

**STATE OF MINNESOTA**  
**GRANT CONTRACT AGREEMENT: PAGP-23-0005-S-FY24**

This grant contract agreement is between the State of Minnesota, acting through the Department of Employment and Economic Development ("State") and Southwest Initiative Foundation, 15 3rd Ave NW, Hutchinson, MN, 55350 ("Grantee").

**Recitals**

1. Under Minn. Stat. 116J.035 and 2023 Laws of Minnesota Chapter 53, Article 18 the State is empowered to enter into this grant contract agreement.
2. The State is in need of organizations to administer a program to provide grants to small business through the Promise Grant program.
3. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant contract agreement to the satisfaction of the State. Pursuant to [Minn. Stat. §16B.98](#), Subd.1, the Grantee agrees to minimize administrative costs as a condition of this grant contract agreement.

**Grant Contract Agreement**

**1 Term of Grant Contract Agreement**

**1.1 *Effective date:***

July 1, 2023, notwithstanding [Minn. Stat. §16B.98](#), Subd. 5, the grantee submitted and the State approved a work plan and budget whose expenditures can be reimbursed as of the effective date of this grant agreement pursuant to [Minn.Stat. §16B.98](#), Subd. 11. Per [Minn.Stat. §16B.98](#) Subd. 7, no payments will be made to the Grantee until this grant contract agreement is fully executed.

**1.2 *Expiration date:***

June 30, 2027, or until all obligations have been satisfactorily fulfilled, whichever occurs first.

**1.3 *Survival of Terms:***

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

**2 Grantee's Duties**

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

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

The Grantee is awarded funds to develop, coordinate and administer a state-funded program as outlined in Exhibit A to provide working capital grants to eligible businesses under the Promise Grant Program using criteria, forms, applications, and reporting requirements authorized by the Department of Employment and Economic Development. The Grantee will work in coordination with the proposed list of partners outlined in Exhibit C.

- a) Host and publish a web-based application portal to receive applications for no less than 30 days from businesses located in the service areas as described in Exhibit B:
- b) Receive the first round of applicants before June 30, 2024 and receive the second round applications before June 30, 2025.

- c) Collect and examine documents that demonstrate that applicants are eligible to receive the funds. Businesses must meet the following minimum requirements to receive a grant:
  - i. Be a for-profit business or a non-profit organization that nonprofit organizations that earn revenue in ways similar to businesses;
  - ii. Have primary business operations located in the state of Minnesota;
  - iii. Be located in a community that has been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, a loss of population or an aging population, or a lack of regional economic diversification
  - iv. Have a gross annual revenue of \$750,000 or less based on 2021 taxes or, if established after 2021 have revenue of \$750,000 or less based on the most recent completed tax year.
  - v. Meet any other requirements using criteria and forms authorized by the Department of Employment and Economic Development.
- d) Evaluate applicants for prioritization for an award based on the following criteria:
  - i. The applicant business is able to demonstrate that it meets the definition of having experienced financial hardship as defined by the Department of Employment and Economic Development.
  - ii. The applicant business received no more than \$10,000 in financial assistance from the state under:
    - i. Governor's Executive Order No. 20-15;
    - ii. Laws 2020, First Special Session chapter 1, section 4;
    - iii. Laws 2020, Seventh Special Session chapter 2, article 4 or 5; or
    - iv. Laws 2021, First Special Session chapter 10, article 2, section 22.
  - iii. The applicant business is able to demonstrate it meets the definition of any other criteria authorized by the Department of Employment and Economic Development.
- e) Determine award amounts for awarded applications based 2021 tax year gross revenues or the most recent completed tax year gross revenues as follows:
  - i. \$10,000 for businesses with a gross revenue in the prior year of \$100,000 or less;
  - ii. \$25,000 for businesses with a gross revenue in the prior year of more than \$100,000 but no more than \$350,000; and
  - iii. \$50,000 for businesses with a gross revenue in the prior year of more than \$350,000 but no more than \$750,000.
- f) Execute sub grant agreements with awarded applicants in a form acceptable to the State.
- g) Disburse the proceeds of the sub grants to businesses within 20 business days of executing sub grant agreements, no later than June 30, 2025
- h) Provide to the State copies of the sub grant agreements
- i) Periodically provide a report to the State's authorized representative of applicants that were awarded a Promise Grant or were declined to receive a Promise Act Grant

