



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: John Hinzman, Community Development Director
Date: October 19, 2020
Item: Authorize Signature: Dakota County CDBG Subrecipient Agreement

Council Action Requested: Authorize signature of the attached Dakota County Community Development Block Grant (CDBG) Subrecipient agreement for the use of federal CDBG funding.

Background Information: CDBG funding is allocated directly to Dakota County from the US Department of Housing and Urban Development (HUD). Dakota County allocates a portion of the CDBG funding directly to cities. Hastings has generally used funding to provide assessment abatement for City projects.

Financial Impact: The annual CDBG allocation via Dakota County is \$75,065.

Advisory Commission Discussion: N/A

Council Commission Discussion: N/A

Attachments:

- Subrecipient Agreement

CFDA 14.218

SUBRECIPIENT AGREEMENT BETWEEN

DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY (CDA)

AND

THE CITY OF HASTINGS

FOR

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDED PROGRAMS

THIS AGREEMENT entered into this _____ day of _____, 2020 by and between the Dakota County Community Development Agency (herein called the “Grantee”) and the City of Hastings (herein called the “Subrecipient”), which pertains to a time period that begins and ends as identified in Section I of this Agreement based on each year’s Funding Approval/Agreement (Exhibit B) approved by the U.S. Department of Housing and Urban Development (“HUD”), which identifies July 1 as the date use of funds may begin; and

WHEREAS, the Grantee is the administering agency for funds received from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383, to Dakota County as an Urban Entitlement County under the Community Development Block Grant (CDBG) Program; and

WHEREAS, the Grantee wishes to engage the Subrecipient to assist the Grantee in utilizing such funds.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Grantee and Subrecipient agree as follows:

- I. **TIME OF PERFORMANCE**. Services of the Subrecipient shall start on the first day of July 2020 and end on the last day of June 2023, which is the current Fiscal Year 2020, Fiscal Year 2021 and Fiscal Year 2022 corresponding with the 2020-2024 Dakota County Consolidated Plan and the 3-year term associated with the CDBG, HOME and ESG Cooperative Agreement for Fiscal Years 2020, 2021 and 2022. This Agreement and the provisions herein remains in effect until it is replaced by a subsequent Subrecipient Agreement.
- II. **SCOPE OF SERVICES**. The Subrecipient agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.
 - A. **Activities**. The Subrecipient will be responsible for the administration of Activities identified in Exhibit A, in a manner satisfactory to the Grantee and consistent with any required standards. Exhibit A shall be amended each Fiscal Year in accordance to the Activities approved for and undertaken by the Subrecipient, including ongoing Activities from previous fiscal years.

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- i. Prohibited Activities. The Subrecipient is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; lobbying; political patronage; and nepotism activities.
- ii. Religious Activities. The Subrecipient agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j)(2), such as worship, religious instruction, or proselytization.

Faith-based organizations are eligible, on the same basis as any other organization to participate in CDBG programs and activities in accordance with 24 CFR 5.109(b) and 24 CFR 570.200(j)(1) provided that the organizations do not engage in any inherently religious activities as part of the programs or services supported by CDBG funds.

- B. National Objectives. The Subrecipient will provide documentation to certify that the Activities carried out with funds provided under this Agreement will meet one or more of the CDBG program's national objectives, including: (1) benefit low- and moderate-income persons; (2) aid in the prevention or elimination of slums and blight; and (3) meet community development needs having a particular urgency. As required in 24 CFR Part 570.200(a)(2) and as defined in [24 CFR Part 570.208](#) (Exhibit E).
- C. Use of Funds. The Activities identified in Exhibit A can begin to incur costs no sooner than July 1 of each year or as indicated in Exhibit C.

III. **FEDERAL COMPLIANCE.** The Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570, concerning CDBG including Subpart of these regulations, except that (1) the Subrecipient does not assume the Grantee's environmental responsibilities described at § 570.604; and (2) the Subrecipient does not assume the Grantee's responsibility for initiating the review process under the provisions of 24 CFR Part 52. The Subrecipient also agrees to comply with all other applicable Federal regulations and policies enumerated below as they apply to the performance of this Agreement.

- A. Citizen Participation. Comply with all HUD citizen participation requirements under the Dakota County HOME Consortium Citizen Participation Plan (CPP) and conformance with 24 CFR 91.105. The CPP can be found on the Dakota County CDA website at www.dakotacda.state.mn.us
- B. Environmental Conditions. Ensure program compliance with the following federal regulations.
 - i. Air and Water.
 - a. Clean Air Act, 42 U.S.C, 7401, et seq.;
 - b. Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, et seq., as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder;

- c. Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.
 - ii. Flood Disaster Protection. In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Subrecipient shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).
 - iii. Lead-Based Paint. The Subrecipient agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted.
 - iv. Historic Preservation. The Subrecipient agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this agreement. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are 50 years old or older, or that are included on a Federal, state, or local historic property list.
- C. Environmental Review. The Grantee shall insure that all Activities comply with environmental review requirements, unless otherwise stated herein. This would include the Grantee's completion of a study and assessment of each Activity in conformance with the National Environmental Policy Act of 1967. The Subrecipient shall furnish the Grantee a copy of any updated environmental report.
- D. Acquisition and Relocation. The Subrecipient agrees to comply with all aspects of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) The Subrecipient shall provide relocation assistance to displaced persons as defined by 24 CFR 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition or

conversion for a CDBG-assisted project. The Subrecipient also agrees to comply with applicable Grantee ordinances, resolutions and policies concerning the displacement of persons from their residences. (Exhibit D).

- E. Labor Standards. The Subrecipient agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) 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 Subrecipient agrees to comply with the Copeland Anti-Kick Back Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5.

The Subrecipient agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this contract, shall comply with Federal requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7.

