



City of Grand Island

Tuesday, May 12, 2020

Council Session

Item G-11

#2020-119 - Approving Amendment to CDBG Revolving Loan Fund

Staff Contact: Amber Alvidrez

Council Agenda Memo

From: Amber Alvidrez, Community Development

Meeting: May 12, 2020

Subject: Approving Changes to Guidelines for CDBG Program Revolving Loan Funds

Presenter(s): Amber Alvidrez, Community Development Administrator

Background

The United States Department of Housing and Urban Development (HUD) allows local governments to retain program income from eligible Community Development Block Grant activities. The current City of Grand Island Program Income Revolving Loan Fund were adopted by Council on the following date:

Economic Development Revolving Loan Fund (ED RLF) – 4/14/2017

Discussion

The Program Income Revolving Loan Fund is representative of the monitoring requirements of the State of Nebraska. Since the City of Grand Island has become an Entitlement Community under CDBG Guidelines. The City coordinated with the State of Nebraska to transition Program Income Funds into a HUD approved Revolving Loan Fund. Due to the recent COVID-19 pandemic many local small businesses owners in Grand Island are facing challenges in retaining low to moderate income positions. At this time the Community Development Division would propose to make the following changes to the Revolving Loan Fund which currently has a balance of \$225,976. RLF could then potentially provide financial assistance to businesses that retain jobs for low-to-moderate income (LMI) individuals. The RLF is currently structured to provide loans at a slightly larger scale and the following changes are recommended.

- Businesses who request funding must be able to document that 51% of FTEs created/retained are held by LMI persons. One goal of the Revolving loan fund is to help individuals overcome their LMI situation. This proposed change would apply to new FTEs and existing FTE's. Only those positions currently held by LMI individuals would be eligible for the retention provisions of this program. The end result is saving those positions even if the primary goal of the CDBG Program has not been met. This allows employees to keep their LMI position. The

CDD recognizes that job retention is critical at this time and it is better to leave both created and/or retained FTEs within the program.

- Currently a business can request up to \$35,000.00 per FTE retained or created- recommend to change this to \$3,000 limit per FTE. Businesses would not be able to request more than \$15,000 (5 FTES created/retained)
- At this time entitlement stakeholders group decides on the interest rate and amount to be repaid based on the applicant's ability of repayment – recommend to change all projects to being only 50% forgivable with a zero percent interest rate.
- The repayment to the Revolving Loan Fund starts 30 days after contract signing- CDD recommends to change postponing repayments to begin 24 months after agreement begins.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the Changes to Guidelines for CDBG Revolving Loan Fund
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the Changes to Guidelines for CDBG Revolving Loan Fund.

Sample Motion

Move to approve the Changes to Guidelines for CDBG Revolving Loan Fund and authorize the Mayor to sign all appropriate documents.

SUBRECIPIENT CONTRACT FOR
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING
ENTITLEMENT FUNDS

SECTION I.

RECITALS

THIS AGREEMENT, made and entered into this **date** day of **Month**, 2020 by and between the City of Grand Island ("City/Grantee,") and **Business name** ("Sub recipient,") witnesseth:

WHEREAS, the Grantee has applied for and received funds from the U.S. Department of Housing and Urban Development (HUD), under Title 1 of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383; and

WHEREAS, the Grantee wishes to engage the Sub-Recipient to assist the Grantee in utilizing such funds;

NOW, THEREFORE, it is agreed between the parties hereto that;

SECTION II.

SCOPE OF SERVICE

A. Activities

The Sub recipient will be responsible for the retention of LMI jobs with the use of CDBG Revolving Loan Fund in a manner satisfactory to the City/Grantee and consistent with any standards required as a condition of providing the funds, and consistent with all provisions of this Agreement. Sub recipient warrants and represents it has the requisite authority and capacity to perform all terms and conditions on Sub recipients part to be performed hereunder.

B. Program Delivery

The Sub Recipient shall use **amount awarded thousand and Hundred dollars and 00/100 (\$XX,XXX.00)** of Community Development Block Grant funds for the retention of Low to Moderate income jobs, toward the goal of serving a low to moderate income persons within the city limits of Grand.

The major tasks the Sub recipient will perform include, but are not necessarily limited to the following:

- a. Retain Low- to- Moderate income Jobs within the City of Grand Island for 3 years.
- b. Complete all necessary reporting including quarterly reporting, income surveys, and on site monitoring, and submitting any requested documentation by the Community Development Division.

