

Bond Recipient Overview - Senate Capital Investment

Deputy Commissioner Kevin McKinnon

Grant Introduction

- DEED and the Minnesota Department of Management and Budget (MMB) each play significant, but different, roles in helping grantees on their bonding projects.
- The Department of Administration's State Architect and other state entities could also have project roles; including providing required approvals.

Pre-Grant Application Information

- DEED works through the **grantee**, not any counterparties, to help implement and manage the project.
- Bond funds can **only** be used for the **specific items** included in the grant appropriation language.
- Grantees may not begin work on the project before receiving permission from DEED. Work done before **enactment** will **not be reimbursable** with grant funds unless the legislation allows it.
- After **project completion**, the use and function of the project cannot change over its useful life without repayment to the state.

Application Materials

- **Pre-Engineering** or architectural cost estimate documents
- Evidence of **property ownership** (if in possession at time of application)
- **Capital Project Checklist**
- **Conflict of Interest** Disclosure
- DEED Provided **Local Government Resolution**
- **Site location** and zoning maps
- Photos (if applicable)

Implementation Requirements

- Project must be **competitively procured** (local bidding follows state standards);
- Project is or would be **properly insured**;
- Use of debarred, suspended, or ineligible contractors is prohibited;
- State **prevailing wage** standards apply;
- **Certificate of Occupancy** or building inspector sign-off (if applicable)

Implementation - Full Project Funding and Predesign

- **MMB** must approve **full project funding** to ensure that all necessary financing is secured and in place.
- Predesign approval is needed from the State Architect - Minnesota Department Administration - for projects with total construction costs of **\$1.5 million or more**.

Implementation - Design Process

- Projects that have received **predesign approval** are required to **submit** the project's design to the **chairs and ranking minority members** of the Senate Finance and Capital Investment Committees and the House Ways and Means and Capital Investment Committees **for approval**.

Implementation - Use/Lease Agreements

- MMB must **approve Use/Lease Agreements** if they apply to the project.
- Required if the project would be operated by an entity (whether public or private) **other** than the public entity receiving the grant.
- May apply if the project would be frequently used by one or more entities.

Grant Contract Agreements

- A fully signed **Grant Contract Agreement** must be in place before any grant Reimbursement Payment Request (RPR) can be submitted, reviewed and considered for payment by DEED.
- Grant funds are **not available** to the Grantee until necessary **contract elements** are **satisfied** (including the Grant Contract Agreement Section “Conditions Precedent to any Advance”).
- Grantee Representatives need to be fully conversant of all elements of the Grant Contract Agreement.

Administrative Costs

- Non-bondable administrative costs are not allowed as an eligible bond expense and are not considered part of the project.
- Grantee staff time is not an allowable expense, nor is labor of municipal crews.

Reporting and Monitoring

- **Annual reports** are required each year and a final report must be submitted when the project is complete. The reports must be completed with DEED provided forms and all funds will not be released until the final report is accepted by DEED.
- All grants will be **monitored** (including for financials and on-site if possible) at least once over their life. Larger dollar grants will be monitored annually.

Questions?