The Subrecipient is required to insert in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph. The Grantee will be the contact for all contracts subject to such regulations and oversee the implementation of the hour and wage requirements of this part. The Grantee will maintain the documentation that demonstrates compliance.

- F. Affirmatively Furthering Fair Housing. In accordance with the Fair Housing Act (42 U.S.C. 3601-3620), the subrecipient will administer all programs and activities related to housing and urban development in a manner to affirmatively further the policies of the Fair Housing Act.
- G. Equal Opportunity Compliance. The Subrecipient shall maintain compliance with the provisions of Section 3 of the HUD Act of 1968, as amended; Women and Minority Owned Businesses requirements; Federal Equal Employment Opportunity Act, Executive Orders and Civil Rights Act of 1964 as specified in 24 CFR 135.20.
- i. "Section 3" Clause. The Subrecipient agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located. Where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

Award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns

that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located. Where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

The Subrecipient further agrees to comply with these "Section 3" requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located."

- ii. Women and Minority Owned businesses (W/MBE). The Subrecipient will use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this contract. As used in this contract, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are African-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.
 - iii. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement. The Subrecipient will, in all solicitations or advertisements for employees placed by or on behalf of the Subrecipient, state that it is an Equal Opportunity or Affirmative Action employer.
 - iv. All other Federal Acts or Regulations and requirements of HUD, including but not limited to Executive Order 11246 prohibiting discrimination in employment contracts, and directing government contracts to establish and maintain affirmative action.
- H. Conflict of Interest. The Subrecipient agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:

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- a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds;
 - b. No employee, officer or agent of the Subrecipient shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved;
 - c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG-assisted activities, 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 in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG-assisted activity, or with respect to the proceeds from the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a "covered person" includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency.
- I. Compliance with Common Rule and Uniform Administrative Requirements. The Subrecipient shall comply with all applicable requirements at 24 CFR 570.502 and 2 CFR 200.
- J. Certification of Non-Debarment. The Subrecipient must provide certification regarding debarment, suspension, ineligibility and voluntary exclusion for all covered transactions as listed in Exhibit A. By signing this Agreement, the Subrecipient certifies that it has procedures in place consistent with regulations implementing 2 CFR, Part 2424 and has provided such certification.

IV. ADMINISTRATIVE REQUIREMENTS

- A. Records to be Maintained. The Subrecipient shall maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:
- i. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
 - ii. Records required to determine the eligibility of activities;
 - iii. Records of all program claims and disbursements. The Subrecipient shall prepare a Request for Reimbursement Form (Exhibit G) listing all claims certified and paid by the Subrecipient for Activities and submit this Form to the Grantee
 - iv. Ensure compliance with 3-day rule requirements once funds are received by the Subrecipient from the Grantee.
 - v. Provide the Grantee with information necessary to submit reports as outlined in 24 CFR 570.507.
 - vi. Submit to the Grantee quarterly progress reports of any outstanding Activities. The status report shall be submitted to the Grantee by or before the 30th of October, January, April, and July.

- B. Record Retention. The Subrecipient shall retain all financial records, supporting documents, statistical records, and all other records pertinent to Agreement a period of three (3) years from the date of submission of the final expenditure report or three (3) years after the grant is closed, whichever is longer. Such records shall be made available for audit or inspection at any time upon request of the Grantee or its authorized representative.

Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the three-year period, then such records must be retained until completion of the actions and resolution of all issues.

- i. Client Data. The Subrecipient 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.
 - ii. Disclosure. The Subrecipient understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the Grantee's or Subrecipient's responsibilities with respect to services provided under this Agreement, is prohibited. Unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.
- C. Program Income. The Subrecipient shall report all program income as defined in 24 CFR 570.500(a) generated by activities carried out with CDBG funds. The Subrecipient shall return all program income immediately to the Grantee except for revolving accounts approved by the Grantee. Program income will be disbursed according to the Program Income Policy attached as Exhibit H.
- D. Reversion of Assets. The Subrecipient shall transfer to the Grantee any CDBG funds on hand and any accounts receivable attributable to the use of CDBG funds under this Agreement at the time of expiration, cancellation, or termination. Any real property under the Subrecipient's control that was acquired or improved in whole or in part with CDBG funds in excess of \$25,000 shall be:
- i. Used to meet one of the national objectives in 24 CFR Part 570.208 (Exhibit E) until five (5) years after the expiration of this Subrecipient agreement; or
 - ii. If the Subrecipient fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Subrecipient shall pay the Grantee an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to the Grantee. The Subrecipient may retain real property acquired or improved under this Agreement after the expiration of the five-year period.
 - iii. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for

activities under this Agreement shall be (a) transferred to the Grantee for the CDBG program or (b) retained after compensating the Grantee [an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment].

- E. **Audit.** All Subrecipient records with respect to any matters covered by this Agreement shall be made available to the Grantee, grantor agency, and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data.
- i. The Subrecipient shall make available an audit or, upon prior approval by the Grantee, a copy of their financial statements for the fiscal years the grant is in effect. Audits must be performed by a Certified Public Accountant in accordance with generally accepted auditing principles and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200.
- V. **ADMINISTRATION COSTS.** In consideration of the prompt and efficient carrying out of the requirements of this Agreement and 24 CFR Part 570, Subpart J, the Subrecipient may request that the Grantee reimburse the Subrecipient based on general administration budgets identified in Section VI. Such administration costs shall come solely from CDBG sources. Accurate records of administrative costs shall be kept by the Subrecipient, and billing shall be made at such times as are convenient to implement the Grantee's requisition for funds from HUD and no less frequently than quarterly. For the purposes of this Agreement, general administration costs are defined as follows:
- A. Salary costs actually incurred by the Subrecipient for time expended by its employees on all phases of the activity/project.
 - i. Accrual costs such as flex leave/vacation or a severance pool are disallowed.
 - B. Mileage, supplies and publication costs.
 - C. Proportionate share of allowable overhead expenses figured on time expended basis.
 - D. Costs incurred through attendance at applicable development conferences within the term of this Agreement, including registration fees and travel expenses. Conference attendance shall be for the purpose of gaining additional information on CDBG regulations and/or program activity implementation.
- VI. **BUDGET.** This Agreement replaces all previous Subrecipient Agreements and is applicable to prior fiscal year(s) Activities which are not yet completed and to new Activities programmed for CDBG Grant Fiscal Years 2020 through 2022 as outlined in Exhibit A.

