



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor, City of Urbana

FROM: Elizabeth H. Tyler, FAICP, Community Development Director

DATE: June 9, 2016

SUBJECT: A RESOLUTION APPROVING A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HIGHLAND GREEN, LLC.

A RESOLUTION APPROVING A SUBRECIPIENT AGREEMENT BETWEEN THE CITY OF URBANA AND HIGHLAND GREEN, LLC.

Description

Attached are two Resolutions dedicating Federal funding to the developer responsible for constructing the Highland Green residential development (the former Kerr Avenue Development). One proposed agreement would dedicate HOME Investment Partnerships (HOME) funding from the Urbana HOME Consortium, which consists of the City of Urbana, as well as the City of Champaign and the Champaign County Regional Planning Commission, to Highland Green, LLC., which is a partnership between Brinshore Development, LLC., the Homestead Corporation of Champaign-Urbana, and the Housing Authority of Champaign County. HOME funds are intended to be used in the construction of specified housing units in the development. These particular units will be identified in the attached draft agreement. The amount of HOME funding being dedicated to this project is anticipated to be a total of \$291,580.

The other proposed agreement would dedicate a portion of the City of Urbana's Community Development Block Grant (CDBG) funds to the same development entity. CDBG funds are not allowed to be used in the creation of new housing units, but are instead specified for the development of necessary infrastructure that will be built as part of the Highland Green development. A total of \$31,317 was set aside for infrastructure at the Highland Green site in each Annual Action Plan dating back to FY 2011-2012, and \$61,318 had been dedicated to that use from FY 2008-2009 to FY 2010-2011. The current proposed amount of CDBG funds being dedicated to Highland Green, LLC. totals \$208,420.

Between the two agreements, the City and Consortium are contributing \$500,000 in Federal funding to the project. This amount is in excess of the original \$450,000 request of HOME funds made by Brinshore Development on September 22, 2015, but the additional funds were determined to be appropriate after examination of the developer's most recent pro forma

revealed an unmet need and insufficient contingency.

Background

The City of Urbana released a request for proposals (RFP) in December of 2011 for “a sustainable neighborhood consisting of energy-efficient, affordable, owner-occupied homes on City-owned property located at 401-403 East Kerr Avenue.” Brinshore Development, based in Northbrook, IL, as well as the Urbana-based Homestead Corporation of Champaign-Urbana, were selected to implement their proposal. These firms were also responsible for developing the Crystal View Townhomes, which was a redevelopment of the Lakeside Terrace site. The proposed Highland Green development involves 33 units consisting of the following types of single-family homes and duplexes:

- 9 – 1-bedroom Single Family (1-story, approximately 840 sf) (1 accessible, 1 adaptable, 1 HVI)
- 6 – 2-bedroom Single Family (1-story, approximately 990 sf) (2 accessible, 1 adaptable)
- 6 – 2-bedroom Duplex (2-story, approximately 1216 sf)
- 6 – 3-bedroom Single Family (2-story, approximately 1483 sf) (1 accessible if lift installed, 1 adaptable)
- 6 – 3-bedroom Duplex (2-story, approximately 1483 sf)

This proposal has been modified somewhat since it was originally proposed, but at its core it has remained in line with its original intent. A proposed site plan and further details of the development are attached. One of the more recent additions to the project includes a community garden with a pedestrian pathway linking Highland Green to Crystal View Townhomes. Brinshore Development and the Homestead Corporation are also working with the Housing Authority of Champaign County, which has dedicated nine Veterans Affairs Supportive Housing (VASH) vouchers to the development. VASH vouchers are used to subsidize supportive housing for homeless veterans, which includes case management and clinical services. The three development organizations have formed Highland Green, LLC to act as the official development entity for this project.

Highland Green was approved for Low-Income Housing Tax Credits (LIHTC) by the Illinois Housing Development Authority (IHDA) on October 20, 2015, providing a critical financing mechanism for the project. After falling short in accessing these highly competitive funds in previous years, the recent approval was an important breakthrough that has allowed this development to proceed financially. According to the developers’ pro forma, the LIHTC provide \$5,526,007 in financing, or almost three-quarters of the \$7,627,572 of permanent financing needed to complete Highland Green.

To fill part of the remaining funding gap, Brinshore Development submitted an application for HOME Investment Partnerships (HOME) funds to the City of Urbana on September 22, 2015. City Staff has been consulting with the City’s Consortium partners at the City of Champaign and the Champaign County Regional Planning Commission, and recently agreed to a division of funds that will provide the anticipated \$291,580 HOME amount to the Highland Green

development.

The City of Urbana has also determined that CDBG funds could be used to meet a number of different infrastructural needs that will be required at the Highland Green site to enable the construction of housing units. The developer estimates that site utilities will cost \$915,409, which are eligible expenses under the CDBG program. The current amount of CDBG funding proposed to be transferred to Highland Green, LLC is \$208,420.

The remaining financing is provided through a construction loan, a private mortgage, an IHDA program separate from the LIHTC, funds from the Federal Home Loan Bank of Chicago's Affordable Housing Program, and donation tax credits. Highland Green's proximity to Crystal View Townhomes, which was also developed in part by Brinshore Development through HOME funds, allows for the sharing of amenities such as common areas and community rooms between the two developments.

Discussion

The proposed HOME funding will be used to fund the construction of two specific designated units in the development. Upon completion, these designated HOME units will be subject to restrictions on rent, property maintenance, occupancy, and other factors during the HUD-mandated 20-year affordability period. The developer is aware of these restrictions and is familiar with the proper use of HOME funds on other projects.

In terms of CDBG funds for infrastructure development, the proposed agreement would transfer funds to the developers for the construction of the new private drive that will run through the development, as well as for sidewalks, storm and sanitary sewers, and other related infrastructure including lighting, waste collection areas, and signage. The City Engineer has allowed for a waiver of the stormwater detention requirement for the project due to its proximity to the Saline Branch and the capacity of storm sewers in the vicinity. The project will involve an upgrading of storm sewers in the area sufficient to meet the demand for the project, as well as for the adjoining site at 405/407 East Kerr Avenue which has been granted an easement for the improvement. Part of the agreements include a provision granting permission to the Urbana Police Department and Parking Enforcement Division to enforce no-parking regulations on private property to maintain clear access throughout the property for emergency vehicles.

Federal funds are critical to providing the development team with the capacity to construct Highland Green in a manner that meets the City's goals to provide affordable housing at this site. Access to these Federal funds is necessary to complete the Highland Green project. In addition, use of the funds on this shovel-ready project will allow the City to meet its timeliness goals for both HOME and CDBG funds. Without the project, some or all of these funds would need to be reimbursed to the Federal government. The developer hopes to close on financing in July and begin construction in August.

Goals and Objectives

The parcels that are now 401-403 E. Kerr Avenue were originally purchased by the City in 2004.

This property acquisition was made using CDBG funds for the intended purpose of affordable housing. Since that time, the construction of affordable housing on that site has been a long-standing goal, which has been expressed through numerous documents and plans.

Highland Green is referred to in the 2015-2019 City of Urbana and Urbana HOME Consortium Consolidated Plan as an anticipated project. The Plan specifically mentions residential development on the Kerr Avenue site as a strategy for overcoming barriers to affordable housing, especially for veterans. This residential development was also referred to as a potential use of City of Urbana HOME Neighborhood Revitalization Funds in the project summary section of the Consolidated Plan. The use of these funds for the project will help to fulfill this proposal found in the Consolidated Plan.

The development of Highland Green will also help the City to progress with regards to the Urbana City Council and Mayor Goal below:

Goal 7: Quality of Life

Objective 2: Continue to promote affordable housing opportunities and work to eliminate homelessness.

Action/tactic a: Work with developers to provide affordable housing opportunities.

Action/tactic c: Continue to work with Community Housing Development Organizations to create new housing affordable housing opportunities, including those on vacant infill properties where homes have been removed.

The proposed “Kerr Ave. energy-efficient housing project” was specifically mentioned as an implementation step for the above action/tactic a.

This development will help to fulfill the following Goals and Objectives found in the 2005 Urbana Comprehensive Plan:

Goal 2.0 New development in an established neighborhood will be compatible with the overall urban design and fabric of that neighborhood.

Objectives

2.4 Promote development that residents and visitors recognize as being of high quality and aesthetically pleasing.

Goal 15.0 Encourage compact, contiguous and sustainable growth patterns.

Objectives

15.1 Plan for new growth and development to be contiguous to existing development where possible in order to avoid “leapfrog” development.

Goal 19.0 Provide a strong housing supply to meet the needs of a diverse and growing community.

Objectives

19.2 Encourage residential developments that offer a variety of housing types, prices and designs.

Goal 39.0 Seek to improve the quality of life for all residents through community development programs that emphasize social services, affordable housing and economic opportunity.

Objectives

39.2 Implement strategies to address social issues related to housing, disabilities, poverty and community development infrastructure.

