the State General Obligation Bonds as a "qualified bond" within the meaning of Section 141(e) of the Code; or (ii) changing the nature and/or terms of the Use Contract so that it complies with the code.

## **Section 5. Guidelines and Procedures for Sale of Bond Financed Property.**

### **5.01. Authorization of Sales.**

(a) State Bond Financed Property can be sold or transferred only where authorized by state law; the Act itself does not authorize, but only regulates, such transactions.

(b) A sale or transfer of State Bond Financed Property must comply with substantive and procedural provisions of the state law authorizing it, the Act, and the requirements of this order.

**5.02. Requirements for Sales.** State Bond Financed Property may only be sold or transferred in accordance with the following provisions.

(a) Except as provided in subparagraphs (b) and (d) of this Section 5.02, no Public Officer or Agency shall sell or transfer any interest in State Bond Financed Property unless the Public Officer or Agency first determines by official action that the property is no longer useable or needed to carry out the governmental program for which it was acquired, constructed, or bettered, and the sale is made for Fair Market Value and approved by the Commissioner.

(b) The acquisition of State Bond Financed Property by a lender in satisfaction of a debt by foreclosure sale, acceptance of a deed in lieu of foreclosure or by enforcement of a security interest is not a sale; however, a subsequent sale by the lender is subject to the Act and this order and must be made as authorized by law and for Fair Market Value. While held by the lender the State Bond Financed Property shall not be operated in a manner inconsistent with the governmental program established with respect to the property. The lender shall exercise its best efforts to sell the State Bond Financed Property to a third party as soon as feasible following acquisition of marketable title to such property.

(c) When all of the net proceeds of sale of any State Bond Financed Property have been applied as provided in Section 5.04, then the Act and this Order will no longer apply to such property, and such property will no longer be considered to be State Bond Financed Property.

(d) State Bond Financed Property may be transferred by a Public Officer or Agency to another public entity for a nominal consideration where authorized by state law, if the transferor Public Officer or Agency determines by official action that the State Bond Financed Property to be transferred is no longer useable or needed to carry out the governmental program for which it was acquired or constructed and the transferee public entity determines by official action that the property is needed or useful for a governmental program of the transferee authorized in such state law, it is willing and able to operate such governmental program on or in such property, the official action is filed with the Commissioner, and the transferee public entity acknowledges and agrees that the operation and sale of the property by the transferee is subject to the provisions of the Act and this order.

(e) The provisions contained in Minnesota Statutes, Section 15.16 shall control over any inconsistent provisions contained in this Section 5.02. So much of the moneys transferred to a state department or agency as a result of the transfer of control of State Bond Financed Property as is necessary to pay and redeem or defease outstanding State General Obligation Bonds issued to finance the acquisition or betterment of the property, shall be transferred to the state bond fund and used for this purpose.

### **5.03. Approval by Commissioner.**

(a) No Public Officer or Agency shall enter into a contract for the sale of State Bond Financed Property or any amendment thereto affecting the sale price without the written approval of the Commissioner.

(b) Proposed sale contracts and amendments, and the related information described below, should be submitted to the Commissioner not less than 60 days before their planned date of execution. Such related information should include, if not evident from the sale contract: (i) a specific reference to the state law that authorizes the sale, (ii) the name, address and nature, if known, of the purchaser, (iii) the proposed method of sale, (iv) the sale price and how it was determined, (v) any appraisal upon which the sale price is based, and (vi) other information deemed relevant by the Public Officer or Agency. The Commissioner will endeavor to provide approvals or comments regarding any needed changes within a reasonable period after receipt of the proposed sale contract and the related information, but failure to approve or provide comments on a proposed sale contract shall not constitute approval.

**5.04. Distribution of Sale Proceeds.** The proceeds of a sale of State Bond Financed Property shall be distributed as follows if any State General Obligation Bonds remain outstanding or if all of the State General Obligation Bonds have been repaid or redeemed:

(a) If the State Bond Financed Property that is sold was acquired or bettered solely with the proceeds of State General Obligation Bonds, then all of the net proceeds of such sale shall be paid to the Commissioner.