It is understood that the Funding Approval/ Agreement (HUD 7082) which is attached hereto as Exhibit B is based upon program budgets reflecting actual receipt of CDBG funds from HUD of which a designated portion is allocated to the Subrecipient as the

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maximum amount available for each Fiscal Year. The annual allocation amount is based on a formula allocation provided by HUD and approved by the Dakota County Board of Commissioners. Some or all of the Subrecipient's total annual allocation will be administered by the Subrecipient and is covered by this Agreement.

VII. **OBLIGATIONS AND RESPONSIBILITIES**. The Subrecipient agrees to assume and carry out the Grantee's obligations and responsibilities under:

- A. The Cooperation Agreements entered into between Dakota County and the Subrecipient concerning the Dakota County CDBG Program; and
- B. The Supplemental Agreements to the aforementioned Cooperation Agreements entered into between Dakota County and the Subrecipient.
- C. A Subrecipient's failure to comply with any provision of this Agreement may lead to corrective actions by the Grantee. The Grantee shall provide the Subrecipient with written notice of the Subrecipient's failure to comply with certain provisions. The Subrecipient will have fifteen (15) days upon receipt of the notice to respond in writing as to the corrective action that will be taken. Failure to respond to the notice and/or to implement the proposed corrective action(s) to the Grantee's sole and full satisfaction will cause the Grantee to take remedial action, including, but not limited to the following:
 - i. Reimbursement requests will not be processed by the Grantee;
 - ii. CDBG funds will be recaptured from the Subrecipient that have already been expended or obligated; and/or
 - iii. The Grantee will terminate this Agreement.
- D. The Grantee has the right to require the Subrecipient to repay CDBG funds if any of the following conditions occur:
 - i. HUD requires payback for any reason;
 - ii. The Grantee has not been informed of a service or program change by the Subrecipient and has expended funds for such purposes;
 - iii. The Grantee has decided that a cost was disallowed or unauthorized after the Subrecipient obligated such cost; or
 - iv. The Subrecipient receives funds, rebates or interest on CDBG reimbursed expenses, and it has not forwarded these funds to the Grantee.

VIII. **PERFORMANCE MONITORING**. The Grantee will monitor the progress and performance of the Subrecipient by timely expenditure of allocations and by conformance with CDBG program regulations. Substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the Grantee, contract suspension or termination procedures will be initiated.

- A. **Timeliness**. HUD requires that sixty (60) days prior to the end of the Grantee's program year, the amount of non-disbursed CDBG funds be no more than 1.5 times the entitlement grant for its current program year. The Subrecipient will

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be held to the same timeliness test and is expected to have no more than 1.5 times the allocation as of May 2nd each year.

- B. Grant-Based Accounting. As of the 2015 Fiscal Year, HUD has implemented grant-based accounting for the CDBG program. The Subrecipient must expend grant allocations within four (4) years. The expenditure deadline can be found on Exhibit A.
- C. Reallocation & Recapture. Reallocation of funds, if necessary to meet the 1.5 spenddown ratio requirement, will be done according to the CDBG Contingency Plan attached in Exhibit I.

The Grantee has the right to recapture unexpended or unobligated funds that are older than four (4) years prior to the current Fiscal Year. Recaptured CDBG funds will be added to an approved Countywide CDBG Activity or a competitive pool.

- D. Quarterly Reporting. The Subrecipient shall provide quarterly reporting to the Grantee by the 30th day of October, January, April, and July. Reporting shall include all outstanding Activities as listed on Exhibit A.
- E. Onsite Monitoring. The Grantee may perform onsite monitoring of the Subrecipient to assure compliance. Results of monitoring efforts shall be summarized in written reports and document follow-up actions to be taken to correct areas of noncompliance.

IX. **GENERAL CONDITIONS.** The following shall apply to the Subrecipient and this Agreement:

- A. Independent Contractor. For the purpose of this Agreement, the Subrecipient shall be deemed an independent contractor, and not an employee of the Grantee. Any and all employees of the Subrecipient or other persons, while engaged in the performance of any work or services required by the Subrecipient under this Agreement, shall not be considered employees of the Grantee; and any and all claims that may or might arise on behalf of said employees or other persons as a consequence of any act or omission on the part of said employee or the Subrecipient shall in no way be the obligation or responsibility of the Grantee.
- B. Hold Harmless. It is further agreed that the Subrecipient shall hold harmless, defend and indemnify the Grantee from any and all claims, demands, actions, judgements or causes of action arising out of any act or omission on the part of the Subrecipient, its agents, servants, or employees in performance of, or with relation to, any of the work or services performed or furnished by the Subrecipient under the terms of the Agreement. It is further agreed that the Subrecipient shall notify the Grantee of any actual or potential claims against the Grantee that may arise as a consequence of any of the work or services performed or furnished by the Subrecipient under the terms of this Agreement.