Goal 40.0 Make affordable housing available for low-income and moderate-income households.

Objectives

40.1 Promote strategies identified in the Consolidated Plan to provide additional affordable housing opportunities in Urbana-Champaign.

40.2 Work to promote the development and capacity of Community Housing Development Organizations (CHDOs) to develop affordable housing opportunities.

Goal 42.0 Promote accessibility in residential, commercial and public locations for disabled residents.

Objectives

42.1 Ensure that new developments are sensitive to the mobility and access needs of the disabled.

42.3 Ensure that new developments include adequate access for the disabled through compliance with ADA requirements and other measures.

42.4 Encourage residential developers to consider the market for disabled residents and visitors and to promote the provision of accessible and adaptable units.

Fiscal Impacts

There will be no fiscal impact on the City General Fund, as the \$500,000 being dedicated to Highland Green LLC. through these agreements would consist of Federal grant funding. The commitment of HOME funds to this project is critical to meeting the current HOME commitment shortfall by the deadline of July 31, 2016. Funds not committed by that deadline would need to be repaid to HUD. Dedicating CDBG funds to this project will also help to maintain the City's timeliness in terms of expending CDBG funds as well. According to an analysis completed by the developer, the development will contribute approximately \$1,150 annually per unit to all taxing bodies. This estimate amounts to a total of roughly \$38,000 per year for the entire 33-unit development, and \$4,819 per year for the City of Urbana. Portions of the project may also be eligible for tax abatement under the City's new Enterprise Zone.

Programmatic Impacts

Construction of affordable housing at the Highland Green site has been a goal of the Mayor and City Council for several years and that goal has been expressed in various City documents, including the Urbana City Mayor and Council Goals, the findings of the 2007 Kerr Avenue

Sustainable Neighborhood Design Charette, the 2005 Urbana Comprehensive Plan, the 2010-2014 City of Urbana and Urbana HOME Consortium Consolidated Plan, and the 2015-2019 City of Urbana and Urbana HOME Consortium Consolidated Plan.

Options

The Committee of the Whole can:

1. Forward one or both of the Resolutions approving the agreements with Highland Green, LLC. to the Urbana City Council with a recommendation for approval.
2. Forward one or both of the Resolutions approving the agreements, with suggested changes, to the Urbana City Council with a recommendation for approval.
3. Do not recommend approval to the Urbana City Council of one or both Resolutions.

Recommendations

The Community Development Commission unanimously recommends approval of the Resolutions. Staff recommends that the Committee of the Whole forward the Resolutions approving the agreements that will transfer HOME and CDBG funding to Highland Green LLC. for the construction of housing and related infrastructure respectively to the Urbana City Council with recommendations for approval.

Prepared by:



Matthew Reje
Community Development Coordinator
Grants Management Division

Attachments:

1. A RESOLUTION APPROVING A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HIGHLAND GREEN, LLC.
2. A RESOLUTION APPROVING A SUBRECIPIENT AGREEMENT BETWEEN THE CITY OF URBANA AND HIGHLAND GREEN, LLC.
3. A Subrecipient Agreement between the Urbana HOME Consortium and Highland Green, LLC.
4. A Subrecipient Agreement Transferring Community Development Block Grant Funds between the City of Urbana and Highland Green, LLC.
5. Proposed Highland Green Site Plan

RESOLUTION NO. 2016-06-038R

A RESOLUTION APPROVING A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HIGHLAND GREEN, LLC.

WHEREAS, the Congress of the United States has enacted the Cranston-Gonzales National Affordable Housing Act of 1990 which created the HOME Investment Partnerships Program (hereinafter the "HOME Program") to provide funds to state and local government for affordable housing assistance that is most appropriate for local needs; and

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the United States Department of Housing and Urban Development (hereinafter "HUD") for purposes of receiving HOME funds in the name of Urbana HOME Investment Partnerships Consortium under provisions of Title II of Cranston-Gonzales National Affordable Housing Act of 1990 as amended (42 U.S.C. 12701, et seq.) (hereinafter the "National Affordable Housing Act"); and

WHEREAS, BORROWER desires to serve as an owner, BORROWER and developer of an affordable rental housing development within the City of Urbana; and

WHEREAS, the LENDER as a member of the Urbana HOME Consortium has authority under the provisions of the HOME Investment Partnerships Program (the "HOME Program") to provide financial assistance for the development of a mixed-income, affordable residential rental development; and

WHEREAS, the BORROWER has submitted a proposal to the LENDER for assistance to construct a number of affordable rental dwelling units (hereafter the "PROJECT") on a property, hereafter the "PROPERTY") commonly known as Highland Green; and

WHEREAS, the LENDER has reviewed said proposal, and has conducted an evaluation of said PROJECT, including a comprehensive review of the site and building plans that will achieve the minimum property standard, as

established by the LENDER, as part of said PROJECT and an estimated total cost of said PROJECT; and

WHEREAS, the LENDER has determined that the PROJECT is eligible for funding under the HOME Program, and

WHEREAS, the BORROWER has been fully informed regarding any and all requirements, and, obligations that must be met by the PROJECT in order to utilize HOME Program funds, including but not limited to the requirement that after construction, the dwelling unit(s) must remain affordable to low-income households (80% of Area Median Income as established by HUD) for a period of 20 years from the date the PROJECT has achieved full initial occupancy, in accordance with 24 CFR Part 92, Sections 203, 251-253; and

WHEREAS, the BORROWER, after said evaluation and assessment of the PROJECT by the LENDER, and having been fully informed regarding the requirements of the HOME Program, is committed to commencing said PROJECT with the assistance of HOME Program funds on or before June 1, 2017 and has made necessary arrangements to provide any required matching private contribution towards the cost of said PROJECT;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the *Rental Housing Subrecipient Agreement between the Urbana HOME Consortium and Highland Green LLC.*, in substantially the form as attached hereto and incorporated herein by reference, is hereby approved.

Section 2. That the Mayor is hereby designated as the authorized representative of the City of Urbana to take any action necessary in connection with said Annual Action Plans to implement the HOME program and to provide such additional information as may be required.

PASSED by the City Council this _____ day of _____,

_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,

_____.

Laurel Lunt Prussing, Mayor

RESOLUTION NO. 2016-06-039R

A RESOLUTION APPROVING A SUBRECIPIENT AGREEMENT BETWEEN THE CITY OF URBANA
AND HIGHLAND GREEN, LLC.

WHEREAS, the City has been designated as an entitlement community by the U. S. Department of Housing and Urban Development (hereinafter "HUD") under provisions of the Housing and Community Development Act of 1974, as amended, and, as an entitlement community, the City has received an entitlement of Community Development Block Grant (hereinafter "CDBG") funds for the period beginning July 1, 2014 and ending June 30, 2015, as well as the period beginning July 1, 2015 and ending June 30, 2016, pursuant to the CDBG Program; and,

WHEREAS, the Urbana City Council has adopted an Annual Action Plan for the year beginning July 1, 2014 and ending June 30, 2015, and for the year beginning July 1, 2015 and ending June 30, 2016 which allocates a CDBG budget and authorizes allocation of CDBG funds for the development of the Highland Green development (hereinafter "PROJECT"); and

Whereas, the PROJECT an affordable, mixed-income Low Income Housing Tax Credit development, which PROJECT includes construction of certain infrastructure improvements; and

WHEREAS, the City has the right and authority under said CDBG Program to allocate a portion of its funds to the Subgrantee for purposes of undertaking and completing said activities; and,

WHEREAS, the City, as a condition of its assistance to the Subgrantee, requires the Subgrantee to file with the City certain attachments which are hereby incorporated and made part hereof.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the *Subrecipient Agreement between the City of Urbana and Highland Green LLC.*, in substantially the form as attached hereto and incorporated herein by reference, is hereby approved.

Section 2. That the Mayor is hereby designated as the authorized representative of the City of Urbana to take any action necessary in connection with said Annual Action Plans to implement the CDBG program and to provide such additional information as may be required.

PASSED by the City Council this _____ day of _____,
_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Laurel Lunt Prussing, Mayor

RENTAL HOUSING SUBRECIPIENT AGREEMENT

This Rental Housing Agreement is made by and between the City of Urbana, as a member of the Urbana HOME Consortium (the “LENDER”) and Highland Green LLC, (the “BORROWER”).

Background

The Congress of the United States has enacted the Cranston- Gonzalez National Affordable Housing Act of 1990, 42 U.S.C. 12701, *et seq.* (the “National Affordable Housing Act”), which created the HOME Investment Partnerships Program (“HOME”) to provide funds to state and local governments for affordable housing assistance that is most appropriate for local needs.

The City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the U. S. Department of Housing and Urban Development (“HUD”) for purposes of receiving HOME funds in the name of the Urbana HOME Investment Partnerships Consortium (the “HOME Consortium”) under provisions of Title II of the National Affordable Housing Act.

The BORROWER desires to serve as an owner, borrower and developer of an affordable rental housing development within the City of Urbana.