C. National Objective Compliance

The Sub recipient certifies that the activity (ies) carried out under this Agreement will meet the following H.U.D. National Objective:

Benefit low- and/or moderate-income persons.

Failure by the Sub recipient to fulfill the National Objective may result in grant funds being disallowed and required to be returned to the City/Grantee.

D. Level(s) of Performance & Accomplishment - Goals and Performance Measures

- a. Sub Recipient is to provide quarterly reports on achievements and program impact to include
 - a. Number of Jobs retained
 - b. A summary of project progress
 - c. Employee Demographics
 - d. Income surveys
 - e. Payroll Documentation

Units of Service include:

The Sub-recipient's progress will be monitored by the amount of units served, each unit being one Full time equivalent job. The Sub-recipient will benefit a minimum of **Number of jobs** persons, each FTE being a low to moderate income job

E. Project Description

Type of Project: Low To moderate Income Benefit
Project Location: City of Grand Island
Service Area: City of Grand Island
Project: Revolving Loan Fund
Basic Eligibility Citation: 24 CFR 570
Amount Funded: \$

F. Performance Monitoring

The City/Grantee reserves the right to monitor and evaluate the progress and Performance of the Sub recipient to assure the terms of this agreement are being Satisfactorily met in accordance with HUD, City/Grantee and other applicable monitoring and evaluating criteria and standards. Sub recipient shall cooperate with the City/Grantee relating to such monitoring and evaluation. The City/Grantee will monitor the performance of the Sub recipient against goals and performance standards as stated above. Substandard performance as determined by the City/Grantee will

constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Sub recipient within a reasonable 90 days of time after being notified by the City/Grantee, Agreement suspension or termination procedures will be initiated.

G. Time of Performance

Sub Recipient shall perform the services set out above, and shall expend the Community Development Block Grant funding provided for above between **date signed**, 2020 and **end date**, 2023. The term of this Agreement and the provisions herein shall be extended to cover any additional time period during which the Sub recipient remains in control of CDBG funds or other CDBG assets, including program income.

H. Budget

Sub Recipient shall use **Amount Thousand Dollars &00/100 (\$XX,000.00)** of Community Development Block Grant funds provided for Job retention within the City limits of Grand Island.

In addition, the City/Grantee may require a more detailed budget breakdown than the one contained herein, and the Sub recipient shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the City/Grantee. Any amendments to this budget must be approved in writing by the City/Grantee and Sub recipient.

I. Compensation and Method of Payment

If Sub recipient is not in default hereunder, and subject to City/Grantee's receipt of the U.S. Department of Housing & Urban Development Community Development Block Grant funds, and provided the Agreement and Scope of Service are eligible Expenditures of Community Development Block Grant funds, the City/Grantee agrees to pay the Sub recipient an amount not to exceed **(Amount)Thousand and 00/100 Dollars (\$XX,XXX.00)**. There are no eligible delivery costs. Payments may be contingent upon certification of the Sub recipients' financial management system in accordance with the standards specified in 2 CFR 200, as now in effect and as may be amended from time to time.

J. DISBURSEMENTS

After execution of contract between the City/Grantee and Sub Recipient, payment will only be made to the Sub Recipient upon submittal of a request for payment/invoice for the full amount of the grant award.

Additional documentation may be requested as needed for clarification. Payment requests require City/Grantee Council approval prior to disbursal.

K. Forgiveness

The interest rate shall be at zero percent and 50% of funds granted are to be repaid back to the revolving loan fund. The term of note shall be 3 years, 50% of note will be forgiven 12 months (1 year) after creation of note if all goals are in place to be met. At 12 months a 24 month repayment plan will begin for the remaining 50% of funds in need of repayment to the Revolving Loan Fund.

L. Breach of Agreement

In the event Grantee fails to comply with any of the terms as set forth in this Agreement, the City/Grantee may declare Sub Recipient in breach and shall follow the procedure set for below:

- a. Any such declaration shall be given in writing, clearly stating the nature of the breach, signed by such person duly authorized to make such declaration, and delivered to Sub-Recipient by Certified U.S. Mail, return receipt requested to the Sub-Recipient at Sub Recipient's last known address.
- b. Sub Recipient shall respond, in writing, to such declaration within fifteen (15) days of receipt of declaration.
- c. Sub recipient shall be given thirty (30) days from date of receipt of said declaration to cure the breach.
- d. Upon agreement of the Entitlement stakeholders and City/Grantee, the Sub Recipient may be granted additional time to cure said breach.
- e. Should the breach not be cured, any monies disbursed by the City/Grantee are not forgiven pursuant to the terms of this Agreement shall become immediately due and owing by Sub Recipient to the City/Grantee.