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- C. Transfer. The Subrecipient shall not assign or transfer any interest in this Agreement, whether by assignment or subcontract, without the prior written consent of the Grantee.
- D. Amendments. Any alteration, variation, modification, or waiver of a provision of this Agreement shall be valid only after it has been reduced to writing and duly signed by both parties, with the exception of Administrative Amendments defined as any revision to the original annual budget (Exhibit A). Any request to amend the annual budget, create or cancel an activity, or change the national objective will require written approval by the Subrecipient and may be subject to the Citizen Participation Plan. The Grantee retains the right to make Administrative Amendments without the approval of the Subrecipient for substandard performance of timely expenditure.
- E. Waiver. The waiver of any of the rights and/or remedies arising under the terms of this Agreement on any one occasion by either party hereto shall not constitute a waiver of any rights and/or remedies in respect to any subsequent breach or default of the terms of this Agreement. The rights and remedies provided or referred to under the terms of the Agreement are cumulative and not mutually exclusive.
- F. Liability. Notwithstanding any other provision of this Agreement to the contrary, the Subrecipient shall not be relieved of liability to the Grantee for damages sustained by the Grantee by virtue of any breach of this Agreement by the Subrecipient, and the Grantee may withhold any payments to the Subrecipient for the purpose of set-off until such time as the exact amount of damages due the Grantee from the Subrecipient is determined.
- G. Entire Agreement. This Agreement, as well as Exhibits A through I, which are attached hereto and incorporated herein by reference, shall constitute the entire agreement between the parties and shall supersede all prior oral or written negotiations.
- H. HUD Approval. It is expressly understood between the parties that this Agreement is contingent upon the approval of HUD and its authorization of grant monies to the Grantee for the purpose of this Agreement.
- I. Violation of Law. Should any of the above provisions be subsequently determined by a Court of competent jurisdiction to be in violation of any Federal or State Law or to be otherwise invalid, both parties agree that only those provisions so adjudged shall be invalid and that the remainder of this Agreement shall remain in full force and effect.
- J. Discrimination. The Subrecipient agrees to comply with all Federal, State and local laws and ordinances as they pertain to unlawful discrimination on account of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, or age.

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- K. Applicable Laws. The Subrecipient further agrees to comply with all Federal, state, and local laws or ordinances, and all applicable rules, regulations, and standards established by any agency of such governmental units, which are now or hereafter promulgated insofar as they relate to the Subrecipient performance of the provisions of this Agreement.
- L. State Law. This Agreement shall be interpreted and construed according to the laws of the State of Minnesota.
- M. Suspension and Termination. In accordance with 24 CFR 85.43, the Grantee may suspend or terminate this Agreement if the Subrecipient materially fails to comply with any of the provisions hereof, and the award may be terminated for convenience in accordance with 24 CFR 85.44. Such termination shall occur thirty (30) days after receipt by the Subrecipient of written notice from the Grantee specifying the grounds therefore, unless, prior to such date, the Subrecipient has cured the alleged nonperformance of the provisions of this agreement.
- X. **CERTIFICATION FOR CONTRACT, GRANTS, LOANS AND COOPERATIVE AGREEMENTS**. The Subrecipient certifies, to the best of its knowledge and belief, that:
- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of the Subrecipient to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, and 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.
- B. If any funds other than Federal 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, 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 Subrecipient shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- C. The Subrecipient shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements and that all subrecipients shall certify and disclose accordingly.
- D. Lobbying Certification. This certification is a material representation of fact upon which reliance was placed when this agreement was made or entered into. Submission of this certification is a prerequisite for making or entering into this agreement imposed by section 1332, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

NOTICE. Written notice to be provided under this Agreement shall be provided as follows:

For the Grantee: Tony Schertler, Executive Director
Dakota County CDA
1228 Town Centre Drive
Eagan, MN 55123

For the Subrecipient: Dan Wietecha, City Administrator
City of Hastings
101 4th Street East
Hastings, MN 55033

IN WITNESS WHEREOF, the Grantee and the Subrecipient have executed this Subrecipient Agreement on the date indicated below.

City of Hastings
The Subrecipient

Dakota County CDA
The Grantee

By _____

By _____
Tony Schertler

Its _____

Its Executive Director _____

Date of Signature _____

Date of Signature _____

EXHIBITS

- A. City of Hastings CDBG Activities and Budgets
- B. Funding Approval/Agreement (HUD 7082)
- C. Authority to Use Grant Funds (HUD 7015.16)
- D. Dakota County Anti-Displacement Policy
- E. 24 CFR Part 570.208 (National Objectives)
- F. 24 CFR Part 570.600-614 (Subpart K)
- G. Request for Reimbursement Form
- H. Program Income and Reuse Policy
- I. Contingency Plan/Timeliness of Expenditures

EXHIBIT A TO SUBRECIPIENT AGREEMENT**DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY (CDA)
AND THE CITY OF HASTINGS**

CDBG funds will be committed to the following Activities after July 1, 2020. Exhibit A will be amended as needed on an annual basis through the term of this Agreement.

CURRENT YEAR ALLOCATION – 2020

All funds must be expended by **June 30, 2024**

➤ Activity 1: ASSESSMENT ABATEMENT PROGRAM

- **Description:** The improvement program will include street reconstruction projects involving bituminous paving, storm sewer, concrete curb and gutter, and sidewalk/trail construction. All abutting property owners will be assessed for these improvements. Assessment abatement would be offered to low- and moderate-income properties. Qualifying low income households would have 100 percent of their assessments abated while qualifying moderate income households would have their assessments abated to the extent remaining funds were available.
- **Schedule:** 7/1/2020 - 6/30/2021
- **Budget:** \$75,065

ALLOCATION YEAR – 2019

All funds must be expended by **June 30, 2023**

➤ Activity 1: HOMEOWNER REHABILITATION LOAN PROGRAM

- **Description:** The Homeowner Rehabilitation Loan Program is to assist low- and moderate-income homeowners in improving and maintaining their homes in a decent, safe and sanitary condition. The program offers 0% deferred loans to homeowners at 80% of median income or below.
- **Schedule:** Ongoing
- **Remaining Budget as of 04/13/2020:** \$19,520.12