The LENDER, as a member of the Urbana HOME Consortium, has authority under the provisions of the HOME Program to provide financial assistance for the development of a mixed-income, affordable residential rental development.

The BORROWER has submitted a proposal to the LENDER for assistance to construct a number of affordable rental dwelling units (the “PROJECT”) on a property (the “PROPERTY”) commonly known as Highland Green.

The LENDER has reviewed said proposal and has conducted an evaluation of said PROJECT, including a comprehensive review of the site and building plans that will achieve the minimum property standard, as established by the LENDER, as part of said PROJECT and an estimated total cost of said PROJECT.

The LENDER has determined that the PROJECT is eligible for funding under the HOME Program.

The BORROWER has been fully informed regarding any and all requirements, and obligations that must be met by the PROJECT in order to utilize HOME Program funds, including but not limited to the requirement that, after construction, the dwelling unit(s) must remain affordable to low-income households (eighty percent (80%) of area median income as established by HUD) for a period of 20 years from the date the PROJECT has achieved full initial occupancy, in accordance with 24 CFR Part 92, Sections 92-203, and 92-251 through and including 92-253.

The BORROWER, after said evaluation and assessment of the PROJECT by the LENDER, and having been fully informed regarding the requirements of the HOME Program, is committed to commencing said PROJECT with the assistance of HOME Program funds on or before June 1, 2017, and has made necessary arrangements to provide any required matching private contribution towards the cost of said PROJECT.

Therefore, the parties agree as follows.

ARTICLE I: HOME REQUIREMENTS

Section 1: USE of HOME Funds

The LENDER shall provide the BORROWER an amount not to exceed **\$291,580** (\$60,698 from the LENDER's federal Fiscal Year 2013/14 HOME PROGRAM allocation and \$230,882 from its federal Fiscal Year 2014/15 HOME PROGRAM allocation to assist with the construction of **two** affordable rental dwelling units (the "CITY HOME ASSISTED UNITS") out of a total of thirty-three (33) dwelling units (the "PROJECT HOME ASSISTED UNITS") in the PROJECT that will be assisted with HOME funds on the PROPERTY. The PROPERTY is legally described in Exhibit A, which is attached to this agreement. The BORROWER shall comply with the following requirements:

- a.) Complete work on the PROJECT in accordance with the following documents:
 1. Scope of Work/Project Description including the schedule attached hereto as Exhibit B.
 2. The Budget, attached hereto as Exhibit C.
 3. The plans, drawings and specifications, as submitted to, and approved by, the City of Urbana Building Safety Division of the Community Development Services Department.

- b.) Secure legal possession of the PROPERTY by means of fee simple title to the 401 and 403 East Kerr Avenue in Urbana, Illinois.

Section 2. HOME PROJECT Requirements

The BORROWER shall comply with all income determinations and affordability requirements of the HOME Program for each CITY HOME ASSISTED UNIT described in subsection d of this section, as set forth in 24 CFR 92.203 and 92.252, as amended. The BORROWER shall determine whether each family is income eligible by determining the family's annual income in accordance with the Part 5 (Section 8) methodology allowed in 24 CFR 92.203. The CITY HOME ASSISTED UNITS in a rental housing project must be occupied only by households that are eligible as low-income families (eighty percent (80%) of area median income as established by HUD) and must meet the affordability requirements as described more fully in 24 CFR 92.252(e).

- a.) Affordability Period: For **twenty (20)** years following PROJECT completion ("the Affordability Period"), the BORROWER shall restrict the use of the CITY HOME

ASSISTED UNITS to “affordable housing” by recording deed restrictions in the form of a Regulatory and Land Use Restriction Agreement to secure the uses of the property to those which are allowed by the HOME Program.

- b.) Maximum Tenant Income: The maximum income for households residing in the CITY HOME ASSISTED UNITS cannot exceed eighty percent (80%) of the area median income, adjusted by family size, as defined annually by HUD.
- c.) Rent Limitations: The gross rent for all CITY HOME ASSISTED UNITS (base rent plus applicable utility allowance computed in accordance with Section 42 of the Internal Revenue Code, 26 U.S.C. § 42, and applicable HOME regulations, as amended) cannot exceed the maximum High HOME Rents as published annually by HUD, and issued annually by the LENDER. The initial monthly rent for each unit cannot exceed:

# of Bedrooms	High HOME Rents	Low HOME Rents
1	\$660	\$660
2	\$824	\$810
3	\$1,038	\$935

- d.) CITY HOME ASSISTED UNIT Designation: The parties have designated the dwelling units described below as the CITY HOME ASSISTED UNITS :

Designated City of Urbana HOME Units:

Size of Unit (Bedrooms)	Address of Unit
3	TBD
3	TBD

- e.) Increases in Tenant Income: To the extent specifically required by HOME Program regulations, if an existing tenant’s adjusted income increases to the extent that it exceeds eighty percent (80%) of the area median income, as defined annually by HUD, said tenant’s rent will be increased to an amount equal to thirty percent (30%) of the family’s adjusted monthly income. (If the loan is being made available for units that have been allocated a low-income housing tax credit by the State Housing Finance Agency pursuant to Section 42 of the Internal Revenue Code, and if and so long as applicable regulations under the HOME Program allow an exemption, such rental increase requirements will not apply.)
- f.) Lease Provisions: All leases between the BORROWER and tenants residing in a CITY HOME ASSISTED UNIT will be for not less than one (1) year in duration and will comply with and not contain any lease provisions prohibited by 24 CFR 92.253, as amended.

- g.) Certification of Tenants' Income: The BORROWER shall submit or cause to be submitted to the LENDER within ninety (90) days of its fiscal year end the income records of all tenants that are or have been occupying CITY HOME ASSISTED UNITS within the preceding twelve (12) months, and verifying that those tenants meet the income guidelines set forth herein, or in the case of existing tenants in said CITY HOME ASSISTED UNITS whose income has increased above eighty percent (80%) of area median income, as defined annually by HUD, that the BORROWER has complied with applicable HOME Program regulations in filling the next available vacant units.
- h.) Non-Discrimination Against Subsidy Holders: The BORROWER shall not, in the provision of services, or in any other manner, discriminate against any person on the basis of age, race, color, creed, religion, sex, disability, familial status or national origin.
- i.) Subrecipient: Borrower shall be considered a subrecipient of funds under the HOME Program.
- j.) Matching Funds: Matching funds in at least the amount of \$72,895.00 must be provided by the BORROWER.

Section 3. Other Program Requirements

The BORROWER shall comply with requirements imposed by Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 *et seq.*), as amended, and any related rules and regulations; all requirements imposed by Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*), as amended.; the HUD regulations issued hereunder, 24 CFR, Subtitle A, Part 1, as amended, the HUD requirements pursuant to these regulations; and Executive Order 11063.

In accordance with all rules and regulations issued by HUD under Section 504 of the Rehabilitation Act of 1973, the BORROWER shall not discriminate against any person on the basis of his or her disabilities.

The BORROWER shall comply with any rules and regulations issued by HUD under the Age Discrimination Act of 1975, (42 U.S.C. 6101-07), as amended, and implementing regulations at 24 CFR Part 146, as amended.

The BORROWER shall cooperate with the LENDER and HUD in conducting compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations, as amended.

Section 4. Property Standards

During the Affordability Period, the BORROWER shall maintain all CITY HOME ASSISTED UNITS in accordance with the minimum property standards as established by the LENDER. The BORROWER shall meet all applicable State and local construction codes, rehabilitation standards, and zoning ordinances at the time of PROJECT completion. All CITY

HOME ASSISTED UNITS must meet the accessibility requirements of 24 CFR Part 8, as amended, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). Covered multifamily dwellings, as defined in 24 CFR 100.201, must also meet the design and construction requirements of 24 CFR 100.205, as amended, which implements the Fair Housing Act (42 U.S.C. 3601-3619).

The BORROWER shall allow periodic inspections of the CITY HOME ASSISTED UNITS during normal business hours and upon reasonable notice to ensure that the property condition remains in accordance with the applicable standards listed in this agreement for the duration of the Affordability Period.