COMMUNICATION. Grantee agrees to fully respond within fifteen (15) calendar days to any request for information from the City/Grantee related to the Sub Recipient's compliance with the terms of this Agreement. Sub Recipient further agrees to inform the City/Grantee of any changes in address, telephone number, or email address within three (3) business days of such change.

M. Procurement Standards and Code of Conduct

Documentation evidencing adoption of Procurement Standards and Code of Conduct equivalent to those established in 2 CFR 200, as now in effect and as

may be amended from time to time, and 24 CFR Part 570.

N. Fair Housing

Documentation that the Sub recipient has specifically provided a description of the actions they will take during the course of the grant to fulfill the requirements to affirmatively further fair housing. (Applicable to housing projects)

O. Implementation Schedule

CDBG Sub recipient to complete and submit to the City/Grantee the Implementation Schedule form.

P. Sources and Uses of Funds (if applicable)

Q. Other Special Conditions

Indenture of restrictive covenants, Davis Bacon sub recipient and contractor's meeting, Davis Bacon regulations may apply.

R. Notices

Notices required by this Agreement shall be in writing and delivered via United States Postal Service mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date of delivery or sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice. Communication and details concerning this Agreement shall be directed to the following agreement representatives:

City/Grantee		Sub-recipient:	
City of Grand Island			
ATTN: Community Development Division			
100 East First Street			
Grand Island NE, 68801-1968			
Telephone:	(308)385-5444 ext. 212	Telephone:	
Fax:	(308) 385-5488	Fax:	

SECTION III.

GENERAL CONDITIONS

A. General Compliance

Any changes to the program goals, scope of services, schedule or budget, unless otherwise noted, may only be made through a written amendment to this Agreement, executed by the Sub-recipient and the City/Grantee. Changes to key Personnel assigned or their general responsibilities under this project are subject to notification and approval from the City/Grantee.

The Sub-recipient hereby agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG) including Subpart K of these regulations). The Sub-recipient also agrees to comply with all other applicable federal, state, and local laws, regulations, and policies governing the funds provided under this agreement.

The Sub-recipient further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. Independent Contractor

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Sub-recipient shall at all times remain an "independent contractor" with respect to services to be performed under this Agreement. The City/Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Worker's Compensation Insurance, as the Sub-recipient is an independent contractor. Sub-recipient shall be solely and entirely responsible for its acts and the acts of its agents, employees and subcontractors.

C. Hold Harmless

Sub-recipient further agrees to indemnify, defend and hold harmless the City/Grantee, its officers, agents and employees, from and against any and all claims, liabilities, costs, expenses, penalties or attorney fees, arising from such injuries to persons, or damages to property, or based upon or arising out of the performance or non-performance of this Agreement by Sub recipient, or out of any violation of Sub recipient of any local, state, or federal statute, ordinance, rule or regulation.

D. Worker's Compensation

The Sub recipient shall provide Workers' Compensation Insurance coverage in the amount required by law, for all of its employees involved in the performance of this Agreement.

E. Insurance and Bonding

The Sub recipient shall carry sufficient insurance coverage to protect Agreement assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the City/Grantee. The Sub recipient shall comply with the bonding and insurance requirements of 2 CFR 200, as now in effect and as may be amended from time to time.

F. City/Grantee Recognition

The Sub recipient shall ensure recognition of the role of the City/Grantee in providing services through this Agreement. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to the funding source. In addition, the Sub recipient will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

G. Amendments

The City/Grantee or Sub recipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of each organization, and approved by the City/Grantee's governing body. Such amendments shall not invalidate this Agreement, nor relieve or release the City/Grantee or Sub recipient from its obligations under this Agreement.

The City/Grantee may, in its discretion, amend this Agreement to conform with federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both City/Grantee and Sub recipient.

SECTION IV.

LIABILITY

Sub recipient agrees to assume the risk of all personal injuries, including death resulting therefrom, to persons, and damage to and destruction of property, including loss of use therefrom, caused by or sustained, in whole or in part, in connection with or arising out of the performance or non-performance of this Agreement by Sub recipient, or by the conditions created thereby.

