

Memorandum of Understanding

Between
Little City Foundation
and
Lake County, IL

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

Background

In December of 2015, with the assistance of CDBG 2015 funds, Little City purchased a five bedroom home located at 52 N. Prairie Ave. in Mundelein, IL. The home is currently awaiting the renovations necessary to bring it up to the Community Integrated Living Arrangement (CILA) standards required by the State of Illinois to house adults with developmental disabilities served by Little City. The agency has submitted an application for 2016 CDBG funds to cover the costs of these renovations.

A recommendation to grant Little City \$60,000 in CDBG 2016 funds has been approved by Lake County's Housing and Community Development Commission (HCDC). In an effort to make the home available to its clients as soon as possible, Little City has requested an arrangement under which renovations 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 Little City 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 Little City, the subrecipient. This document will detail the concerns (risks) associated with this order of events and outline the conditions under which Little City may begin incurring rehabilitation costs on the proposed CILA.

Concern 1:

The Lake County Board may vote to award Little City an amount of CDBG funds other than the \$60,000 recommended by the HCDC. The Lake County Board may also vote not to award Little City any funds for the 2016 CDBG program year. **In this situation, Little City would be unable to have any rehabilitation costs on the Mundelein home reimbursed with CDBG 2016 funds.** On March 8, 2016 the Lake County Board is scheduled to vote on the 2016 Action Plan which includes the HCDC's recommended \$60,000 award to Little City.

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 Little City including a potential outcome wherein no funds are awarded to Little City in program year 2016. **In this situation, Little City would be unable to have any rehabilitation costs on the Mundelein home 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

Upon the signing of this Memorandum of Understanding after the Lake County Board vote on March 8, 2016, Lake County authorizes Little City to begin incurring expenses on the renovation of 52 N. Prairie Ave., Mundelein, IL **WITH THE UNDERSTANDING THAT REIMBURSEMENT OF THESE EXPENSES IS COMPLETELY DEPENDENT ON THE CDBG 2016 GRANT AWARD PROVIDED BY HUD** (anticipated July of 2016).

Little City understands:

- No monies will be reimbursed until Lake County receives the grant award from HUD for CDBG 2016 funds. Lake County will reimburse allowable project costs up to, but no more than, the CDBG funds amount actually awarded by HUD for this project.
- CDBG 2016 funds available for reimbursement may not cover all rehabilitation expenses.
- HUD approved CDBG 2016 grant amount for this project may be less than the \$60,000 recommended to date, or may even be no award.

Contact Information

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Shawn E. Jeffers, Executive Director
The Little City Foundation

Date: 2/1/16

Aaron Lawlor
Lake County Board Chairman

Date: _____