Section 5. Federal Program Requirements

- a.) Affirmative Marketing of Rental or Vacant Units: The BORROWER shall affirmatively market any CITY HOME ASSISTED UNIT available for rent or purchase in a manner to attract tenants without regard to race, color, national origin, sex, religion, familial status or disability. The BORROWER agrees, in soliciting tenants, to do the following:
- 1) Use the Equal Housing Opportunity logo in all advertising;
 - 2) Display a Fair Housing poster in the rental and sales office;
 - 3) Where appropriate to advertise, use media, including minority outlets, likely to reach persons least likely to apply for the housing;
 - 4) Maintain files of the PROJECT'S affirmative marketing activities for five (5) years and provide access thereto to the LENDER's staff;
 - 5) Not refrain from renting to any participating tenant holding a Section 8 Housing Choice Voucher, except for good cause, such as previous failure to pay rent and/or to maintain a rental unit, or the tenant's violation of other terms and conditions of tenancy;
 - 6) Comply with Section 8 Housing Choice Voucher regulations when renting to any participating tenant;
 - 7) Exercise affirmative marketing of the units when vacated; and
 - 8) Complete the Urbana HOME Consortium Affirmative Marketing Plan, attached as Exhibit D.
- b.) Non-discrimination and Equal Opportunity: In carrying out this agreement, the BORROWER shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, familial status, disability or national origin. The BORROWER shall take the necessary steps to ensure that

applicants for employment are employed, and that employees are treated during employment without regard to their race, color, religion, sex, age, familial status, disability or national origin. Such action includes, but is not limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The BORROWER shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the government setting forth the provisions of this non-discrimination clause. The BORROWER shall consider all qualified candidates for employment without regard to race, color, religion, sex, age, familial status, disability or national origin. The BORROWER shall comply with Urbana City Code Chapter 12, Article III, regarding Equal Employment Opportunity and Affirmative Action.

- c.) Displacement, Relocation and Acquisition: If applicable, the BORROWER shall cooperate with and assist the LENDER in the provision of relocation assistance for temporarily relocated and/or permanently displaced persons residing in the PROJECT at the levels in accordance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C.4601 *et seq.*), as amended, and 49 CFR Part 24, as amended.
- d.) Labor Requirements: The BORROWER and its contractors and subcontractors shall comply with the Davis-Bacon Act (40 U.S.C. 276a – 276a-5) , as amended, with regard to all its requirements including wage rates paid pursuant to or as a result of this agreement. The BORROWER shall ensure that all construction contracts and sub-contracts executed as a result of this agreement include the applicable Davis-Bacon Wage Determination and all other documentation required by the Davis-Bacon Act. Contracts executed as a result of this agreement may also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C.3701 *et seq.*), as amended. The BORROWER shall complete necessary documentation as required by the Davis-Bacon Act.

The Borrower shall comply with the Copeland Anti-Kickback Act (18 U.S.C. 874 *et seq.*), as amended, and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5, as amended. The BORROWER shall maintain documentation that demonstrates compliance with hour and wage requirements of this Part. The BORROWER shall make such documentation available to the LENDER for review upon request.

- e.) Debarment & Suspension:
The BORROWER certifies that it is not debarred or suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549. The BORROWER shall establish procedures to ensure that it does not make any award to grantees and subgrantees (including contractors) at any tier in violation of the nonprocurement debarment and suspension common rule implementing Executive Order 12549. The

BORROWER shall verify and document that none of its grantees, subgrantees or contractors are debarred, suspended or otherwise excluded from participation through the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs (“List”). The BORROWER may request assistance from the LENDER to access the List and document results to the file, or verify by using the following website (www.epls.gov) or any other approved method.

- f.) Conflict of Interest: The BORROWER guarantees that no member of, or delegate to, the Congress of the United States will be admitted to any share or part of this agreement or to any benefit to arise from the same. The BORROWER agrees that no members of the governing body of the locality in which the BORROWER is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the agreement during his/her tenure, or for one year thereafter, will have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the services performed under this agreement. Unless expressly permitted by HUD, the BORROWER agrees that no person who is an employee, agent, consultant, officer, or elected or appointed official of the BORROWER and who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME Program funds, or who is in a position to participate in a decision-making process to gain inside information with regard to such HOME-assisted activities, may obtain a financial interest or benefit from the HOME-assisted activity, or have any interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one (1) year thereafter. Unless expressly permitted by the LENDER, no BORROWER, or officer, employee, agent or consultant of the BORROWER, may occupy a CITY HOME ASSISTED UNIT.
- g) Compliance with Section 3. The BORROWER shall comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701*et seq.*), as amended. Section 3 applies to all contract and subcontracts in excess of \$100,000 or where LENDER assistance exceeds \$200,000. Additionally, if no contracts or subcontracts exceed \$100,000, then Section 3 will only apply to the BORROWER.) The following forms are required to be completed and submitted to the LENDER;
- _____ Section 3 Policy
 - _____ Section 3 Self-Certification
 - _____ Section 3 Compliance in the Provision of Training, Employment, and Business Opportunities
 - _____ Proposed Subcontractor Breakdown – Table A
 - _____ Estimated Project Workforce Breakdown – Table B
- The LENDER shall provide the foregoing Certification forms to the BORROWER. The BORROWER is responsible for distributing and collecting the Section 3 forms from each contractor and subcontractor associated with the PROJECT. No work may begin until these forms are completed and returned to the LENDER).

- h.) Air and Water: The BORROWER shall comply with the following requirements insofar as they apply to the performance of this agreement: Clean Air Act, 42 U.S.C. 7401, *et seq.*, as amended; Federal Water Pollution Control Act, 33 U.S.C. 1251, *et seq.*, as amended, including Section 308 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; Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.
- i.) Uniform Administration Requirements: The BORROWER agrees that it is subject to, and will comply with, the uniform administrative requirements governing Federal funds including those requirements that apply to governmental entities. Specifically, this includes the requirements of OMB Circular No. A-87 and the following provisions of 24 CFR Part 85: sections 85.6, 85.12, 85.20, 85.22, 85.26, 85.32-85.34, 85.44, 85.51, and 85.52. For nonprofit organizations, this includes the requirements of OMB Circular No. A-122 and the following provisions of 24 CFR Part 84: sections 84.2, 84.5, 84.13-84.16, 84.21, 84.22, 84.26-84.28, 84.30, 84.31, 84.34-84.37, 84.40-84.48, 84.51, 84.60-84.62, 84.72, and 84.73.
- j.) Eligible and Ineligible Fees: The BORROWER will not charge loan origination, processing, inspection, servicing, or other fees. Only the following are permitted fees: a nominal homebuyer counseling fee and homebuyer counseling application fee, a reasonable annual fee for ongoing rental project compliance monitoring, fees for rental housing tenants that are reasonable and customary to the area, and fees for services that are voluntary and as long as the fees are only charged for services provided.

ARTICLE II: DISBURSEMENT OF FUNDS.

Section 1. Payment Generally

As consideration for the performance of the undertaking and completion of construction of the PROJECT, the LENDER shall reimburse the BORROWER for all eligible costs, as determined by the LENDER, in an amount not to exceed **\$291,580**. Payment for the PROJECT will be made in accordance with the budget detailed in Exhibit C and will be limited to the statement of work described in Exhibit A.

The BORROWER shall submit a request for disbursement to the LENDER for HOME Program funds under this agreement when funds are needed for payment of eligible HOME Program costs. The amount of each disbursement request will be limited to the amount expended.

Section 2. Progress and Final Payments

The BORROWER may request from the LENDER progress payments as soon as portions of the work described in Exhibit A have been completed. The LENDER or its designee shall authorize

said payments and said payments will not be made until the LENDER or its designee approves the payment. If all conditions are met, and the work performed and materials supplied in a manner satisfactory to the LENDER, the BORROWER will receive final payment.

ARTICLE III: RECORDKEEPING

The BORROWER shall maintain such records and accounts, including program records, PROJECT records; financial records; program administration records; equal opportunity and fair housing records; MBE/WBE records; records demonstrating compliance with the income eligibility determination requirements of 24 CFR 92.203; recordkeeping requirements of 24 CFR 92.508; any records demonstrating compliance with the requirements of 24 CFR 92.353 regarding displacement, relocation and real property acquisitions; records demonstrating compliance with the labor requirements of 24 CFR 92.354; records demonstrating compliance with the lead-based paint requirements of 24 CFR 92.355; debarment and suspension certifications required by 24 CFR Parts 24 and 92; and any other records, as are deemed necessary by the LENDER to assure a proper accounting and monitoring of all HOME Program funds. The BORROWER shall retain all records and supporting documentation applicable to this agreement for five (5) years after the Affordability Period has terminated.

ARTICLE IV: ENFORCEMENT

A default will consist of any use of HOME Program funds for a purpose other than as authorized by this agreement, noncompliance with the HOME Investment Partnerships Act (42 U.S.C. 12701 *et seq.*), as amended, any material breach of the agreement, failure to expend HOME Program funds in a timely manner, or a misrepresentation in the application submission which, if known by the LENDER and/or HUD, would have resulted in HOME Program funds not being provided. Upon due notice to the BORROWER of the occurrence of any such default and the provision of a reasonable opportunity to respond, the LENDER may take one or more of the following actions:

- (a) Direct the BORROWER to prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables and milestones necessary to implement the affected activities;
- (b) Establish and follow a management plan that assigns responsibilities for carrying out the remedial actions;
- (c) Cancel or revise activities likely to be affected by the performance deficiency, before expending HOME Program funds for the activities;
- (d) Reprogram HOME funds that have not yet been expended from affected activities to other eligible activities or withhold HOME Program funds;
- (e) Direct the BORROWER to reimburse the LENDER's program accounts in any amount not used in accordance with the requirements of 24 CFR Part 92, *et seq.* as amended;
- (f) Suspend disbursement of HOME Program funds for affected activities;
- (g) Other appropriate action including, but not limited to, any remedial action

legally available, such as affirmative litigation seeking declaratory judgment, specific performance, damages, temporary or permanent injunctions, termination of the agreement and any other available remedies.