(b) If the State Bond Financed Property that is sold was acquired or bettered partly with proceeds of State General Obligation Bonds and partly with other money, then the net proceeds of such sale shall be used: (i) first, to pay to the Commissioner an amount equal to that portion of any GO Grants relating to the State Bond Financed Property that have not already been repaid to the Commissioner; (ii) second, to pay in full any outstanding public or private debt incurred to acquire or better the State Bond Financed Property that was consented to in writing by the Commissioner; (iii) third, to reimburse public and private entities for their interest in the State Bond Financed Property and all betterments made thereto other than betterments paid for with proceeds of debt repaid under subparagraph (b)(ii) of this Section 5.04, and (iv) the remaining portion of such net proceeds shall be divided among and paid to the interested public and private parties, including the state, which provided money for such acquisition or betterment (other than any private lender already paid in full), in proportion to the amounts of money provided by them for such purpose.

## Section 6. **Matching Funds and Full Funding Requirement.**

**6.01. Full Funding of the Project.** Notwithstanding any match requirements imposed by the Bonding Legislation, the Public Officer or Agency must establish to the Commissioner that in addition to the GO Grant it has available, sufficient funds have been committed to fully pay for the project as required by Minn. Stat. Sec. 16A.502.

**6.02. Use of Loans and Letters of Credit.** The proceeds of a loan or a letter of credit may be used to meet any matching or full funding requirement as long as any lien to secure repayment thereof acknowledges the existence of and is subordinate to the Public Officer's or Agency's interest in the State Bond Financed Property and the provisions contained in the grant or loan agreement referred to in Section 7.01.

**6.03. Cost Savings.** If the full amount of the GO Grant and any matching funds imposed by and contained in the Bonding Legislation are not needed, then, unless language in the Bonding Legislation indicates otherwise, the GO Grant shall be reduced by the amount not needed.

## Section 7. **Grant and Loan Agreements; Title Records.**

**7.01. Grant and Loan Agreements.** Every state officer or agency to which proceeds of State General Obligation Bonds are appropriated to fund a GO Grant to a Public Officer or Agency shall enter into a grant or loan agreement with respect to such proceeds whereby the Public Officer or Agency acknowledges that the operation, use, sale and transfer of the State Bond Financed Property are subject to the provisions of the Act and this order, and that such property shall not be used or operated in any manner that would cause the interest on the State General Obligation Bonds to be or become subject to federal income taxation, due to their classification as "private activity bonds" within the meaning of Section 141 of the Code, or as "arbitrage bonds" within the meaning of Section 148 of the Code, or for any other reason.

### **7.02. Title Records.**

(a) Except as provided in subparagraph (b) below, every Public Officer or Agency that expends any portion of a GO Grant to acquire or better real property shall, not later than 30 days after the first such expenditure or as soon thereafter as practical, cause to be recorded in the official real estate title records maintained by the county recorder for the county or counties in which such property is located, a declaration or other appropriate instrument in the form or substantially the same form attached hereto as Exhibit 1.

(b) If all or any portion of a GO Grant will be expended to acquire or better real property within roads, highways or utility or transit corridors, easements or rights of way, and the recording of the declaration otherwise required by subparagraph (a) above against such property would be unduly onerous or impracticable, upon written request by the Public Officer or Agency, the Commissioner may determine that a declaration need not be recorded against the property within such roads, highways or utility or transit corridors, easements or rights of way and instead shall require that the Public Officer or Agency submit a certification acknowledging that the property is bond financed property within the meaning of Minn. Stat. Sec. 16A.695, is subject to the requirements imposed by such statute, and cannot be sold, encumbered or otherwise disposed of without the approval of the Commissioner of Minnesota Management and Budget. The certification may be included in the grant or loan agreement referenced in Section 7.01 and may contain a description or diagram of the real property rather than a legal description. Such certification need not be recorded. Such property shall still be considered to be State Bond Financed Property and is subject to the Act and all other provisions of this order.