SECTION V.

SUSPENSION OR TERMINATION FOR CAUSE

In accordance with 2 CFR 200, as now in effect and as may be amended from time to time, the City/Grantee may suspend or terminate this Agreement if the Sub

recipient materially fails to comply with any terms of this Agreement, which include but are not limited to, the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
2. Failure, for any reason, of the Sub recipient to fulfill in a timely and proper manner its obligations under this Agreement;
3. Ineffective or improper use of funds provided under this Agreement;
4. Submission by the Sub recipient to the City/Grantee reports that are incorrect or incomplete in any material respect; or
5. Financial instability of the Sub recipient organization that will affect the abilities of the organization to carry out or complete the stated activities and scope of work.

In the event of agency financial instability, a default or violation of the terms of this Agreement by the Sub recipient, or failure to use the grant for only those purposes set forth, the City/Grantee may take the following actions:

A. Suspension for Cause

After notice to the Sub recipient, the City/Grantee may suspend the Agreement and withhold any further payment or prohibit the Sub recipient from incurring additional obligations of grant funds, pending corrective action by the Sub recipient or a decision to terminate.

B. Termination for Cause

This Agreement may be terminated, in accordance with 2 CFR 200, as now in effect and as may be amended from time to time, if the Sub recipient materially fails to comply with any term of the Agreement or applicable federal regulations. The City/Grantee may terminate the Agreement upon ten (10) days written notice, together with documentation of the reasons therefore, and after an opportunity for a hearing is afforded. The determination of the City/Grantee as to the cause of termination and the appropriateness therefore shall be final and binding upon both City/Grantee and Sub recipient. In the event projects are delayed, the Sub recipient shall notify the City/Grantee in writing, informing the City/Grantee of the issues surrounding the delay of the project. In cases where the project is not moving forward, the City/Grantee shall notify the Sub recipient of termination of the funding. In the event of termination, all finished or unfinished documents, data, studies and reports prepared by the Sub recipient under this Agreement shall, at the option of the City/Grantee, become its property and the Sub recipient shall be entitled to receive just and equitable compensation for satisfactory work completed on such materials for which compensation has not previously been paid.

SECTION VI.

TERMINATION FOR CONVENIENCE

This Agreement may be terminated for convenience in accordance with 2 CFR 200, as now in effect and as may be amended from time to time, by either the City/Grantee or the Sub recipient, in whole or in part, by setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination, the City/Grantee determines that the remaining portion of the award will not accomplish the purpose for which the award was made, the City/Grantee may terminate the award in its entirety.

SECTION VII.

TERMINATION OF CITY/GRANTEE'S OBLIGATIONS

The City/Grantee's obligations under this Agreement will terminate in the event of suspension or non-receipt of Community Development Block Grant funds by the City/Grantee.

SECTION VIII.

ADMINISTRATIVE REQUIREMENTS

A. Financial Management

Records of the Sub recipient and reimbursable expenses pertaining to the Scope of Services and records of accounts between the City/Grantee and the Sub recipient shall be kept on a generally recognized accounting basis.

1. Accounting Standards

The Sub recipient agrees to comply with 2 CFR 200, as now in effect and as may be amended from time to time, and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

2. Cost Principles

The Sub recipient shall administer its program in conformance with 2 CFR 200, as now in effect and as may be amended from time to time. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

B. Documentation & Record Keeping

1. Records to be maintained

The Sub recipient shall maintain all records required by the federal regulations specified in 24 CFR Part 570.506 that are pertinent to the activities to be funded under this Agreement. Such records shall include but are not limited to:

- a) Record(s) providing a full description of each activity undertaken;
- b) Record(s) demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- c) Record(s) required to determine the eligibility of activities;
- d) Record(s) required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- e) Record(s) documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- f) Financial records as required by 24 CFR Part 570.502 and 2 CFR 200, as now in effect and as may be amended from time to time;
- g) Other records as necessary to document compliance with Subpart K of 24 CFR 570; and
- h) Real property inventory records which clearly identify properties purchased, improved or sold. Properties retained shall continue to meet eligibility criteria and shall conform to the "changes in use" restrictions specified in 24 CFR 570.505, as applicable.

