



City of Grand Island

Tuesday, November 22, 2011

Council Session

Item G7

#2011-348 - Approving Community Development Block Grant 10-ED-016 Sub-Award Agreement

Staff Contact: Joni Kuzma

Council Agenda Memo

From: Chad Nability, Regional Planning Director

Meeting: November 22, 2011

Subject: Approving Community Development Block Grant
10-CR-016 Subcontract Agreement with South Central
Economic Development District, Inc.

Item #'s: G-7

Presenter(s): Chad Nability, Regional Planning Director

Background

In May 2011, the City of Grand Island was awarded a \$605,000 Economic Development - Community Development Block Grant for direct financial assistance to a for-profit business for purchasing equipment. The grant will fund equipment purchases and result in the creation of 20 jobs, 11 of which would be held by or offered to persons of Low-to-Moderate Income, and be maintained for at least 12 months from May 4, 2011.

Of the grant, \$600,000 will be used for equipment purchase and \$5,000 will be used by the City of Grand Island for General Administration. Case New Holland has committed matching funds of \$1,900,000 for a projected total project cost of \$2,500,000.

In June 2011, the City entered into a Memorandum of Understanding with the Nebraska Department of Economic Development, CNH America LLC and the South Central Economic Development District, Inc. for purposes of grant fund distribution and ongoing management of program income generated from this grant. The proposed subcontract agreement is solely between the City and South Central that further defines the general guidelines of the MOU.

Discussion

Per the Memorandum of Understanding, the City will maintain grantee status from the State of Nebraska, provide certified grant administration, submit required reporting and reimbursement forms, and process invoices. South Central will collect loan repayment proceeds, track and report reuse income to the State and City, and reinvest reuse funds into further economic development activities.

At this time the Council is requested to approve a Sub-recipient Agreement between the City of Grand Island and the South Central Economic Development District, Inc. for the previously mentioned activities. Copies of the Sub-recipient Agreement and the previously approved Memorandum of Understanding are provided for council review.

Alternatives

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

1. Move to approve the agreement
2. Postpone the issue to future date
3. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the Sub-recipient Agreement between the City of Grand Island and the South Central Economic Development District, Inc.

Sample Motion

Move to approve the Sub-recipient Agreement between the City of Grand Island and the South Central Economic Development District, Inc. for Community Development Block Grant #10-ED-016 and authorize the Mayor to sign all related documents.

SUB-RECIPIENT AGREEMENT FOR ADMINISTRATION OF NON-PROFIT
DEVELOPMENT ORGANIZATION (NDO) FUNDS

This agreement is entered into between the following parties:

South Central Economic Development District, Inc. (SCEDD)

P.O. Box 79, 709 4th Avenue
Holdrege, NE 68949

a Nebraska corporation with status as a 501(c)(3) organization under the United States Internal Revenue Code, hereafter referred to as SCEDD; and

City of Grand Island, Nebraska

100 East 1st Street
Box 1968
Grand Island, NE 68802-1968

a city of the first class, hereafter referred to as City.

RECITALS:

1. City is the recipient of a grant awarded by the Nebraska Department of Economic Development designated as Community Development Block Grant Project #10-ED-016 (CNH America LLC Project) hereafter referred to as the Award.
2. SCEDD is a recognized non-profit development organization (NDO) as approved on September 22, 2010, by application to the Nebraska Department of Economic Development.
3. City is responsible under the Award for the provision of financial assistance to a community economic development project.
4. The parties intend that, Award proceeds and administration be transferred to SCEDD as a sub-recipient subject to the terms and conditions of Memorandum of Understanding 10-ED-016 Grand Island (CNH America LLC) [SCEDD, NDO].
5. SCEDD is organized to carry out the requirements of Section 105(a)(15) of the Housing and Community Development Act (HCDA).

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL BENEFIT TO THE PARTIES, THE PARTIES AGREE AS FOLLOWS:

1. City hereby transfers and assigns Award proceeds including all contracts for repayment of Grant funds to SCEDD, subject to all Award guidelines.
2. SCEDD will administer the Award proceeds in accordance with HCDA and NDO standards to the eligible for profit business identified in Community Development Block Grant Project No. #10-ED-016 located within the geographic area of Hall County.
3. SCEDD will administer and maintain the fund and loan repayments from the Award as a Non-profit Development Organization Reuse Fund (NDO-RF) under the Nebraska NDO guidelines. Funds repaid to the NDO will be reinvested according to the South Central Economic Development District, Inc. Non-Profit Development Organization Economic (NDO) Plan for Use of NDO Proceeds adopted March 31, 2011, and approved by the

Nebraska Department of Economic Development (NDED) April 7, 2011, a copy of which is attached hereto and incorporated herein as Exhibit "A".

4. The parties intend that loan repayments to the reuse fund will no longer constitute program income under state of Nebraska Community Development Block Grant guidelines and loan repayments shall be administered under the Nebraska Department of Economic Development (NDED) NDO guidelines, this sub-recipient agreement and within the guidelines off the NDO-RF plan and the Memorandum of Understanding between the City and SCEDD dated June 28, 2011.
5. The City shall maintain the obligation to pursue collection of the Grant funds, including the obligation to bear the expenses of pursuing all reasonable and necessary collection actions (including legal actions in the courts) against the business. SCEDD shall cooperate with any and all such collection actions. SCEDD shall not have any liability to the City for any award proceeds that are not collected or are deemed uncollectible. In the event the Nebraska Department of Economic Development would look to SCEDD for reimbursement of any award proceeds not collected from the business, the City hereby agrees to indemnify and hold SCEDD harmless for any liability.
6. The terms of this agreement shall survive completion and close out of the Award.
7. This agreement shall be binding upon the parties, their heirs and assigns.