ALLOCATION YEAR – 2018

All funds must be expended by **June 30, 2022**

➤ Activity 1: HOMEOWNER REHABILITATION LOAN PROGRAM

- **Description:** The Homeowner Rehabilitation Loan Program is to assist low- and moderate-income homeowners in improving and maintaining their homes in a decent, safe and sanitary condition. The program offers 0% deferred loans to homeowners at 80% of median income or below.
- **Schedule:** Ongoing
- **Remaining Budget as of 04/13/2020:** \$4,372.10

Hastings Subrecipient Agreement

ALLOCATION YEARS SUBJECT TO RECAPTURE

Any funds listed below may be subject to recapture as discussed in Section VIII of the Agreement if not expended by June 30, 2021.

- No activities subject to recapture.

EXHIBIT B TO SUBRECIPIENT AGREEMENT

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Funding Approval/Agreement Title I of the Housing and Community Development Act (Public Law 930383) HI-00515R of 20515R

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant Program
OMB Approval No. 2506-0193
exp 5/31/2018

1. Name of Grantee (as shown in item 5 of Standard Form 424) Dakota County	3a. Grantee's 9-digit Tax ID Number 411253302	3b. Grantee's 9-digit DUNS Number 963108121
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 1228 Town Centre Drive Eagan, MN 55123-0000	4. Date use of funds may begin (09/11/2020)	
	5a. Project/Grant No. 1 B-20-UC-27-0003	6a. Amount Approved \$1,928,343
	5b. Project/Grant No. 2	6b. Amount Approved

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver or listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Marcia Kolb	Grantee Name (Contractual Organization) Dakota County (Dakota County Cda)
Title CPD Director	Title Chair, Dakota County Board of Commissioners
Signature 	Date (mm/dd/yyyy) 9/11/2020
	Signature (granted by) BEC71D1048324FC
	Date (mm/dd/yyyy) 9/14/2020

7. Category of Title I Assistance for this Funding Action: Entitlement, Sec 106(b)	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy)	10. check one <input checked="" type="checkbox"/> a. Orig. Funding Approval <input type="checkbox"/> b. Amendment Amendment Number
		9b. Date Grantee Notified (mm/dd/yyyy)	
9c. Date of Start of Program Year (07/01/2020)			
11. Amount of Community Development			
Block Grant	FY (2020)	FY (2019)	
a. Funds Reserved for this Grantee	\$1,928,267	\$ 76	
b. Funds now being Approved			
c. Reservation to be Cancelled (11a minus 11b)			

12a. Amount of Loan Guarantee Commitment now being Approved N/A	12b. Name and complete Address of Public Agency Dakota County Cda 1228 Town Centre Drive Eagan, MN 55123-0000
Loan Guarantee Acceptance Provisions for Designated Agencies: The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.	12c. Name of Authorized Official for Designated Public Agency
	Title Signature X

HUD Accounting use Only

Batch	TAC	Program Y	A Reg Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153								
	176								
		Y			Project Number		Amount		
		Y			Project Number		Amount		
Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By				

Approved as to form

DocuSigned by:
Thomas Dandy
758578DF97DA494

First Assistant County Attorney
24 CFR 570 Form HUD-7082 (5/15)

8. Special Conditions.

- (a) The period of performance for the funding assistance specified in the Funding Approval ("Funding Assistance") shall begin on the date specified in item 4 and shall end on September 1, 2027. The Grantee shall not incur any obligations to be paid with such assistance after September 1, 2027.
- (b) The Recipient shall attach a schedule of its indirect cost rate(s) in the format set forth below to the executed Agreement that is returned to HUD. The Recipient shall provide HUD with a revised schedule when any change is made to the rate(s) described in the schedule. The schedule and any revisions HUD receives from the Recipient shall be incorporated herein and made a part of this Agreement, provided that the rate(s) described comply with 2 CFR part 200, subpart E.

<u>Administering Department/Agency</u>	<u>Indirect cost rate</u>	<u>Direct Cost Base</u>
Dakota County CDA	36.82 %	Total direct salary and wages
_____	_____%	_____
_____	_____%	_____
_____	_____%	_____
_____	_____%	_____

Instructions: The Recipient must identify each agency or department of the Recipient that will carry out activities under the grant, the indirect cost rate applicable to each department/agency (including if the de minimis rate is used per 2 CFR §200.414(f)), and the type of direct cost base to which the rate will be applied (for example, Modified Total Direct Costs (MTDC)). Do not include indirect cost rates for subrecipients.

- (c) In addition to the conditions contained on form HUD 7082, the grantee shall comply with requirements established by the Office of Management and Budget (OMB) concerning the Dun and Bradstreet Data Universal Numbering System (DUNS); the System for Award Management (SAM.gov.); the Federal Funding Accountability and Transparency Act as provided in 2 CFR part 25, Universal Identifier and General Contractor Registration; and 2 CFR part 170, Reporting Subaward and Executive Compensation Information.
- (d) The grantee shall ensure that no CDBG funds are used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use. For the purposes of this requirement, public use shall not be construed to include economic development that primarily benefits private entities. Any use of funds for mass transit, railroad, airport, seaport or

highway projects as well as utility projects which benefit or serve the general public (including energy-related, communication-related, water-related and wastewater-related infrastructure), other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfield as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Public Law 107-118) shall be considered a public use for purposes of eminent domain.