2. Retention

The Sub recipient shall retain all records pertinent to expenditures incurred under this Agreement for a period of five (5) years. The retention period begins on the date of submission of the City/Grantee's Consolidated Annual Performance and Evaluation Report (CAPER) to HUD in which the activities assisted under the Agreement are reported on for the final time. Records for non-expendable property acquired with funds under this Agreement shall be retained for five (5) years after final disposition of such property. Records for any displaced person must be kept for five (5) years after he/she has received final payment.

Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five year period, whichever occurs later.

3. Client Data-if applicable

The Sub recipient shall maintain client data demonstrating client eligibility for services provided. Such information shall be made available to City/Grantee monitors or their designees for review upon request. Such data shall include, but not be limited to:

- a) Client name;
- b) Client address;
- c) Members age or other basis for determining eligibility;
- d) Description of services provided;
- e) Dates services provided;
- f) Beneficiary information (ethnicity, income, sex, female head of household, elderly, disabled, etc.); and
- g) Residence Addresses.

Such information shall be made available to City/Grantee monitors or their designees for review upon request.

4. Disclosure

The Sub recipient understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City/Grantee's or Sub recipients responsibilities with respect to services provided under this Agreement, is prohibited unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

5. Close-outs

The Sub recipient's obligation to the City/Grantee shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the City/Grantee), and determining the custodianship of records.

Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Sub recipient has control over CDBG funds, including program income. All financial records pertaining to this Agreement upon completion shall remain the property of the City/Grantee.

C. Reporting and Payment Procedures

1. Program Income

The Sub recipient shall immediately report to the City/Grantee all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this Agreement. Program income generally means gross income received by the Sub recipient, directly generated from the use of CDBG funds, with some exceptions which are detailed in 24 C.F.R. §570.500. Program income includes, but is not limited to:

- a) Payments of principal and interest on loans made using CDBG funds;
- b) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;
- c) Proceeds from the disposition of equipment purchased with CDBG funds;
- d) Interest earned on program income pending its disposition; and
- e) Interest earned on CDBG funds held in a revolving loan fund's cash balance interest bearing account.

The use of program income by the Sub recipient must be approved by the City/Grantee prior to such use and must comply with the requirements set forth at

24 CFR 570.504. The Sub recipient may retain and use program income funds only for the activity (ies) approved under this Agreement. Program income funds should be held in a non-interest bearing account. If program income funds are held in an interest bearing account, any interest earned on the program income funds must be returned to the City/Grantee on a monthly basis. Receipt and expenditures of program income funds shall be reported, in writing, at the time of receipt and expenditure, along with supporting documentation. Program income must be expended prior to drawing any remaining grant funds.

In the event the Sub recipient desires to use the program income for some other activity, it must request and receive permission from the City/Grantee before undertaking such a use. The City/Grantee will determine whether the proposed use meets the eligibility criteria of the regulations established by the CDBG funds, and notify the Sub recipient of either approval or disapproval. At conclusion of the Agreement period, or in the case of disapproval, all program income will be returned to the City/Grantee.

2. Payment Procedures

Draw-downs for the payment of eligible expenses and general administration items shall be made against the line item budgets specified in the Scope of Service, and in accordance with performance. Payments shall be made upon presentation of invoices that Sub recipient certifies are true and correct copies of payments due on behalf of the Sub recipient for an activity covered by this Agreement and made in accordance and compliance with the Scope of Service. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Sub recipient, and not to exceed actual cash requirements. Payments will be adjusted by the City/Grantee in accordance with advance fund and program income balances available in the Sub recipient account. In addition, the City/Grantee reserves the right to liquidate funds available under this Agreement for costs incurred by the City/Grantee on behalf of the Sub recipient. Payment may be suspended by the City/Grantee in the event of nonperformance by the Sub recipient. Payments may be contingent upon certification of the Sub recipients financial management system in accordance with the standards specified in 2 CFR 200, as now in effect and as may be amended from time to time.

D. Procurement

1. Compliance

The Sub recipient shall comply with current City/Grantee policies concerning the purchase of equipment and shall maintain inventory records of all nonexpendable property as defined by such policies as may be procured with funds provided herein. All program assets (unexplained program income, property, equipment, etc.) shall revert to the City/Grantee upon termination of this Agreement.

a. OMB Standards

The Sub recipient shall procure all materials, property, or services and then shall subsequently follow all Property Standards as set out in and in accordance with the requirements of 2 CFR 200, as now in effect and as may be amended from time to time, including but not limited to the requirements covering utilization and disposal of property.

b. Travel expenses

Travel and related expenses for travel outside the city limits of the City of Grand Island Nebraska shall not be paid with funds provided under this Agreement without prior written approval from the City/Grantee.

