

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 2017 Community Development Block Grant (CDBG) funds for which Little City has applied.

Background

In November of 2016, Little City submitted an application for CDBG 2017 funds. The funds would go to support facility improvements at the Lakeside Center, located 1301 S. Lewis Ave., Waukegan, IL. The Lakeside Center is a Community Work Services Center, serving 180 adults with autism and other Intellectual and Developmental Disabilities (I/DD). The facility is also home to the Little City "Golden Opportunities" program which is specifically designed to serve senior citizens with I/DD. Specifically, the improvements include renovations to the facility's bath and shower rooms. The structure was initially occupied by a grocery store and the existing facilities are not well equipped to serve the needs of Little City staff and their members. The agency submitted an application for 2017 CDBG funds to cover the a portion of renovation costs.

A recommendation to grant Little City \$69,000 in CDBG 2017 funds has been approved by Lake County's Housing and Community Development Commission (HCDC). In an effort to complete the facility improvements soon as possible, Little City has requested an arrangement under which renovations may begin after the Lake County Board has approved the 2017 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 2017 Action Plan in place as required by HUD as of August 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 a risk to Little City, the subrecipient. This document will detail the concern (risk) associated with this order of events and outline the conditions under which Little City may begin incurring rehabilitation costs on the proposed improvements.

Concern:

The CDBG 2017 grant funds provided to Lake County by HUD has yet to be distributed. The exact amount distributed may differ from 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 2017. In this situation, Little City would be unable to have any facility improvement costs reimbursed with CDBG 2017 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 2017 CDBG amount by October of 2017.

Agreement

Upon the signing of this Memorandum of Understanding, Lake County authorizes Little City to begin incurring expenses on the renovation the Lakeside Center located at 1301 S. Lewis Ave., Waukegan, IL **WITH THE UNDERSTANDING THAT REIMBURSEMENT OF THESE EXPENSES IS COMPLETELY DEPENDENT ON THE CDBG 2017 GRANT AWARD PROVIDED BY HUD** (anticipated October of 2017).

Little City understands:

- No monies will be reimbursed until Lake County receives the grant award from HUD for CDBG 2017 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 2017 funds available for reimbursement will not cover all project expenses.

Contact Information

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Shawn E. Jeffers, Executive Director
The Little City Foundation

Date:_____

Aaron Lawlor
Lake County Board Chairman

Date:_____