(c) Upon request and upon full compliance with the provisions of this order and when appropriate, the Commissioner shall execute and deliver a written release evidencing the release of the subject property from the provisions of the Act and this order.

#### Section 8. **Amendments; Publication; Effective Date.**

8.01. **Amendments.** The Commissioner retains the right to amend this order at any time as necessary to accomplish the purposes of the Act.

8.02. **Publication.** The Commissioner intends to publish this order and any amendments thereto in such manner and at such times as are likely to provide access to its contents by all affected persons, but the order or any amendment shall be effective upon its issuance without regard to its publication.

8.03. **Effective Date.** This order is effective as of its date of execution set forth below.

Executed July 30, 2012

James D. Schowalter  
\_\_\_\_\_  
James D. Schowalter, Commissioner  
Minnesota Management and Budget

**EXHIBIT 1**

**DECLARATION**

The undersigned, as owner of fee title to the real property legally described on Exhibit A, which is attached hereto and made a part hereof ("Property"), hereby declares that title to the property is hereby subject to the following restriction: The property is bond financed property within the meaning of Minnesota Laws 1994, Chapter 643, Section 36, and cannot be sold, mortgaged or otherwise disposed of by the public officer or agency which has jurisdiction over it or owns it without the approval of the Minnesota Commissioner of Finance, which approval must be evidenced by a written statement signed by the Commissioner of Finance and attached to the deed, mortgage or instrument used to sell, mortgage or otherwise dispose of the property.

Title to the Property shall remain subject to this restriction until (i) restriction has been fully complied with as evidenced by a written approval from the Minnesota Commissioner of Finance, or (ii) a written release, releasing the property from the restriction, signed by the Commissioner of Finance, is recorded in the real estate records relating to the property.

Dated:

\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_, the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_ under the laws of \_\_\_\_\_, on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

This Instrument Was Drafted By:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## FINANCIAL REQUIREMENTS, REPORTS, AND RECORDS

### A. Expenditures

1. The project's expenditures must be made following the Approved Project Budget specified by the Minnesota Historical Society in the Grant Agreement.
2. Any project expense not explicitly approved in the budget will **not** be allowed without the Grants Office's advance approval.
3. Work on the project is to be completed within the dates outlined in the Grant Agreement. Work done outside the project period is not eligible for grant assistance. If a time extension becomes necessary, it should be requested at least thirty (30) days before the end of the grant period.
4. A formal notice and bidding process must be conducted for any services and materials necessary to complete the project of \$20,000 and over; an informal, competitively based process that is scoped out in writing and offered to a minimum of 3 bidders must be conducted for any services and materials necessary to complete the project between \$10,000 and \$19,999; an informal, competitively based process to soliciting a minimum of 3 verbal quotes must be conducted for any services and materials necessary to complete the project between \$5,000 and \$9,99; or per [Minn. Stat. §471.345](#), grantees that are municipalities as defined in Subd. 1 must follow the law.
5. Grantees must comply with Minn. Stat. Chap. 177.41-44 regarding prevailing wage rates and contracts and corresponding Rules 5200.1000 to 5200.1120.

### B. Documentation

Within thirty (30) days after the project is completed, the Final Report and Financial documentation, including supporting documents, must be submitted to the Grants Office through the grant portal. It is important to promptly submit the report and documentation because grantees with overdue reports cannot apply for grants until the Grants Office has accepted past due reports.

### C. Records Retention

The grantee must keep project financial records on file for a minimum of six years.