- (e) The Grantee or unit of general local government that directly or indirectly receives CDBG funds may not sell, trade, or otherwise transfer all or any such portion of such funds to another such entity in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under title I of the Act.
- (f) E.O. 12372-Special Contract Condition - Notwithstanding any other provision of this agreement, no funds provided under this agreement may be obligated or expended for the planning or construction of water or sewer facilities until receipt of written notification from HUD of the release of funds on completion of the review procedures required under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24 CFR Part 52. The recipient shall also complete the review procedures required under E.O. 12372 and 24 CFR Part 52 and receive written notification from HUD of the release of funds before obligating or expending any funds provided under this agreement for any new or revised activity for the planning or construction of water or sewer facilities not previously reviewed under E.O. 12372 and implementing regulations.
- (g) CDBG funds may not be provided to a for-profit entity pursuant to section 105(a)(17) of the Act unless such activity or project has been evaluated and selected in accordance with Appendix A to 24 CFR 570 - "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements." (Source - P.L. 113-235, Consolidated and Further Continuing Appropriations Act, 2015, Division K, Title II, Community Development Fund).

EXHIBIT C TO SUBRECIPIENT AGREEMENT

Exhibit Not Applicable for Subrecipient for Fiscal Year 2020

EXHIBIT D TO SUBRECIPIENT AGREEMENT**2017 DAKOTA COUNTY ANTI-DISPLACEMENT POLICY****PART I. MINIMIZING DISPLACEMENT**

It is the goal of Dakota County to minimize displacement of persons from their homes and neighborhoods when utilizing Community Development Block Grant (CDBG) or HOME Investments Partnership Program (HOME) funds. Displacement has been defined as the involuntary movement of a household from a dwelling as a result of its acquisition, rehabilitation or demolition when funded in whole or in part with CDBG or HOME funds, or if funded with non-CDBG/HOME when the activity is a prerequisite for some other CDBG/HOME funded activity. Displacement also includes involuntary movement of a business from a commercial property. In an effort to minimize displacement of households, the following steps will be taken:

1. With the exception of lead based paint hazard reduction, owner occupied properties will not be rehabilitated if displacement is expected to occur. To safely reduce the hazards of lead based paint, the occupants must vacate the impacted areas until a clearance test determines the area is safe. When the impacted areas include the sole means of entry or all entries to the dwelling, the kitchen or food preparation areas, or the sole bathroom or all bathrooms, or the entire dwelling area, the occupants must completely vacate the unit until a successful clearance test is received after the completion of the lead based hazard reduction work.

Relocation is voluntary. The homeowner will sign a waiver form acknowledging that they are relocating voluntarily, and that the CDA is not responsible for any costs associated with the relocation, other than a stipend payment of \$500.00 that is payable to the homeowner when it is necessary to vacate the residence for a continuous time of 24 hours (or one full day and one full night) during the course of the lead based paint hazard reduction work.

2. Businesses will not receive loans for rehabilitation or expansion if any residential displacement would occur as a result of the rehabilitation or expansion unless such activities are essential for economic development of a community.
3. If acquisition or demolition activities require displacement of a household, the acquiring entity will follow the procedures established in Part II (Displacement Action Policies).
4. Code enforcement activities and neighborhood groups will not receive CDBG or HOME funds, therefore eliminating the possibility of displacement through code enforcement or through the activities of a neighborhood group.

PART II. DISPLACEMENT ACTION POLICIES

- A. Eligible households as defined by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (the Uniform Act) that are displaced as a result of CDBG or HOME funded activities will be eligible for moving and/or rental payments at levels as described in the Uniform Act.
 1. Persons displaced as a result of CDBG/HOME funded activities will be eligible for moving and/or rental payments at levels described in the Uniform Act.
 2. Referrals will be made to agencies that furnish financial counseling, health and social services, or other services that may be helpful to displaced persons.

3. Low- and moderate-income persons will be given a displacement priority for admission to Low Income Public Housing and Section 8 Housing Assistance Program in Dakota County.
 4. All affected persons will be informed of their rights under the policies and procedures set forth under the regulations in the Uniform Act, including their rights under Title VI of the Civil Rights Act of 1964 and Title VIII of the Civil Rights Act of 1968.
 5. The projects will be planned and implemented in a manner so as to minimize hardship to the site occupants and involve the least possible degree of displacement in accordance with the needs of the program and the persons displaced.
 6. Efforts will be made to provide those persons to be displaced as a result of the activities of the project an opportunity to obtain comparable replacement housing that is:
 - within their financial means and meets their needs;
 - reasonably accessible to their places of employment, potential employment, transportation and other commercial and public facilities; and
 - available on a non-discriminatory basis
 7. Displaced businesses will be eligible for benefits as required by the Uniform Act.
- B. Persons displaced through any rental rehabilitation activities will be assisted in accordance with the Uniform Act or through a process including the following actions:
1. Permanent displacement of a low-income person or family will not occur as a result of CDBG or HOME funded activities unless:
 - a. A rental assistance voucher or certificate is available to the person or family that allows them to move to a comparable affordable unit; or
 - b. An acceptable comparable affordable unit is located for the person or family without the provision for rental assistance, and the person or family willingly moves to such a unit; and
 - c. The acquiring entity follows the regulations of the Uniform Act.
 2. If it is necessary to temporarily displace tenants in order to accomplish the rehabilitation, it is the responsibility of the owner of the rental unit to reimburse the tenants for their expenses or inconvenience associated with such temporary displacement, according to applicable state and federal laws.

Relocation, Displacement, and Replacement Housing Plan for the 2017 Dakota County CDBG Program

In accordance with the requirements of 24 CFR 507.606 (c)(1)(iii), the following Plan has been prepared and shall be applicable to the activities listed herein funded through the Dakota County Community Development Block Grant Program (CDBG). This plan is public and is part of the Subrecipient Agreements between the Cities undertaking the activities and the Dakota County CDA governing administration of the CDBG Program.

