

RESOLUTION NO. 16-03-12

**A RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING
RELATIVE TO COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING**

WHEREAS, the Village of Round Lake Beach is a home rule municipality under the Illinois Constitution of 1970;

WHEREAS, the Village was awarded a Community Development Block Grant (“CDBG”) for certain street and drainage work to be done in the Village (“Project”) but the grant has not been fully funded by the U.S. Department of Housing and Urban Development (“HUD”);

WHEREAS, the Village desires to begin to incur costs and expenses for the Project in anticipation of full funding;

WHEREAS, Lake County which administers CDBG on behalf of HUD has agreed to allow the Village to incur costs and expenses so long as the Village enters into a Memorandum of Understanding (“MOU”) regarding the same;

WHEREAS, the Village Board finds that it is in the best interest of the Village of Round Lake Beach and its residents to enter into the MOU which is attached hereto as Exhibit A.

NOW, THEREFORE BE IT RESOLVED by the Mayor and Board of Trustees of the Village of Round Lake Beach, Lake County, Illinois in the exercise of its home rule powers as follows:

SECTION 1: The above-stated recitals are incorporated herein by reference.

SECTION 2: The MOU which is attached hereto as Exhibit A is hereby approved. The Mayor, Clerk and Village staff are authorized to execute the Agreement and any and all documents necessary to effectuate the terms of this Resolution and the MOU.

SECTION 3: This Resolution shall be in full force and effect from and after its passage and approval.

Dated this 28th day of March, 2016.

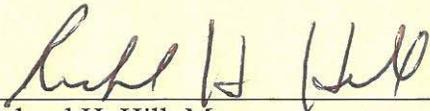
RESOLUTION 16-03-12

AYES: 6 (TRUSTEES BENES, HUSK, VALADEZ, WALLACE, BUTLER, MOUNT)

NAYS: 0

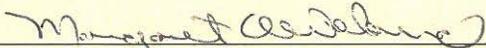
ABSENT: 0

ABSTAIN: 0



Richard H. Hill, Mayor

ATTEST:



Margaret Cleveland, Village Clerk



EXHIBIT A

Exhibit A – Between the Village of Round Lake Beach and Lake County, IL

Memorandum of Understanding

Between
Village of Round Lake Beach
and
Lake County, IL

This Memorandum of Understanding (MOU) sets forth the terms and understanding between the Village of Round Lake Beach (Round Lake Beach) and the County of Lake (Lake County) regarding the Program Year 2016 Community Development Block Grant (CDBG) funds for which Round Lake Beach has applied.

Background

The Village of Round Lake Beach is pursuing roadway and drainage improvements for Maple Drive from Oakwood Drive and Morningside Drive. Round Lake Beach secured a grant of \$88,250.00 of CDBG 2016 funds from Lake County for reconstructing Maple Drive which will be paired with \$85,000 from the CDBG 2014 funds from Lake County.

A recommendation to grant Round Lake Beach \$88,250.00 in CDBG 2016 funds has been approved by Lake County's Housing and Community Development Commission (HCDC). Round Lake Beach has requested an arrangement under which Maple Drive roadway and drainage improvement may begin after the Lake County Board has approved the 2016 grant award but before the total CDBG award from U.S. Department of Housing and Urban Development (HUD) has been made available to Lake County.

Pre-Award Cost

As CDBG is a formula-based entitlement program and Lake County will have a 2016 Action Plan in place as required by HUD as of March 8, 2016, under 24 CFR 570.200(h), Lake County is permitted by HUD to allow a CDBG subrecipient such as Round Lake Beach to begin spending on CDBG projects prior to receipt of the CDBG award from HUD to Lake County:

"Prior to the effective date of the grant agreement, a recipient may incur costs or may authorize a subrecipient to incur costs, and then after the effective date of the grant agreement pay for those costs using its CDBG funds, provided that: (i) The activity for which the costs are being incurred is included, prior to the costs being incurred, in a consolidated plan action plan...; (ii) Citizens are advised of the extent to which these pre-award costs will affect future grants; (iii) The costs and activities funded are in compliance with the requirements of this part and with the Environmental Review Procedures stated in 24 CFR part 58; (iv) The activity for which payment is being made complies with the statutory and regulatory provisions in effect at the time the costs are paid for with CDBG funds; (v) CDBG payment will be made during a time no longer than the next two program years following the effective date of the grant agreement or amendment in which the activity is first included; and (vi) The total amount of pre-award costs to be paid during any program year pursuant to this provision is no more than the greater of 25 percent of the amount of the grant made for that year or \$300,000."

All of these criteria will be met.

Purpose

While the incursion of costs by a CDBG sub-recipient prior to official award of CDBG funds by HUD to Lake County is allowable, to do so presents risks to Round Lake Beach, the subrecipient. This document will detail the concerns (risks) associated with this order of events and outline the conditions under which Round Lake Beach may begin incurring costs related to its 2016 CDBG project.

Concern 1:

The Lake County Board may vote to award Round Lake Beach an amount of CDBG funds other than the \$88,250.00 recommended by the HCDC. The Lake County Board may also vote not to award Round Lake Beach any funds for the 2016 CDBG program year. In this situation, Round Lake Beach would be unable to have the roadway and drainage improvement costs reimbursed with CDBG 2016 funds. On April 12, 2016 the Lake County Board is scheduled to vote on the 2016 Action Plan which includes the HCDC's recommended \$88,250.00 award to Round Lake Beach.

Concern 2:

The CDBG 2016 grant funds provided to Lake County by HUD to be distributed to sub-grantees may be other than the amount expected. In such a situation, Lake County's Housing & Community Development Commission may recommend that the Lake County Board adjust the amount of CDBG funds awarded to Round Lake Beach including a potential outcome wherein no funds are awarded to Round Lake Beach in program year 2016. **In this situation, Round Lake Beach would be unable to have any roadway and drainage improvement costs reimbursed with CDBG 2016 funds in excess of the funds approved by the Lake County's Housing & Community Development Commission.** HUD is expected to identify and make available Lake County's 2016 CDBG amount by July of 2016.

Agreement

With this Memorandum of Understanding to be signed only after the Lake County Board vote, Lake County authorizes Round Lake Beach to begin incurring expenses on Maple Drive Roadway and Drainage improvements as described in its 2016 CDBG application **WITH THE UNDERSTANDING THAT REIMBURSEMENT OF THESE EXPENSES IS COMPLETELY DEPENDENT ON THE CDBG 2016 GRANT AWARD PROVIDED BY HUD** (anticipated July of 2016).

Round Lake Beach understands:

- No monies will be reimbursed until Lake County receives the grant award from HUD for CDBG 2016 funds.
- CDBG 2016 funds available for reimbursement may not cover all rehabilitation expenses.
- A CDBG 2016 grant amount other than the \$88,250.00 recommended to date may be available, including an outcome where no funds are awarded.

Contact Information

Village of Round Lake Beach

Lake County, IL

Kevin Bueso

Jodi Gingiss

Finance Director

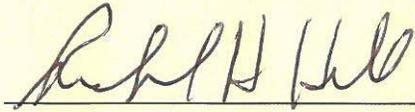
Community Development Administrator

1937 N. Municipal Way

500 W. Winchester Rd

Round Lake Beach, IL 60073

Libertyville, IL 60048



Date: March 28 2016

Richard H. Hill, Village President

Village of Round Lake Beach

Date: _____

Aaron Lawlor
Lake County Board Chairman