### D. Payment And Reimbursement Procedures

To obtain reimbursement under this agreement, the grantee shall submit a [Request for Reimbursement Form](#) and provide the Society with evidence that the project's portion and its related expenditures for which payment is requested have been satisfactorily completed. The Society will make the final determination whether the expenditures are eligible for reimbursement under this agreement, that the work is in conformance to the **Secretary of the Interior's Standards for the Treatment of Historic Properties**, and verify the total amount requested. Reimbursement requests should be submitted no more than once a month.

The Society shall review and respond to each reimbursement request within thirty (30) days. The response will be approval or explanation of the disapproval, including steps to take to be approved. An approved disbursement request shall be paid within thirty (30) days of the date of the approval unless receipt of the state's funds is unduly delayed without the Society's fault. A total of 20% of the grant funds will be released as the final payment after work is complete and financial documentation, including the matching share, has been reviewed and accepted by the Minnesota Historical Society.

## APPENDIX D Scope of Work Form

An electronic version of the *Scope of Work Form* can be found in the MNHS grants portal ([https://www.mnhs.org/sites/default/files/preservation/legacy-grants/apply/feb2019\\_sowform\\_fillable\\_final.pdf](https://www.mnhs.org/sites/default/files/preservation/legacy-grants/apply/feb2019_sowform_fillable_final.pdf))



Scope of Work Form  
MNHS Grants Office

### MNHS Grants Office Scope of Work Form

The MNHS Grants Office Scope of Work Form must be completed for **all construction projects** involving a historic property and other projects at the discretion of MNHS staff. The form presents a detailed description of proposed construction work for each item and/or architectural feature in a manner that allows MNHS Grants Office staff to review the proposed project in accordance with the Secretary of the Interior's Standards for the Treatment of Historic Properties and National Park Service Preservation Briefs. These documents can be found online at the National Park Service website [here](#) and [here](#).

MNHS Grants Office staff will review the entire project, including any work on the historic property. Include all major work items on the Scope of Work Form, including those that will not be funded by MNHS grant funds.

**\*All Scope of Work Form fields have space limitations. Please be concise with information. All work must be described in the Scope of Work Form.**

Adobe Reader is required to fill out form — [Download Free Copy](#).

### Sample Filled-Out Scope of Work Form Item

PROPERTY NAME: **Anytown's Amazing Building**      DATE: **February 1, 2019**  
 PROPERTY ADDRESS: **123 Main Street, Anytown, Minnesota**

ITEM No: <b>1</b>	<b>FEATURE:</b> 2nd Story Windows <b>CONST. DATE:</b> 1912 & later	<b>FUNDING SOURCE(S):</b> <input checked="" type="checkbox"/> GRANT <input type="checkbox"/> OTHER	<b>BUDGET ITEM No.:</b> <b>9.</b>
<p>DESCRIBE EXISTING FEATURE AND ITS CONDITION</p> <p><b>Windows are wood double hung windows. Windows are painted and in fair condition. Glazing putty is in poor condition, paint is peeling. Small areas of rot on bottom sash and sills of many windows. Two window sills have extensive rot.</b></p> <p>DESCRIBE WORK AND IMPACT ON EXISTING FEATURE</p> <p><b>Windows will be repaired. Old glazing putty and broken panes will be removed. Areas of limited rot will be repaired with epoxy specially formulated for wood repair. Windows will be scraped, sanded and primed and painted. Two sills will require replacement. Replacement material will match existing in size, shape and material. Aluminum storms will be removed, and replaced with new wood storm windows – manufacturer's details are attached.</b></p> <p><b>PHOTOS:</b> 4-6      <b>DRAWING SHEET NO.:</b> 2      <b>ADD'L DOCUMENTATION:</b> Window Specs, Epoxy Specs</p>			
<b>UPDATES AFTER PROJECT IS COMPLETED</b>	<b>Photos: 2-4</b> Three sills required replacement, unlike the two that were mentioned in this number. See Drawing Sheet No. 2.		

\*Instructions on next page.