Dated: _____

City of Grand Island, Grand Island, Nebraska

Jay Vavrick, Mayor

South Central Economic Development District, Inc. Holdrege, Nebraska

Sharon Hueftle, Executive Director

**Memorandum of Understanding
between the City of Grand Island
and the South Central Economic Development District, Inc.**

This agreement is made and entered into this 28th day of June, 2011, by and between the CITY OF GRAND ISLAND, NEBRASKA, a municipal corporation, hereinafter referred to as the "CITY" and SOUTH CENTRAL ECONOMIC DEVELOPMENT DISTRICT, INC. a non-profit corporation, hereinafter referred to as "SCEDD".

The purpose of this agreement is to define the respective rights and responsibilities between CITY and SCEDD as it as it relates to a joint and cooperative action for distribution of Community Development Block Grant #10-ED-016 Economic Development Loan and resulting Income Reuse monies within the jurisdiction of the Nebraska counties served by SCEDD.

The term of this MOU shall last until it is amended or dissolved with the agreement of the CITY and SCEDD through resolutions passed by the City Council and the executive board of SCEDD.

For purposes of this grant, both parties agree to the terms and conditions for use of these funds as follows:

1. CITY agrees to transfer award monies and program income reuse monies from this grant to SCEDD for payment of grant expenditures with limitations on the purpose that meet program reuse guidelines within SCEDD's Reuse Plan
2. SCEDD agrees to notify the CITY of applications for use of program income reuse monies from this grant and ensure first right of refusal to the CITY for use of the funds in Hall County;
3. CITY further allows distribution of program income reuse monies for use within the jurisdictional boundaries of SCEDD all in accordance with attached Exhibits 1 and 2 (Title 24 and map of SCEDD service area), incorporated herein by this reference in its entirety;
4. SCEDD agrees to allocate program income reuse monies to qualified business(es) meeting program income reuse guidelines all in accordance with attached Exhibit 3 (SCEDD's Reuse Plan), incorporated herein by this reference in its entirety;
5. SCEDD agrees to evaluate business application(s), coordinate obligation(s), and drawdown of monies in accordance with the laws of the State of Nebraska, Non-profit Development Organization standards and CDBG guidelines;

6. CITY shall not be responsible for providing any cash matching funds for future projects as identified above. Funding sources shall be Awards and Program Reuse Funds in accordance to attached Exhibits 1 and 2.

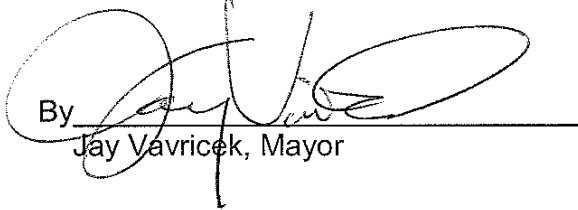
7. During life of this Interlocal Agreement, SCEDD will account for reuse funds in semi-annual reports to CITY due by January 15 and July 15 every reporting period.

In agreement to the foregoing terms:

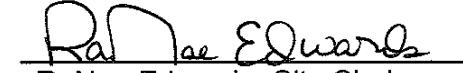
Approved by the City Council and executed by CITY on:

June 28, 2011

City of Grand Island, Nebraska

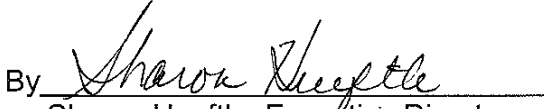
By 
Jay Vavricek, Mayor

ATTEST:


RaNae Edwards, City Clerk

Executed by SCEDD on 6-28-2011

South Central Economic Development District, Inc.

By 
Sharon Hueftle, Executive Director

RESOLUTION 2011-348

WHEREAS, the City of Grand Island, Nebraska, was awarded a \$605,000 Economic Development - Community Development Block Grant (10-CR-016) for direct financial assistance to a for-profit business for purchasing equipment; and

WHEREAS, \$600,000 in grant funds will be used for equipment purchase and \$5,000 will be used by the City of Grand Island for General Administration; and

WHEREAS, in June 2011, the City entered into a Memorandum of Understanding with the Nebraska Department of Economic Development, CNH America LLC and the South Central Economic Development District, Inc. to generally define grant fund distribution and ongoing management of program income generated from this grant; and

WHEREAS, the Sub-recipient Agreement further specifies responsibilities for collection of loan repayment proceeds, tracking and reporting of reuse income to the State and City, and reinvesting reuse funds into further economic development activities; and

WHEREAS, the Council is requested to approve a Sub-recipient Agreement between the City of Grand Island and the South Central Economic Development District, Inc. further defining the general guidelines of the MOU for carrying out the terms of the grant; and

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 between the City of Grand Island and the South Central Economic Development District, Inc. and the Mayor is hereby authorized and directed to execute such proceedings on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, November 22, 2011.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
November 17, 2011 ☐ City Attorney