The following activities involve vacant structures and/or voluntary transactions. If involuntary displacement occurs, the acquiring entity will follow provisions of the Uniform Act.

- 1. Proposed CDBG Activities Which Involve Acquisition, Demolition, or Conversion**
 - A. South St. Paul – Acquisition and demolition of substandard, blighted, and dilapidated residential properties in the City of South St. Paul.
 - B. Lakeville – Acquisition and demolition of substandard and blighted property located in the City of Lakeville.
- 2. Location and Type of Housing Units Affected; Actions to be Taken**
 - A. South St. Paul - Housing units acquired and demolished will be located throughout the City of South St. Paul. Units affected will be those units that are vacant, uninhabitable, under code enforcement orders, repossessed by the VA or FHA, or otherwise substandard or causing a blighting influence on the surrounding neighborhood. Some acquisitions may be owner initiated. Acquired units will undergo an inspection to determine the feasibility of rehabilitation. When rehabilitation is physically and economically infeasible, acquired units will be demolished. Public notices will announce the units identified for acquisition and demolition or rehabilitation. The South St. Paul HRA anticipates that acquired properties will be vacant or the residents will voluntarily relocate, if involuntary displacement does occur, the South St. Paul HRA will follow the provisions of the Uniform Act.
 - B. Lakeville –The City will acquire substandard vacant, uninhabitable, or otherwise substandard properties that cause a blighting influence on the surrounding neighborhoods. The City has not yet identified property that will be acquired, but will do so as the property becomes available. As properties are identified for acquisition and clearance, the locations will be published. It is anticipated that properties being acquired will be vacant or voluntarily acquired with no threat of condemnation or eminent domain by the City. If involuntary displacement does occur, the provisions of the Uniform Act will be followed.
- 3. Schedule for Project Implementation**

The activities under this project will generally occur between July 1, 2017 and June 30, 2018.
- 4. Replacement Units**

Where units must be replaced in accordance with the regulations cited above, the Cities will cooperate and coordinate with the Dakota County CDA and the Twin Cities Chapter of Habitat for Humanity, or with other groups/entities as appropriate, to provide replacement units that are created either on the sites cleared or at other locations within the participation area for the Dakota County CDBG Program. Please see attached list for replacement units already constructed or in planning stages.

5. Ten Year Affordability Assurance

The Family Housing units constructed, owned, and/or managed by Dakota County CDA are intended to be low- and moderate-income housing for the entire life of the units. Properties developed by private developers using tax credits must adhere to a fifteen (15) year period of affordability. If HOME funds assist with construction, units must remain affordable for twenty (20) years. Any unit used for the purpose of replacement housing will remain affordable for at least ten (10) years from the date of initial occupancy by the relocated household.

**DAKOTA COUNTY CDA REPLACEMENT UNITS
AVAILABLE FOR THE 2017 ANTIDISPLACEMENT PLAN**

Note: More details and updates can be found at www.dakotacda.org.
All developments have accessible units.

Parkside – 122nd Street W., Hastings

Twenty-two units of low/moderate income rental housing for families opened for occupancy 1992. This development includes 1 two-bedroom accessible unit; 3 two-bedroom units; and 18 three-bedroom units. Dakota County CDA is the property manager.

Spruce Point – East of Hwy 52, off Chandler Lane, Inver Grove Heights

Twenty-four units of low/moderate income rental housing for families opened for occupancy 1995. This development includes 1 two-bedroom accessible unit; 4 two-bedroom units; and 19 three-bedroom units. Dakota County CDA is the property manager.

Oak Ridge – South of Diffley Road & east of Johnny Cake Ridge Road, Egan

Forty-two units of low/moderate income rental housing for families opened for occupancy 1996. This development includes 2 two-bedroom accessible units; 18 two-bedroom units; and 22 three-bedroom units. Dakota County CDA is the property manager.

Pleasant Ridge – North Frontage Road, Hastings

Thirty-one units of low/moderate income rental housing for families opened for occupancy 1997. This development includes 2 two-bedroom accessible units; 14 two-bedroom units; and 15 three-bedroom units. Dakota County CDA is the property manager.

Glenbrook – Germaine Ave., Apple Valley

Thirty-nine units of low/moderate income rental housing for families opened for occupancy in 1998. This complex contains 17 two-bedroom units and 22 three-bedroom units. Dakota County CDA is the property manager.

Cedar Valley – Dodd Road and Cedar Avenue, Lakeville

Thirty units of low/moderate income rental housing for families opened for occupancy in 1998. This complex contains 1 one-bedroom accessible unit; 14 two-bedroom units; and 15 three-bedroom units. Dakota County CDA is the property manager.

Chasewood – 155th Street W., Apple Valley

Twenty-seven units of low/moderate income rental housing for families opened for occupancy in 1999. This complex contains 14 two-bedroom units and 13 three-bedroom units. Dakota County CDA is the property manager.

Country Lane – 210th Street W. & Hamburg Avenue, Lakeville

Twenty-nine units of low/moderate income rental housing for families opened for occupancy in 2001. This complex contains 15 two-bedroom units and 14 three-bedroom units. Dakota County CDA is the property manager.

Hillside Gables – Lexington Avenue & I35E, Mendota Heights

Twenty-four units of low/moderate income rental housing for families opened for occupancy in 2001. This complex contains 1 one-bedroom accessible unit, 17 two-bedroom units and 6 three-bedroom units. Dakota County CDA is the property manager.

Marketplace – South Frontage Road, Hastings

Twenty-eight units of low/moderate income rental housing for families opened for occupancy in 2002. This development includes 14 three-bedroom units; 13 two-bedroom units; and 1 one-bedroom accessible unit. Dakota County CDA is the property manager.