E. Use & Reversion of Assets

Sub recipient hereby agrees to use all personal assets and all real property, acquired or improved, in whole or in part, with Community Development Block Grant funds, as set forth in the Scope of Service. In the event Sub recipient ceases to use a personal asset or real property acquired or improved with Community Development Block Grant funds, in accordance with the Scope of Service, the use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 2 CFR 200, as now in effect and as may be amended from time to time, and 24 CFR 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

1. The Sub recipient shall transfer to the City/Grantee any CDBG funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.

2. Real property under the Sub recipients control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of Fifteen Thousand dollars (\$15,000) shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR 570.208 until thirty (30) years after expiration of this Agreement. Real property acquired or improved, in whole or in part, with funds under this Agreement between Seven Thousand and One Dollars (\$7,001) and Fifteen Thousand dollars (\$15,000) shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR 570.208 until ten (10) years after expiration of this Agreement.

3. Sub recipient hereby agrees to use all personal assets and all real property, acquired or improved, in whole or in part, with Community Development Block Grant funds, as set forth in the Scope of Service. In the event Sub recipient ceases to use a personal asset or real property acquired, or improved, with Community Development Block Grant funds, in accordance with the Scope of Service, the Sub recipient shall return the personal asset or real property to the City/Grantee, or pay to the City/Grantee, a sum equal to its fair market value, less any portion of the value attributable to expenditures of non-Community Development Block Grant funds for the acquisition of, or improvement to, the

asset or property. The Sub recipient shall transfer to the City/Grantee any Community Development Block Grant funds on hand at the time of expiration of this Agreement and any accounts receivable of Community Development Block Grant funds.

Sub recipient also hereby agrees to enter into an Indenture of Restrictive Covenants Agreement (“Indenture”) with the City/Grantee of City of Grand Island/Grantee at the time of real property purchase. In this Indenture, Sub recipient agrees to represent, warrant and covenant throughout the term of the Indenture that the land and/or facility purchased with CDBG funds will be used in accordance with Section 42 of the United States Code. Further, Sub recipient agrees that the use of such property may not change from that for which the acquisition was made unless the Owner provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either (1) the new use of such property qualifies as meeting one of the national objectives in Volume 24 of the Code of Federal Regulations, Section 570.208 (24 CFR, § 570.208), or (2) if the Owner determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under 24 CFR, Section 570.208, it may retain or dispose of the property for the changed use if the Sub recipients CDBG program is reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property.

a) The Indenture of Restrictive Covenants shall terminate in the year designated in the Restrictive Covenant according to the terms stated in paragraph E above, based on the dollar amount of the funds granted, after the first day of the Compliance Period (such period being herein referred to as the “Compliance Period” or the “Extended Use Period”):

b) Notwithstanding paragraph “a” above, the Compliance period for any building that is part of the Project shall terminate on the date the Project is acquired by foreclosure or transferred by a deed or other instrument in lieu of foreclosure unless the Secretary of the Treasury determines that such acquisition is part of an arrangement with Sub recipient a purpose of which is to terminate such Compliance Period.

4. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Sub recipient for activities under this Agreement shall be:

- a. Transferred to the City/Grantee for the CDBG program, or
- b. Retained after compensating the City/Grantee (an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment).

SECTION IX.

RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING REPLACEMENT

The Sub recipient agrees to comply with:

- A. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b);
- B. The requirements of 24 CFR 570.606(c) governing the Residential Anti-displacement and Relocation Assistance Plan under (42 USC 5304(d)); and
- C. The requirements in 24 CFR 570.606(d) governing optional relocation policies. [The City/Grantee may preempt the optional policies.] The Sub recipient shall provide relocation assistance to displaced persons as defined by 24 CFR 570.606(b) (2) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. The Sub recipient also agrees to comply with applicable City/Grantee ordinances, resolutions, and policies concerning the displacement of persons from their residences.

SECTION X.

ASSURANCES

The Sub recipient hereby agrees to use Community Development Block Grant funds for the purposes authorized by the City/Grantee. The Sub recipient further hereby agrees to comply with the assurances, attached hereto and incorporated herein which are required by the U.S. Department of Housing & Urban Development for all Community Development Block Grant projects. These include Federal Labor Standards requirements.