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

- (a) ***Contract Provisions.*** The Grantee must include in any contract and sub-grant, in addition to provisions that define a sound and complete agreement, such provisions that require contractors and sub-grantees to comply with applicable state and federal laws. Along with such provisions, the Grantee must require that contractors performing work covered by this grant be in compliance with all applicable OSHA regulations, especially the federal Hazardous Waste Operations and Emergency Response Standards (29 CFR 1910.120 and 29 CFR 1926.65).
- (b) ***Ineligible Use of Grant Funds.*** The dollars awarded under this grant contract agreement are grant funds and shall only be used by Grantee or awarded by Grantee to third parties as grant funds and cannot take the form of a loan under any circumstance. Grantee shall not use, treat,

or convert the grant funds into an interest bearing loan, a non-interest bearing loan, a deferred loan, a forgivable deferred loan or any other type of loan. Further, Grantee shall include in any contract or sub-grant awarding the grant funds to a third party all the provisions and requirements of this grant contract agreement, including the requirement that these dollars are grant funds only and cannot be used, treated or converted into any type of loan.

- (c) **Job Listing Agreements.** Minn. Stat. § 116L.66, subd.1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives \$200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with MinnesotaWorks.net at [www.minnesotaworks.net](http://www.minnesotaworks.net) as soon as it occurs.
- (d) **Payment of Contractors and Subcontractors.** The Grantee must ensure that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed.

### 3 Time

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

### 4 Consideration and Payment

#### 4.1 Consideration

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

##### (a) Compensation

The Grantee will be paid according to the breakdown of costs contained in Exhibit D, which is attached and incorporated into this grant contract agreement.

##### (b) Travel Expenses

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

##### (c) Total Obligation

The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract agreement will not exceed \$2,500,000.00.

#### 4.2 Payment

##### (a) Invoices

The State will promptly pay the Grantee after the Grantee presents an itemized invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services. Invoices must be accompanied by supporting documentation and correspond to the line items in the approved grant contract agreement budget (e.g., personnel costs, indirect costs, and equipment costs) included here as Exhibit D. Invoices must be submitted timely and according to the following schedule: monthly or quarterly.

**(b) Unexpended Funds**

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

**(c) Limits to Reimbursement**

The State **shall not reimburse** Grantee for payments or liabilities to the Unemployment Compensation Fund incurred as a reimbursing employer after termination of Grantee's participation in programs for any liability accrued thereunder before or after the effective date of this grant contract agreement.

**4.3 Contracting and Bidding Requirements**

**(a)** For purposes of Section 4.3, services/and or materials means all contracted labor, goods or services the Grantee requires to complete their obligations under this Agreement.

**(b)** Any services and/or materials that are expected to cost \$100,000 or more must undergo a formal notice and bidding process.

**(c)** Services and/or materials that are expected to cost between \$25,000 and \$99,999 must be competitively awarded based on a minimum of three (3) verbal quotes or bids.

**(d)** Services and/or materials that are expected to cost between \$10,000 and \$24,999 must be competitively awarded based on a minimum of three (2) verbal quotes or bids or awarded to a targeted vendor.

**(e)** The grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through these entities are used when possible:

- a. [State Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List](#)
- b. Metropolitan Council Underutilized Business Program: [MCUB: Metropolitan Council Underutilized Business Program](#)

**(f)** Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: [Central Certification Program](#). The grantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

**(g)** The grantee must maintain support documentation of the purchasing or bidding process used to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.

**(h)** Notwithstanding (a) - (e) above, the State may waive bidding process requirements when it is determined there is only one legitimate or practical source for such materials or services and that grantee has established a fair and reasonable price.