**Scope of Work Form**  
MNHS Grants Office

<b>FOR OFFICE USE ONLY</b>	
Grantee: _____	
Grant No.: _____	
Attachment: _____	

**PROPERTY NAME:**  
PROPERTY ADDRESS:

**DATE:**  
NRHP LISTING NO.:

ITEM NO.:	FEATURE:	CONST. DATE:	FUNDING SOURCE(S):	<input type="checkbox"/> GRANT <input type="checkbox"/> OTHER	BUDGET ITEM NO.:
DESCRIBE EXISTING FEATURE AND ITS CONDITION					
DESCRIBE WORK AND IMPACT ON EXISTING FEATURE					
PHOTOS:		DRAWING SHEET NO.:		ADD'L DOCUMENTATION:	
UPDATES AFTER PROJECT IS COMPLETED					

ITEM NO.:	FEATURE:	CONST. DATE:	FUNDING SOURCE(S):	<input type="checkbox"/> GRANT <input type="checkbox"/> OTHER	BUDGET ITEM NO.:
DESCRIBE EXISTING FEATURE AND ITS CONDITION					
DESCRIBE WORK AND IMPACT ON EXISTING FEATURE					
PHOTOS:		DRAWING SHEET NO.:		ADD'L DOCUMENTATION:	
UPDATES AFTER PROJECT IS COMPLETED					

ITEM NO.:	FEATURE:	CONST. DATE:	FUNDING SOURCE(S):	<input type="checkbox"/> GRANT <input type="checkbox"/> OTHER	BUDGET ITEM NO.:
DESCRIBE EXISTING FEATURE AND ITS CONDITION					
DESCRIBE WORK AND IMPACT ON EXISTING FEATURE					
PHOTOS:		DRAWING SHEET NO.:		ADD'L DOCUMENTATION:	
UPDATES AFTER PROJECT IS COMPLETED					

## APPENDIX E Total Project Funding

### Total Project Funding

The grantee must document that all project funding has been received or a legally binding commitment is in place. This information must be submitted to and approved by the Minnesota Historical Society and MMB before the grant agreement can be executed.

Grantees will typically be asked to document the total project cost (total capital costs) and identify all funding sources and status if funding is awarded.

Bonding bills, appropriation bills, and other session laws commonly require nonstate matching funds as a condition of receiving a capital appropriation. This is the "matching requirement" Minn. Stat. § 16A.86 requires that at least half of the funding of most local government unit projects (not including school district projects) come from nonstate sources.

Nonstate funding may include federal, local and private funds. Bill language for these appropriations typically specifies that the recipient may not receive capital appropriation until the recipient has a commitment for or receives matching funds to complete project financing.

In many cases, additional financing is needed to complete a project above and beyond the state appropriation plus matching requirements named in the appropriation bill. In these cases, the grantee must demonstrate that *all financing* is in place to complete the project. This is the "full funding requirement" and is addressed in Minn. Stat. §§ 16A.502 and 16A.695, subd. 6.

It is important to note that the full funding requirement applies to a "project" as defined in the appropriation bill. For projects that will be owned, developed, or managed by a political subdivision, nonstate matching funds do not need to be deposited in the state treasury. Instead, the political subdivision must provide documentation that all nonstate funds necessary to complete the project have been secured or are legally committed.

Grantees should understand that pledges, promises, and IOUs **do not qualify** as legally binding commitments. Matching funds must be real and available before costs are incurred.

### Federal Authorizations, Appropriations, and Grant Letters

Federal funds can be documented through line items in approved federal budgets and grant award letters from federal agencies. Federal authorizations are insufficient; they must be accompanied by corresponding budget appropriations and a grant award letter to be considered binding federal commitments.

### Local Government Budgets and Resolutions

Local government funds can take the form of local bonds or can be documented through line items in approved local budgets or resolutions of support from local governing bodies. Although a local governing board's resolution is not a legally binding commitment, the grantee must legally obligate such funds as part of the subsequent grant agreement.