SECTION XI.

PERSONNEL & PARTICIPANT CONDITIONS

A. Civil Rights

1. Compliance

The Sub recipient hereby agrees to comply with all applicable state, local and civil rights laws and with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107, and 12086.

2. Nondiscrimination

The Sub recipient hereby agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in (42 USC 5309 (a)) are still applicable. Sub-recipients shall comply with state and local civil rights laws proscribing housing discrimination based on sexual orientation or gender identity.

3. Land Covenants

This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964 (42 USC 2000d et seq.) and 24 CFR 570.601 and 570.602. In regard to the sale, lease or other transfer of land acquired, cleared or improved with assistance provided under this Agreement, the Sub recipient shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the City/Grantee and the United States are beneficiaries of and entitled to enforce such covenants. The Sub recipient, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

4. Section 504

The Sub recipient agrees to comply with all federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against the individuals with disabilities or handicaps in any federally assisted program. The City/Grantee shall provide the Sub recipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

B. Equal Opportunity

1. Approved Plan

The Sub recipient hereby agrees that it shall be committed to carry out pursuant to the City/Grantee's specifications an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966. The City/Grantee shall provide Affirmative Action guidelines to the Sub recipient to assist in the formulation of such program. The Sub recipient shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.

2. Women-and Minority-Owners Businesses (W/MBE)

The Sub recipient will use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this Agreement. As

used in this Agreement, the terms, “small business” means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and “minority and women’s business enterprise” means a business at least fifty-one (51%) percent owned and controlled by minority group members or women. The Sub recipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

3. Access to Records

The Sub recipient shall furnish and cause each of its own sub recipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the City/Grantee, HUD or its agent, or other authorized federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

4. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

The Sub recipient will, in all solicitations or advertisements for employees placed by or on behalf of the Sub recipient, state that it is an Equal Opportunity or Affirmative Action employer.

5. Subcontract Provisions

The Sub recipient will include the provisions of paragraphs, XI. A., Civil Rights, and XI. B., Affirmative Action in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own sub recipients or subcontractors.

C. Employment Restrictions

1. Prohibited Activity

The Sub recipient is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities, inherently religious activities, lobbying, political patronage, and nepotism activities.

2. Labor Standards

The Sub recipient hereby agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act and Related Acts as amended (40 USC 3141 et seq.), the provisions of Contract Work Hours and Safety Standards Act (40 USC 3701 et seq.) and all other applicable federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The Sub recipient agrees to comply with the Copeland Anti-Kick Back Act (18 U.S.C. 874 et seq.) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The Sub recipient shall maintain documentation that demonstrates compliance with

hour and wage requirements of this part. Such documentation shall be made available to the City/Grantee for review upon request. The Sub recipient agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000,000 for construction, renovation or repair work financed in whole or in part with assistance provided under this Agreement, shall comply with federal requirements adopted by the City/Grantee pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29CFR Parts 1,3,5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve the Sub recipient of its obligation, if any, to require payment of the higher wage. The Sub recipient shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

3. "Section 3" Clause

a. Compliance

Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended (12 USC 1701u), and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the federal financial assistance provided under this Agreement and binding upon the City/Grantee, the Sub recipient and any of the Sub recipient's sub recipients and subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which federal assistance is provided. The Sub recipient certifies and hereby agrees that no contractual or other disability exists that would prevent compliance with these requirements.

The Sub recipient further agrees to comply with these "Section 3" requirements and to include the following language in all subcontracts executed under this Agreement: "The work to be performed under this Agreement is a project assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located."

The Sub recipient further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the

CDBG funded project is located; where feasible, priority should be given to low-and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low-and very low-income persons residing within the metropolitan area in which the CDBG funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low income residents within the service area or the neighborhood in which the project is located and to low-and very low-income participants in other HUD programs. The Sub recipient certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

b. Subcontracts

The Sub recipient will include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the grantor agency. The Sub recipient will not subcontract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

D. Conduct

1. Assignability

This Agreement shall not be assigned or transferred by the Sub recipient without the prior written consent of the City/Grantee; provided however, that claims for money due or to become due to the Sub recipient from the City/Grantee under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be promptly furnished in writing to the City/Grantee.