**(i)** For projects that include construction work of \$25,000 or more, prevailing wage rules apply per [Minn. Stat. §§177.41](#) through [177.44](#). Consequently, the bid request must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should

be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

- (j) The grantee must not contract with vendors who are suspended or debarred in MN: <https://mn.gov/admin/osp/government/suspended-debarred/>

## 5 Reporting Requirements

- (a) Expenditure and program income including any profit earned must be reported on an accrual basis.
- (b) Progress Reports will be submitted quarterly and include reporting on outcomes.
- (c) Financial Reports will be submitted monthly or quarterly.
- (d) Information will be provided as may be deemed necessary to complete the Annual Report to the U.S. Department of Labor as described in the Workforce Innovation and Opportunity Act, Section 136(d) (1), (2).
- (e) Special reports will be provided as requested.
- (f) Grantee shall also make such reports to the Secretary of Labor, the Comptroller General of the United States, and others as applicable.

## 6 Conditions of Payment

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

## 7 Monitoring and Corrective Action

Grantee agrees to permit monitoring by the State to determine grant contract agreement performance and compliance with grant contract agreement provisions. Grantee further agrees to cooperate with the State in performing and completing such monitoring activities and Grantee agrees to implement and comply with such remedial action as is proposed by the State. Grantee must provide any financial records, timesheets or other supporting documentation, upon the request of the State.

## 8 Authorized Representative

The State's Authorized Representative is Brandon Toner, Director, 180 E. 5th St., Saint Paul, MN, 55101, 651-259-7040, [brandon.toner@state.mn.us](mailto:brandon.toner@state.mn.us), or his/her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative is Scott Marquardt, President, 15 3rd Ave NW, Hutchinson, MN, 55350, 320-583-4629, [scottm@swifoundation.org](mailto:scottm@swifoundation.org). If the Grantee's Authorized Representative changes at any time during this grant contract agreement, the Grantee must immediately notify the State.

## 9 Assignment, Amendments, Waiver and Grant Contract Agreement Complete

### 9.1 *Assignment*

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

## 9.2 **Amendments**

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

## 9.3 **Waiver**

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

## 9.4 **Grant Contract Agreement Complete**

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

## 10 **Liability**

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

## 11 **State Audits**

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

## 12 **Government Data Practices and Intellectual Property Rights**

### 12.1 **Government Data Practices**

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

### 12.2 **Intellectual Property Rights**

The Grantee represents and warrants that Grantee's intellectual property used in the performance of this grant contract agreement does not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 10, the Grantee will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the State, at the Grantee's expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of Grantee's intellectual property used in the performance of this grant contract agreement infringe upon the intellectual property rights of others. The Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs and damages, including but not limited to, attorney fees. If such a claim or action arises or in the Grantee's or the State's opinion is

likely to arise, the Grantee must, at the State's discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing intellectual property as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

### **13 Workers Compensation**

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

### **14 Publicity and Endorsement**

#### **14.1 Publicity**

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

#### **14.2 Endorsement**

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

### **15 Governing Law, Jurisdiction and Venue**

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

### **16 Termination**

#### **16.1 (a) Termination by the State**

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

#### **(b) Termination by The commissioner of Administration**

The Commissioner of Administration may unilaterally cancel this grant contract agreement if further performance under the agreement would not serve agency purposes or is not in the best interest of the State.

#### **16.2 Termination for Cause**

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

**16.3 *In the Event of Termination***

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

**17 Data Disclosure**

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

**18 Conflicts of Interest**

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

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

The Grantee must complete a Conflict of Interest Disclosure Form.



1. STATE ENCUMBRANCE VERIFICATION

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

Signed: Robin Culbertson

Date: 12/07/23

SWIFT Contract/PO No(s): 237983 PR 81723 PO 3000533782

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

By: Kevin McKinn  
(WITH DELEGATED AUTHORITY)

Title: Deputy Commissioner

Date: December 12, 2023

2. GRANTEE

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

By: Scott Mansour

Title: President

Date: December 9, 2023

By: \_\_\_\_\_

Title: \_\_\_\_\_

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

Distribution:  
Agency  
Grantee  
State's Authorized Representative