For purposes of this agreement, a reasonable opportunity to respond to any default shall be thirty (30) days from receipt by the BORROWER of the LENDER's written notice of default. No delay or omission by LENDER and/or HUD in exercising any right or remedy available to it under the agreement will impair any such right or remedy or constitute a waiver or acquiescence in any BORROWER default.

Unless the BORROWER's default is waived, the LENDER may, upon twenty-four (24) hour written notice, terminate this agreement for said default. Waiver by the LENDER of the BORROWER's default under this agreement will not be deemed to be a waiver of any other default nor will it be termination notice.

ARTICLE V: NOTICES

All notices required under this agreement must be in writing. Notices must be personally hand delivered or mailed by certified U.S. mail, return receipt requested, addressed to the respective party as shown below, or to any changed address either party may have fixed by notice. Notice will be deemed effective upon actual receipt of the notice, or, if certified mail delivery is not accomplished, notice will be deemed given on the date of the mailing. Either party may designate by written notice a different address to which notices must be sent.

BORROWER:

Name: Richard Sciortino
Title: President
Organization: Highland Green, LLC.
Address: 666 Dundee Road, Suite 1002
Northbrook, IL 60062

CITY OF URBANA as a Member of the URBANA CONSORTIUM:

Name: Kelly H. Mierkowski
Title: Grants Management Division Manager
Organization: City of Urbana
Address: 400 S. Vine Street
Urbana, IL 61801

ARTICLE VI: GENERAL PROVISIONS

This agreement, together with its attachments, constitutes the entire agreement between the LENDER and the BORROWER concerning the subject matter and supersedes all prior agreements or understandings pertaining to the matter of this agreement. All attachments to this

agreement are incorporated into this agreement and are made a part of this agreement by this reference.

This agreement will be valid only after the Urbana City Council approves it by resolution or ordinance.

The parties are permitted to sign this agreement in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Each party represents to the other that the person or persons signing this agreement on behalf of the party has or have been authorized and empowered to enter into this agreement by and on behalf of such party and to bind that party to all terms, performances, and provisions herein set forth.

This Agreement does not constitute a commitment of funds or site approval, and the commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the City of Urbana of an approval of the request for release of funds and certification from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. The provision of any funds to the project is conditioned on the City of Urbana's determination to proceed with, modify or cancel the project based on the results of the environmental review. The LENDER and BORROWER are prohibited from undertaking or committing any funds, not limited to HOME funds, to physical or choice-limiting actions. Physical or choice-limiting actions include entering into contracts (including conditional contracts) for property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the environmental clearance.

Violation of this provision may result in the denial of any funds under this agreement.

The agreement to provide funds to the project is conditioned on the LENDER's determination to proceed with, modify or cancel the project based on the results of the environmental review.

Exhibit A
Location of Project

Legal description:

A PART OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 19 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 1 OF MACKEY SUBDIVISION, AS SHOWN ON A PLAT RECORDED JUNE 19, 1968 AS DOCUMENT NUMBER 778353 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS, SAID POINT ALSO BEING ON THE SOUTHERLY RIGHT OF WAY LINE OF KERR AVENUE; THENCE, SOUTHERLY, ALONG THE EAST LINE OF LOTS 1 THROUGH 4 INCLUSIVE OF SAID MACKEY SUBDIVISION, 245.30 FEET, TO THE SOUTHEAST CORNER OF SAID LOT 4, SAID POINT ALSO BEING ON THE NORTHERLY LINE OF CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, AS SHOWN ON A PLAT RECORDED MARCH 24, 2009 AS DOCUMENT NUMBER 2009R07821 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS; THENCE, EASTERLY, ALONG SAID NORTHERLY LINE OF CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, 30.41 FEET, TO A NORTHEASTERLY CORNER OF SAID CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION; THENCE, SOUTHERLY, ALONG AN EASTERLY LINE OF SAID CRYSTAL VIEW TOWNHOMES FIRST SUBDIVISION, 234.32 FEET, TO THE NORTHWESTERLY CORNER OF LOT 7 OF ANDREW BARR'S SUBDIVISION AS SHOWN ON A PLAT RECORDED OCTOBER 5, 1894 IN PLAT BOOK A AT PAGE 257 IN THE OFFICE OF THE RECORDER OF DEEDS, CHAMPAIGN COUNTY, ILLINOIS; THENCE, EASTERLY, ALONG THE NORTH LINE OF SAID ANDREW BARR'S SUBDIVISION, 274.26 FEET, TO THE WESTERLY LINE OF THE EAST 205 FEET 4 INCHES OF THE NORTH 30 RODS OF LOT 30 OF A SUBDIVISION OF THE NORTHEAST QUARTER OF SECTION 8, TOWNSHIP 19 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, AS PER PLAT RECORDED IN PLAT BOOK "R" AT PAGE 238; THENCE, NORTHERLY, ALONG SAID WESTERLY LINE OF THE EAST 205 FEET 4 INCHES OF LOT 30, 475 FEET, TO ITS INTERSECTION WITH THE SOUTHERLY RIGHT OF WAY LINE OF KERR AVENUE; THENCE, WESTERLY, ALONG SAID SOUTHERLY RIGHT OF WAY LINE, 304.67 FEET, TO THE POINT OF BEGINNING.

SAID TRACT CONTAINING 3.17 ACRES, ALL SITUATED IN THE CITY OF URBANA, CHAMPAIGN COUNTY AND BEING COMMONLY KNOWN AS 401 AND 403 EAST KERR AVENUE.

PERMANENT INDEX NUMBERS: 91-21-08-280-035 AND 91-21-08-280-009.

Exhibit B
Scope of Services/Project Description

Highland Green is a 33 rental unit new construction, family complex to be located at 401 and 403 E. Kerr Avenue in Urbana, Illinois. The site is located approximately 0.65 miles north of downtown Urbana and 2.0 miles northeast of downtown Champaign, Illinois. The Champaign-Urbana area is approximately 130 miles south of Chicago, 175 miles northeast of St. Louis, Missouri, and 110 miles northwest of Indianapolis, Indiana.

The new development will include single-family homes and duplexes, as well as a variety of community amenities. Project amenities will include property management located in the community building at the neighboring Crystal View Townhomes, as well as access to the Crystal View Townhomes community rooms, exercise room, maintenance storage and an adjacent outdoor tot lot and seating area.

While all of the 33 units will be subject to Section 42 restrictions, two (2) of the 33 units will be subject to the HOME regulations. A total of five (5) units will be reserved for families at thirty percent (30%) of AMI who may have special needs or have Section 8 vouchers; sixteen (16) will be reserved for those at fifty percent (50%) (Note: 18 project-based voucher units will be spread among the fifty percent (50%) AMI units.); and twelve (12) will be reserved for those at sixty percent (60%).

Completion of construction is projected to be during April 2017. The rents paid by all tenants will be affordable according to the guidelines of the Low-Income Housing Tax Credits and HOME Program.

The design of Highland Green maximizes accessibility to disabled persons. All buildings will be slab on grade and where possible there will be no-step entries. Nine (9) percent of the units are fully accessible with lowered cabinetry and nine (9) percent of the units are adaptable.

There will be 48 parking spaces on-site. The project will be 100% leased within six (6) months of the completion of Highland Green's construction.

The Urbana Police Department and the City of Urbana Parking Enforcement Division will have permission to enforce no-parking regulations on private property to maintain clear access throughout the property for emergency vehicles.

The City Engineer has allowed for a waiver of the stormwater detention requirement for the project due to its proximity to the Saline Branch and the capacity of storm sewers in the vicinity. The project will involve an upgrading of storm sewers in the area sufficient to meet the demand for the project, as well as for the adjoining site at 405-407 East Kerr Avenue which granted an easement for the improvement.