2. Subcontracts

a. Approvals

The Sub recipient shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the prior written consent of the City/Grantee prior to the execution of the agreement.

b. Monitoring

The Sub recipient will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts

shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

c. Content

The Sub recipient shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

d. Selection Process

The Sub recipient shall undertake to insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the City/Grantee along with documentation concerning the selection process.

3. Hatch Act

The Sub recipient hereby agrees that no funds provided, nor personnel employed under this Agreement, shall in any way or to any extent engage in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

4. Conflict of Interest

The Sub recipient hereby agrees to abide by the provisions of 2 CFR 200, as now in effect and as may be amended from time to time and 24 CFR 570.611, which include (but are not limited to) the following:

a. The Sub recipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by federal funds;

b. No employee, officer or agent of the Sub recipient shall participate in the selection, or in the award, or administration of, a contract supported by federal funds if a conflict of interest, real or apparent, would be involved;

c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes but is not limited to any person who is an employee, agent, consultant, officer, or elected or appointed

official of the City/Grantee, the Sub recipient, or any designated public agency; and

d. The Sub recipient covenants that neither it nor any member of its Board of Directors, officers, or employees presently have any interest in any project to be financed under the Scope of Service, and shall not acquire any interest therein which would conflict with the performance of the Scope of Service required under this Agreement or applicable statute, rule or regulation. Such a conflict would arise when: the employee, officer or agent; any member of their immediate family; their partner; or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm/household selected for award. The Sub recipients officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements during office tenure or for one year after the closeout of the grant. This stipulation must be included in all other contracts and subcontracts to this grant.

5. Lobbying

The Sub recipient certifies, to the best of its knowledge and belief, that:

a. No federal appropriated funds have been paid or will be paid, by or on behalf of the Sub recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan or cooperative agreement.

b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

c. The Sub recipient shall require that the language of paragraph (d) of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and co-operative agreements) and that all Sub recipients shall certify and disclose accordingly.

d. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

6. Copyright

If this Agreement results in any copyrightable material or inventions, the Grantee and/or City/Grantee reserves the right to a royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.

7. Religious Activities

The Sub recipient hereby agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

SECTION XII.

ENVIRONMENTAL CONDITIONS

A. Air and Water

The Sub recipient hereby agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

1. Clean Air Act, 42 U.S.C., 7401, *et seq.*;
2. Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 308, and all regulations and guidelines issued thereunder; and
3. Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

B. Flood Disaster Protection

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Sub recipient shall assure that the activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

C. Lead-Based Paint

The Sub recipient agrees that any construction or rehabilitation of residential

structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR 35.100 et seq. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.

D. Historic Preservation

The Sub recipient agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this Agreement. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a federal, state, or local historic property list.

SECTION XII.

SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

SECTION XIV.

SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

SECTION XV.

WAIVER

The City/Grantee's failure to act with respect to a breach by the Sub recipient shall not result in a waiver of its right to act with respect to subsequent or similar breaches. The failure of the City/Grantee to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

SECTION XVI.

ENTIRE AGREEMENT

The provisions set forth in Sections I-XVI, and all attachments of this Agreement constitute, the entire agreement between the parties hereto and no statement, promise, conditions, understanding, inducement or representation, oral or written, express or implied, which is not contained herein shall not be binding or valid.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date of the most recent signatory.

Grantee: City of Grand Island, Nebraska

Date _____ By _____
Roger G. Steele,
Mayor, City of Grand Island

Attest:

CITY CLERK

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

Stacy R. Nonhof, Assistant City Attorney

Sub-Recipient: The Business name of Grand Island

Date _____ By _____
Owner

RESOLUTION 2020-119

WHEREAS, the City of Grand Island, Nebraska has become an Entitlement Community as part of the United States Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program; and

WHEREAS, City Council approved the use of Community Development Block Grant Program Income Funds in the form of a Revolving Loan Fund for economic development projects; and

WHEREAS, Revolving Loan funds will continue to be used for the goal of Job retention; and

WHEREAS, the City must enter into a Sub-Recipient Agreement with each Business awarded funds from the Revolving Loan Fund.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that The City of Grand Island, Nebraska is hereby authorized to enter into a Sub-Recipient Agreement with awarded Businesses and the Mayor is hereby authorized and directed to execute such contracts.

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Adopted by the City Council of the City of Grand Island, Nebraska, May 12, 2020.

Roger G. Steele, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☒ _____
May 8, 2020	☒ City Attorney