### Private Contributions, Loans, and Letters of Credit

Private pledges that have been deposited into a segregated account can be documented through financial statements and reports. However, multi-year pledges that have not been received do not qualify as a legally binding commitment unless converted into cash or cash equivalent through a loan or irrevocable letter of credit from a third-party financial institution.

All capital funds must produce new or additional value in project assets. Loans or letters of credit supported by operating revenues rather than new contributions are not considered eligible matching funds because they do not improve the project balance sheet. In such cases, increased asset values on the balance sheet are offset by loan payable obligations.

Documentation for in-kind contributions, when permitted by law, must include the contributor's name, a description and the value of the contribution, and the details of how the value of the in-kind contribution or service was determined.

Documentation of total project funding must be provided to the Minnesota Historical Society after the grant is approved for funding. Upon acceptance by MNHS, the information will be forwarded to MMB. Below is an example of a project which demonstrates total project funding and examples of documentation required:

*Name of the Project: Johnstown Community Center*

*Total Project Costs (total capital costs): \$3.5 million*

<b>Funding Sources</b>	<b>Amount</b>	<b>Status</b>
<b>State Funds</b>	\$ 500,000	Authorized in the 2012 bonding bill (Laws of MN 2012, Chapter 492, Article 1, Section 90, subd. 5)
<b>Federal Funds</b>	250,000	Grant award letter dated 6/15/13 from the US Dept. of Housing and Urban Development
<b>Local Funds</b>	1,500,000	Bond referendum approved by voters 8/4/13
	500,000	City Council Budget Resolution #xxx dated 12/31/13
<b>Private Funds</b>	600,000	Received and deposited into city account # xxx-xx
	150,000	Irrevocable letter of credit dated 6/20/13 from Wells Fargo Bank
<b>Total Project Funding</b>	<b>\$ 3,500,000</b>	

Copies of all documents demonstrating the funding sources described above must be provided to the Minnesota Historical Society, which will forward a copy of the information to MMB.

APPENDIX F Letter of Agreement Governing Use of Historic Site

MINNESOTA HISTORICAL SOCIETY  
LETTER OF AGREEMENT GOVERNING USE OF HISTORIC SITE

This agreement is made on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by the APPLICANT'S NAME (hereinafter referred to as the GRANTEE), and in favor of the State of Minnesota acting through the Minnesota Historical Society's Heritage Preservation Office (hereafter referred to as the SOCIETY), for the purpose of preservation of a certain property known as the: NAME OF PROPERTY which is owned by the GRANTEE and is listed in or eligible for listing in the *National Register of Historic Places*.

The property is comprised of grounds, collateral, appurtenances, and improvements and is known as the NAME OF PROPERTY. The property is located at: ADDRESS OF PROPERTY.

In consideration of the sum of GRANT AMOUNT (\$XX,XXX) received through the State Capital Projects Grants-in-Aid Program through the SOCIETY from the State of Minnesota (MNHS Grant Number: XXXXXX), the GRANTEE hereby agrees to the following for a period of five/ten (5/10) years:

1. The GRANTEE agrees to assume the cost of the continued maintenance and repair of said property so as to preserve the architectural, historical, or archaeological integrity.
2. The GRANTEE agrees that no visual or structural alterations will be made to the property without prior written permission of the SOCIETY.
3. The GRANTEE agrees that the SOCIETY, its agents or designees shall have the right to inspect the property at all reasonable times in order to ascertain whether or not the conditions of this agreement are being observed.

This agreement shall be enforceable in specific performance by a court of competent jurisdiction.

MINNESOTA HISTORICAL SOCIETY  
345 Kellogg Boulevard West  
Saint Paul, Minnesota 55102-1906

GRANTEE

\_\_\_\_\_  
*Mary Green-Toussaint*  
*Contract & Purchasing Manager*

\_\_\_\_\_  
*signature – authorized officer*

Date: \_\_\_\_\_

\_\_\_\_\_  
*print name and title*

Date: \_\_\_\_\_