Exhibit C
Budget - Owner's Sworn Statement

Sources of Funds			
Source	Type	Amount	% of Total
Private Mortgage	Loan	750,000	10%
IHDA Funding	Soft Loan	-	0%
0	Grant	495,000	6%
FHLBC AHP	Soft Loan	-	-
Donation Tax Credits	Soft Loan	65,900	1%
City of Urbana HOME	Grant	450,000	6%
LIHTC Equity	Equity	5,526,007	72%
Deferred Developer Fee	Soft Loan	190,665	2%
Total All Sources		7,477,572	98%

Uses of Funds			
Cost	Amount	Per Unit	% of Total
Acquisition	150,000	4,545	2%
Construction	5,517,194	167,188	72%
Contingency	267,670	8,111	4%
Soft Costs	855,476	25,924	11%
Reserves	209,164	6,338	3%
Developer Fee	628,067	19,032	8%
Total All Uses	7,627,572	231,139	100%

Exhibit D
Affirmative Marketing Plan

**[Please see attached Copy of Affirmative Fair
Housing Marketing Plan, 12-pages]**

CITY OF URBANA
COMMUNITY DEVELOPMENT BLOCK GRANT

SUBRECIPIENT AGREEMENT

SUBRECIPIENT NAME: Highland Green, LLC
PROJECT NO/NAME: **FY 2015-2016 Highland Green CDBG**
PROJECT ADDRESS: 401 and 403 E. Kerr Avenue, Urbana, IL
CFDA No. 14.218

THIS SUBRECIPIENT AGREEMENT, made and entered into by and between the City of Urbana, an Illinois municipal corporation (the "City"), and Highland Green, LLC, an Illinois limited liability company (the "Subgrantee").

Background

The City has been designated as an entitlement community by the U. S. Department of Housing and Urban Development ("HUD") under provisions of the Housing and Community Development Act of 1974 (the "Housing Act"), as amended, and, as an entitlement community, the City will receive an entitlement of Community Development Block Grant ("CDBG") funds for the period beginning July 1, 2014 and ending June 30, 2015, as well as the period beginning July 1, 2015 and ending June 30, 2016, pursuant to the CDBG Program.

The Urbana City Council has adopted an Annual Action Plan for the year beginning July 1, 2014 and ending June 30, 2015, and for the year beginning July 1, 2015 and ending June 30, 2016, which allocates a CDBG budget and authorizes allocation of CDBG funds for the development of Subgrantee Project No. FY 2015-2016 Highland Green CDBG (the "PROJECT").

The PROJECT is an affordable, mixed-income Low Income Housing Tax Credit development, which PROJECT includes construction of certain infrastructure improvements.

The City has the right and authority under said CDBG Program to allocate a portion of its funds to the Subgrantee for purposes of undertaking and completing said activities.

The purpose of this agreement is to pledge FY 2014-2015 and FY 2015-2016 CDBG program funds to the Subgrantee for only the development of infrastructure on and adjacent to the site of Highland Green in accordance with all City standards and requirements.

The City, as a condition of its assistance to the Subgrantee, requires the Subgrantee to file with the City certain documents which are attached to this agreement.

Therefore, the parties agree as follows.

1. The City hereby grants to the Subgrantee the sum of two hundred and eight thousand four hundred and twenty dollars and 0/100 Cents (\$208,420). The Subgrantee shall abide by the CDBG Program rules and regulations and use said funds for the purpose of carrying out the PROJECT.

2. The Subgrantee shall not make a request for disbursement of CDBG funds pursuant to this agreement until such funds are needed to pay eligible costs related to the PROJECT. The Subgrantee acknowledges that funding in the full amount of this agreement is contingent upon the City receiving said CDBG funds, and should the entitlement funds be discontinued or reduced for any reason, the Subgrantee acknowledges that funding under this agreement could cease or be reduced without advance notice.
3. No modification of this agreement is effective unless in writing and executed by both the City and the Subgrantee.
4. The City and HUD are permitted to conduct on-site reviews, examine personnel records and to conduct any other procedures and practices to assure compliance with this agreement. The Subgrantee shall execute and abide by the terms of Attachment A, Equal Employment Opportunity Certification, and all City Affirmative Action requirements.
5. The Subgrantee shall complete and adhere to Attachment B, Assurances, and shall submit said Attachment B to the City as a condition of final execution of this agreement.
6. The Subgrantee shall complete and adhere to Attachment C, Statement of Special Conditions, and shall submit said Attachment C to the City as a condition of final execution of this agreement.
7. The Subgrantee shall at all times observe and comply with all laws, ordinances, or regulations of the federal, state, county, and local governments which may in any manner affect the performance of the Subgrantee with respect to this agreement.
8. The Subgrantee represents to the City that construction of the PROJECT will begin on or before June 1, 2017, be completed by June 1, 2019, and that the PROJECT will be completely leased-up by December 1, 2019, unless otherwise agreed to by the City and the Subgrantee in writing.
9. The Subgrantee shall not assign this agreement, or any part thereof, and the Subgrantee shall not transfer or assign any funds or claims due hereunder without the prior written approval of the City. Any transfer or assignment of funds pursuant to the agreement, either in whole or in part, or any interest therein, without prior written consent of the City will be of no force or effect.
10. The allocation of these funds will not obligate the City for any financial responsibility incurred by the PROJECT in excess of the stipulated allocation. The allocation of these funds will not obligate the City to bear responsibilities for the maintenance of any project under the provision of the Housing Act.
11. This agreement neither obligates nor precludes the City from further accepting or distributing funds entitled to the City nor restricts nor limits the powers of the City to use such funds pursuant to the provisions of the Housing Act.
12. This agreement neither obligates nor precludes the Subgrantee from further accepting funds or assistance pursuant to the Housing Act.
13. The Subgrantee shall indemnify and defend the City against any and all claims, costs, causes, actions and expenses, including but not limited to attorneys' fees incurred by reason of a lawsuit

or claim for compensation arising in favor of any person, including the employees or officers or independent contractors or subcontractors or agents of the Subgrantee, on account of personal injuries or death, or damages to property occurring, growing out of, incident to, or resulting under the PROJECT, whether such loss, damage, injury or liability is contributed to by the negligence of the City or its officers, employees or agents, or by the premises themselves or any equipment thereon whether latent or patent, or from other causes whatsoever, except that Subgrantee will have no liability for damages or the costs incident thereto caused by the sole negligence or intentional misconduct of the City, or its officers, employees or agents.

14. The Subgrantee shall have full control of the ways and means of performing the services referred to herein, subject to all applicable federal regulations and the guidelines established in Attachment C, and the Subgrantee or its employees, representatives, subcontractors, or agents are in no sense employees of the City.
15. The following conflict of interest provisions apply to the procurement of supplies, equipment, construction, and services.
 - A. No persons who exercise or have exercised any functions or responsibilities with respect to activities assisted under this agreement, 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 or benefit from a CDBG-assisted activity, either for themselves or those with whom they have business or family ties, during their tenure or for one year thereafter.
 - B. This conflict of interest provision applies to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the Subgrantee or the City.
 - C. Upon written request, exceptions to the conflict of interest provisions may be granted jointly by the City and HUD on a case-by-case basis but only after the Subgrantee has disclosed the full nature of the conflict, submitted proof that the disclosure has been made public, and provided a legal opinion that there would be no violation of state or local law if the exception were granted.
16. Upon execution of this agreement, including the submission of all required attachments, the City and the Subgrantee shall adhere to the following:
 - A. The City and Subgrantee shall adhere to all special conditions described in Attachments A, B, and C of this agreement;
 - B. To the greatest extent feasible, all expenditures made under this PROJECT shall be made to Champaign County firms and individuals;
 - C. Financial records and payments will comply with all federal regulations;
 - D. The Subgrantee shall allow any and all audits of its records as may be required and shall permit inspection of PROJECT records by representatives of the City's Grants Management Division and HUD;

- E. The Subgrantee shall retain all records pertinent to expenditures incurred under this agreement for a period of three (3) years after the termination of all activities funded under this agreement;
- F. The Subgrantee shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Subgrantee agrees that client information collected pursuant to this agreement is confidential, and the use or disclosure of such information, when not directly connected with the administration of the PROJECT, is prohibited unless prior written consent is obtained from such person receiving service, and in the case of a minor, that of a responsible parent/guardian.
17. The City may suspend or terminate this agreement, in whole or in part, if Subgrantee materially fails to comply with any term of the agreement, or with any of the rules, regulations or provisions referred to herein; and the City may declare the Subgrantee ineligible for any further participation in the CDBG program, in addition to other remedies as provided by law.
18. If the City determines that the Subgrantee has not complied with or is not complying with the provisions of the agreement and so notifies the Subgrantee by written notice of said violations, and the Subgrantee fails to correct said violations within thirty (30) days from receipt of said notice, the City may terminate this agreement by written notice and may take other action as may be permitted by this agreement.
19. The Subgrantee shall submit regular Progress Reports to the City in the form, content, and frequency as required by the City. Requirements for said Progress Reports are specified in Attachment C hereto.
20. This agreement, together with its attachments, constitutes the entire agreement between the Subgrantee and the City concerning the subject matter and supersedes all prior agreements or understandings pertaining to the matter of this agreement. All attachments to this agreement are incorporated into this agreement and are made a part of this agreement by this reference
21. Except where the terms of this agreement expressly provide otherwise, the Subgrantee and the City shall give all notices required or permitted by this agreement in writing, addressed as set forth below, unless another address is provided in writing. Notices will be deemed given when personally delivered; deposited in the U.S. mail, postage prepaid, first class; or delivered to a commercial courier.

TO THE CITY:

Kelly H. Mierkowski, Manager
Grants Management Division
Dept. of Community Development Services
400 South Vine Street
Urbana, Illinois 61801

TO THE SUBGRANTEE: Highland Green, LLC.
666 Dundee Road
Suite 1102
Northbrook, IL 60062
Attn: Richard Sciortino

- 22. The Subgrantee's or the City's failure to enforce any provision of this agreement will not be deemed a waiver of future enforcement of that or any other provision. A waiver of any provision of this agreement is valid only if in writing and signed by the parties.
- 23. This agreement will be valid only after the Urbana City Council approves it by resolution or ordinance.
- 24. The parties are permitted to sign this agreement in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

This agreement is effective as of the date executed by the City.

CITY

By: _____
Laurel Lunt Prussing
Mayor

_____ Dated

ATTEST:

Phyllis Clark
City Clerk

SUBGRANTEE

By: _____
Richard John Sciortino
President
Highland Green, LLC

_____ Dated

STATE OF ILLINOIS)
)
COUNTY OF _____) ss.

I, the undersigned, a notary public in and for the said County, in the State aforesaid do hereby certify that Richard John Sciortino, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the said instrument in his capacity as the duly authorized President of Highland Green, LLC.

GIVEN under my hand and official seal, this _____ day of _____ 2016.

Notary Public

DRAFT

ATTACHMENT A
EQUAL EMPLOYMENT OPPORTUNITY CERTIFICATION

The undersigned understands and agrees that it is a Subgrantee of the Urbana CDBG Program and agrees that there shall be no discrimination against any employee who is employed in carrying out work receiving assistance from the City and HUD, or against any applicant for such employment, because of race, color, religion, sex, age, or national origin, including but not limited to employment, upgrading, demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

The Subgrantee further agrees to the following:

- (1) It will be bound by said equal opportunity clause with respect to its own employment practices during the duration of its participation with the City and HUD;
- (2) It will furnish the City and HUD such information as they may require for the supervision of such compliance and will otherwise assist the City and HUD in the discharge of primary responsibility for securing compliance;
- (3) It will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the Secretary of Labor, the City or HUD;
- (4) It shall abide by the Urbana Human Rights Ordinance regarding equal employment.
- (5) In the event that it fails or refuses to comply with the undertaking, the City or HUD may cancel, terminate or suspend in whole or in part any contractual agreements the City or HUD may have with the Subgrantee; may refrain from extending any further assistance to the Subgrantee under any program until satisfactory assurance of future compliance has been received from such Subgrantee; or may refer the case to HUD for appropriate legal proceedings.

Name (Please Print): _____

Signature: _____

Title: _____

Date: _____

ATTACHMENT B
ASSURANCES

The Subgrantee hereby assures and certifies with respect to the grant that:

1. It possesses legal authority to receive CDBG Program funds from the City and to execute the proposed project.
2. Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing execution of this agreement, including all understandings and assurances contained herein, and directing and designating the authorized representative of the Subgrantee to act in connection with the agreement and to provide such additional information as may be required.
3. Given that the City's CDBG Program has been developed to give maximum feasible priority to activities which will benefit very low-income families, the Subgrantee agrees to give maximum feasible priority to very low-income families when administering the PROJECT described herein.
4. It will comply with the regulations, policies, guidelines, and requirements of OMB Circular A-122 as they relate to the acceptance and use of Federal funds for this federally-assisted project.
5. It will comply with all requirements imposed by HUD concerning special requirements of law, program requirements, and other administrative requirements approved in accordance with OMB Circular A-110.
6. It will comply with all regulations, policies, guidelines, and requirements of OMB Circular A-133 as they relate to audits of non-profit organizations.
7. It will comply with:
 - A. Title VI of the Civil Rights Act of 1964 (P.L. 88-352), as amended, and the regulations issued pursuant thereto (24 CFR Part 100, as amended), which provide that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Subgrantee received federal financial assistance and will immediately take any measure necessary to effectuate this assurance.
 - B. Section 109 of the Housing Act and the regulations issued pursuant thereto (24 CFR 570.601), as amended, which provide that no person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with Title I funds.
 - C. Executive Order 11246, and all regulations issued pursuant thereto (24 CFR 100.130), as amended, which provide that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of federal or federally-assisted contracts.

- D. Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that, to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of Champaign County and contracts for work in connection with the PROJECT be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in Champaign County.
- E. Labor Standards. The requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, Sections 103 & 107 of Contract Work Hours and Safety Standards Act (40 U.S.C. 3701, *et seq.*), as amended, 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 Subgrantee agrees to comply with the Copeland Anti-Kickback Act (18 U.S.C. 874 *et seq.*), as amended, and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5, as amended. The Subgrantee shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the City for review upon request.
- F. Guidelines for Energy Management / Energy Star. Guidelines have been established regarding energy management using Energy Star and are recommended by both HUD and the Illinois Department of Commerce and Economic Opportunity; and subgrantees are encouraged to follow these guidelines.
- G. Clean Air/Clean Water. The Subgrantee agrees to comply with the following requirements insofar as they apply to the performance of this agreement:
- a. Clean Air Act, 42 U.S.C. 7401, *et seq.* as amended;
 - b. Federal Water Pollution Control Act, 33 U.S.C., 1251, *et seq.*, as amended, including Section 308 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;
 - c. Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.
8. It will establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
9. It will comply with the provisions of the Hatch Act (5 U.S.C. 7324), as amended, which limit the political activity of employees. No federally appropriated funds have been paid or will be paid, by or on behalf of Subgrantee, to any person for influencing or attempting to influence an officer or employee of any agency including the City, 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, and the extension, continuation, renewal, amendment, or

modification of any federal contract, grant, loan, or cooperative agreement.

10. If any funds other than federally 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 including the City, 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 Subgrantee will complete and submit Standard Form LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.
11. It will give HUD and the Comptroller General through any authorized representative access to and the right to examine all records, books, papers, or documents related to the grant.
12. Copyrights. If this agreement results in any copyrightable material or inventions, the City reserves the right to 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.
13. Patent Rights. Agencies shall use standard patent rights clause specified in "rights to Inventions made by Non-Profit Organizations and Small Business Firms" (37 CFR Part 401), as amended, when providing support for research and development.
14. Such contractors and subcontractors shall take affirmative action to ensure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.
15. Debarment & Suspension. The Subgrantee certifies that it is not debarred or suspended or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549. The Subgrantee shall establish procedures to ensure that any award made to contractors or subcontractors at any tier is not in violation of the non-procurement debarment and suspension common. The Subgrantee shall verify and document that none of its contractors or subcontractors are debarred, suspended, or otherwise excluded from participation through the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement programs ("List"). The Subgrantee may request assistance from the City to access the List and document results to the file, or verify by using the following website (www.epls.gov) or any other approved method.

These assurances are signed with regard to Subgrantee Project No. FY 2015-2016 Highland Green CDBG of the Urbana CDBG Program.

Highland Green, LLC.

Richard Sciortino, Principal

Attest

Date

DRAFT

ATTACHMENT C
STATEMENT OF SPECIAL CONDITIONS

The Subgrantee understands and agrees that it is a Subgrantee of the City of Urbana CDBG Program and is eligible to receive funds for Subgrantee Project No. **FY 2015-2016 Highland Green CDBG** pursuant to this agreement.

The following conditions, in addition to those established in the agreement itself, and other attachments thereto, and federal, state, county and city laws, regulations, and procedures pertinent to this PROJECT, have been set forth and must also be complied with in order for Subgrantee to receive CDBG Program Assistance for Subgrantee Project No. **FY 2015-2016 Highland Green CDBG**.

This agreement is contingent upon Subgrantee operating the Scope of Work herein outlined during the period July 1, 2015 - June 30, 2016.

SCOPE OF WORK

1. As part of its services, the Subgrantee shall construct all infrastructure pursuant to the approved construction documents and associated subdivision plat for Highland Green including construction of a private drive south of Kerr Avenue, as well as necessary sewer systems associated with the Highland Green residential development.
2. The Subgrantee shall be responsible for completing the PROJECT herein described, utilizing funds from the CDBG Program in a manner satisfactory to the City and consistent with any standards required as a condition of providing these funds. Such program shall include the following activities eligible under the CDBG Program.
3. The Subgrantee certifies that activities carried out with funds provided under this agreement shall meet one of the CDBG Program's National Objectives which is to benefit low-income persons as defined in 24 CFR Part 570.208. Therefore, the Subgrantee understands and agrees that activities funded under this agreement shall be considered "Low-Mod Area Benefit" and, as such the infrastructure constructed pursuant to this agreement is located in Census Tract 54-5, an area in the City of Urbana where 58.12% of the households have low-moderate household income as defined by HUD.
4. It is expressly agreed and understood that the total amount to be reimbursed to the Subgrantee by the City under this agreement shall not exceed \$ 208,420. Drawdowns for the payment of eligible expenses will be made against the appropriate line item indicated in the City budget. The City shall make payments to the Subgrantee as reimbursement of expenses related to the expenses of the project activities. The City shall make payment to reimburse the Subgrantee within 30 calendar days of receipt of an acceptable billing from Subgrantee. Acceptable billing shall include such documentation as follows:

The Subgrantee shall submit a copy of the Contractor's Verified Statement and Certified Payrolls as required to comply with Davis Bacon regulations, an Architect's Inspection report that indicates percentage of project completion, and other supporting documents as required by the City.

5. The Subgrantee agrees that funds received from the City pursuant to this agreement shall be used to cover project costs. The Subgrantee shall report semi-annually for periods ending December 31st and June 30th all program income generated by activities carried out with CDBG funds made available under this agreement. The Subgrantee shall return program income during the agreement period for activities permitted under this agreement and shall reduce requests for funds by the amount of any such program income balances. The Subgrantee shall return to the City any and all program income (including investments thereof) on hand when this agreement expires, or received after the agreement's expiration. The Subgrantee shall follow the program income requirements as outlined in Section 200.307 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule ("Omni Circular").
6. The Subgrantee agrees to submit semi-annual Progress Reports to the City in an agreed upon format. Progress Reports shall be due December 31st and June 30th. The City shall not process final billing requests for payment until a final Progress Report upon project completion is submitted.
7. The Subgrantee agrees to maintain financial records in accordance with the applicable federal OMB Circulars A-110 and A-122 and to separately and accurately identify use of CDBG Program funds pursuant to this agreement.
8. The Subgrantee acknowledges and affirms that it has the organizational capacity to adhere to collection and reporting requirements, regarding performance measures, as required by Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule Subpart D, Sections 200.300-200.303. Such performance measures will be decided upon by the Subgrantee and the City's Housing and Grants Administrator, based on the requirements outlined by HUD for the category of eligible activities that the Subgrantee's program engages in. These categories have been described within HUD's "Community Development Block Grant Program: Guide to National Objectives and Eligible Activities for Entitlement Communities," and the Guide, as amended, shall be incorporated hereto by reference. The Subgrantee is permitted to demonstrate organizational capacity by various methods, including but not limited to:
 - Use of OMB-approved standard information collections when providing financial and performance information;
 - Providing financial data showing performance accomplishments of the Grant award;
 - Cost information shall be distributed to the City to demonstrate cost effective practices;
 - Subgrantee shall provide the City with the same information required by the Federal awarding agency under sections 200.301 and 200.210; and
 - All expenditures shall be accounted for, in compliance with requirements under section 200.302, as interpreted by the City.
9. The Subgrantee agrees to follow either the procurement guidelines set forth in Section 200.320 of the Omni Circular, or the procurement guidelines/standards which the Subgrantee uses during its normal course of business; whichever of the two guidelines is more restrictive. If the procurement methods that the Subgrantee uses during its normal course of business are more restrictive, those guidelines shall be used, and a copy of those guidelines will be attached to this agreement as Attachment D and will be incorporated into this agreement by reference. If the

procurement guidelines set forth in Section 200.320 of the Omni Circular are more restrictive, then the program procurement methods shall be limited to procurement by (a) small purchase procedures; (b) sealed bids; (c) competitive proposals; or (d) noncompetitive proposals, as directed by and outlined in Section 200.320.

10. The Subgrantee agrees to provide the City's Community Development Services Department with regular reports, and any other reports which the Department may require for compliance under this agreement, including reports on performance measures, as outlined in Section 200.301 of the Omni Circular. The Subgrantee and the City shall decide upon such performance measures based on the requirements outlined by HUD for the category of eligible activities that the Subgrantee's program engages in. These categories have been described within HUD's "Community Development Block Grant Program: Guide to National Objectives and Eligible Activities for Entitlement Communities." The Subgrantee shall use OMB-approved information collection standards, when providing financial and performance information. The Subgrantee shall provide financial data, and its relation to performance accomplishments, of the federal award. The Subgrantee agrees to provide the City with (a) documents pertaining to procedures; (b) copies of all contracts and subcontracts for work financed in whole or in part with assistance provided under this agreement; and (c) (if applicable) regularly updated schedules of program activities.
11. The Subgrantee shall obtain written permission from the Grants Management Division Manager or Community Development Director prior to any change in the approved budget or program plans following Omni Circular Section 200.308(C) (increase or decrease) of ten percent (10%) of the line item's budget or \$500, whichever is less, to any account under the Subgrantee's line item budget. In order for the City to approve such a request, the Subgrantee's written request must contain, at a minimum: (a) the reason and justification for the change; (b) the amounts to be changed; and (c) a description of which line items are affected. Changes made without the City's prior approval may result in non-reimbursement of expenditures from those affected line items.
12. The Subgrantee 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 any CDBG cash advances. The Subgrantee shall comply with the bonding and insurance requirements of the Omni Circular 200.310 and 200.325, Insurance and Bonding requirements.
13. The Subgrantee further agrees to maintain written standards of conduct covering conflicts of interest, as outlined in the Omni Circular Sections 200.318(c)(1) & (2). These standards of conduct will include language stating that no employee, officer, or agent will participate in the selection, award or administration of a contract supported by CDBG funds, if that employee, officer or agent has a real or apparent conflict of interest. Conflicts of interest arise if the employee, officer, agent, the immediate family member of such a person, the partner of such a person, or an organization which employs such a person or is about to employ such a person, has any financial or other interest in or may gain a tangible personal benefit from a firm considered for a contract. Such officers, employees or agents of the Subgrantee may not solicit or accept anything of monetary value from contractors or subcontractors, unless it is an unsolicited gift of nominal value which would in no way influence the recipient to engage in conduct which would amount to a conflict of interests. The written standards must also include standards of conduct covering organizational conflicts of interest, in which the Subgrantee may be unable or appears to be unable to be impartial in conducting procurement actions due to relationships between the Subgrantee and relationships with a parent company, affiliate, or subsidiary organization. The written standards provided by the Subgrantee will include disciplinary actions to be applied for

violations of such standards.

14. As a non-governmental entity, the Subgrantee shall comply with the regulations, policies, guidelines, requirements and standards of federal OMB 2 CFR Chapter I, Chapter II, Part 200, *et al*, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule" Omni Circular, as specified in this paragraph:

- Subpart B - "General Provisions";
- Subpart C - "Pre-Federal Award Requirements and Contents of Federal Awards," except for Section 200.203, "Notices of funding opportunities," 200.204, "Federal awarding agency review of merit of proposals," 200.205, "Federal awarding agency review of risk posed by applicants," and 200.207, "Specific conditions," which are required only for competitive federal awards;
- Subpart D - "Post Federal Award Requirements Standards for Financial and Program Management," except for:
 - a. Section 200.305, "Payment." The City shall follow the standards contained in 24 CFR 85.20(b)(7) and 85.21 in making payments to the Subgrantee;
 - b. Section 200.306, "Cost Sharing or Matching";
 - c. Section 200.307, "Program Income." In lieu of paragraph 200.307, the Subgrantee shall follow CDBG program regulations contained in 24 CFR 570.504, as amended, regarding Program Income;
 - d. Section 200.308, "Revision of Budget and Program Plans";
 - e. Section 200.311, "Real property." In lieu of 200.311, the Subgrantee shall follow CDBG program regulations contained in 24 CFR 570.505, Use of real property;
 - f. 24 CFR 84.34(g) "Equipment." In lieu of the disposition provisions of paragraph 84.34(g), the following applies:
 - i. In all cases in which equipment is sold, the proceeds shall be program income (prorated to reflect the extent to which CDBG funds were used to acquire the equipment); and
 - ii. Equipment not needed by the Subgrantee for CDBG activities shall be transferred to the City for the CDBG program or shall be retained after compensating the recipient;
 - g. 24 CFR 84.51(b), (c), (d), (e), (f), (g), and (h), "Monitoring the Reporting Program Performance";
 - h. 24 CFR 84.52, "Financial Reporting";
 - i. 24 CFR 84.53(b), "Retention and Access Requirements for Records," applies with the following exceptions:
 - i. The retention period referenced in paragraph 84.53(b) pertaining to individual CDBG activities shall be five years following grant close out; and
 - ii. The retention period starts from the date of submission of the annual performance and evaluation report, as prescribed in 24 CFR 91.520 in which the specific activity is reported on for the final time rather than from the date of submission of the final expenditure report for the award;

- j. 24 CFR 84.61 "Termination". In lieu of the provision of 84.61, the Subgrantee shall comply with 24 CFR 570.503(b)(7) Suspension and Termination; and
 - Subpart D - "After-the Award Requirements," except for 24 CFR 84.71,"Closeout Procedures."
- 15. Records maintained by the Subgrantee pursuant to this agreement shall be available for inspection upon request by the City and HUD.

Name of Subgrantee: _____

Address: _____

Signed by: _____

Title: _____

Date: _____

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