Heart of the City – East Traveler’s Trail, 125th Street W. & 1st Avenue, Hastings

Thirty-four units of low/moderate income rental housing for families opened for occupancy in 2003. This development includes 1 one-bedroom unit; 21 two-bedroom units; and 12 three-bedroom units. Dakota County CDA is the property manager.

Erin Place – Cedar Path, Eagan

Thirty-four units of low/moderate income rental housing for families opened for occupancy in 2004. This development includes 24 two-bedroom units and 10 three-bedroom units. Dakota County CDA is the property manager.

Cedar Villas – Villa Parkway, Eagan

This development, owned by Shelter Corporation, was developed in conjunction with Erin Place with 104 units, including 60 two-bedroom units and 44 three-bedroom units. This development is a mix of both affordable and market rate units.

Prairie Crossing – Icefall Trail & Icefall Way, Lakeville

Forty units of low/moderate income rental housing for families opened for occupancy in 2005. This development includes 20 two-bedroom units and 20 three-bedroom units. Dakota County CDA is the property manager.

Lafayette – 50th Street E., Inver Grove Heights

Thirty units of low/moderate income rental housing for families opened for occupancy in 2006. This development includes 1 one-bedroom; 15 two-bedrooms; and 14 three-bedrooms. Dakota County CDA is the property manager.

West Village – South Frontage Road, Hastings

Twenty-one units of low/moderate income rental housing for families opened for occupancy in 2007. This development includes 11 two-bedroom units and 10 three-bedroom units. Dakota County CDA is the property manager.

Carbury Hills – Connemara Trail, Rosemount

Thirty-two units of low/moderate income rental housing for families opened for occupancy in 2008. This development includes 24 two-bedroom units and 8 three-bedroom units. Dakota County CDA is the property manager.

Twin Ponds – 223rd Street W., Farmington

Fifty-one units of low/moderate income rental housing for families opened for occupancy in 2009 and was completed in 2012. This development includes 2 two-bedroom accessible units; 35 two-bedroom units; and 14 three-bedroom units. Dakota County CDA is the property manager.

Meadowlark – 210th Street and Holiday Ave., Lakeville

Forty units of low/moderate income rental housing for families opened for occupancy in 2010. This development includes 6 one-bedroom units; 24 two-bedroom units; and 10 three-bedroom units. Dakota County CDA is the property manager.

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Quarry View – Embry Path, Apple Valley

Forty-five units of low/moderate income rental housing for families opened for occupancy 2011. This development includes 1 one-bedroom accessible unit; 31 two-bedroom units; and 13 three-bedroom units. Dakota County CDA is the property manager.

Northwood – Northwood, Eagan

Forty-seven units of low/moderate income rental housing for families opened for occupancy in 2013. This development includes 2 one-bedroom accessible units; 22 two-bedroom units; and 10 three-bedroom units. Dakota County CDA is the property manager.

Inver Hills – College Trail and Bower Path, Inver Grove Heights

Twenty-four units of low/moderate income rental housing for families opened for occupancy January 2014. This development includes 1 two-bedroom accessible unit; 13 two-bedroom units; and 10 three-bedroom units. Dakota County CDA is the property manager.

Riverview Ridge – Sibley Memorial Highway, Eagan

Twenty-seven units of low/moderate income rental housing for families anticipated opened for occupancy in 2014. This development includes 2 two-bedroom accessible units; 15 two-bedroom units; and 10 three-bedroom units. Dakota County CDA is the property manager.

Lakeshore Townhomes - Jurdy Road and Shoreline Drive, Eagan

Fifty units of low/moderate income rental housing for families opened for occupancy in 2015. This development includes 1 one-bedroom accessible unit; 2 two-bedroom accessible units; 2 one-bedroom units; 21 two-bedroom units; and 24 three-bedroom units. Dakota County CDA is the property manager.

Keystone Crossing - near the intersection of I-35 and County Road 70, Lakeville

Thirty-six units of low/moderate income rental housing for families opened for occupancy in 2017. This development includes 2 two-bedroom accessible units; 21 two-bedroom units; and 13 three-bedroom units. Dakota County CDA is the property manager.

Prestwick Place - Akron Avenue & 141st Street E., Rosemount

Forty units of low/moderate income rental housing for families slated for occupancy in 2019. This development includes 6 one-bedroom units, 2 two-bedroom accessible units, 19 two-bedroom units, and 13 three-bedroom units.

EXHIBIT E TO SUBRECIPIENT AGREEMENT

§570.208 Criteria for national objectives.

The following criteria shall be used to determine whether a CDBG-assisted activity complies with one or more of the national objectives as required under §570.200(a)(2):

(a) Activities benefiting low- and moderate-income persons. Activities meeting the criteria in paragraph (a) (1), (2), (3), or (4) of this section as applicable, will be considered to benefit low- and moderate-income persons unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. (The recipient shall appropriately ensure that activities that meet these criteria do not benefit moderate income persons to the exclusion of low income persons.)

(1) Area benefit activities. (i) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low- and moderate-income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

(ii) For metropolitan cities and urban counties, an activity that would otherwise qualify under §570.208(a)(1)(i), except that the area served contains less than 51 percent low- and moderate-income residents, will also be considered to meet the objective of benefiting low- and moderate-income persons where the proportion of such persons in the area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. This exception is inapplicable to non-entitlement CDBG grants in Hawaii. In applying this exception, HUD will determine the lowest proportion a recipient may use to qualify an area for this purpose, as follows:

(A) All census block groups in the recipient's jurisdiction shall be rank ordered from the block group of highest proportion of low- and moderate-income persons to the block group with the lowest. For urban counties, the rank ordering shall cover the entire area constituting the urban county and shall not be done separately for each participating unit of general local government.

(B) In any case where the total number of a recipient's block groups does not divide evenly by four, the block group which would be fractionally divided between the highest and second quartiles shall be considered to be part of the highest quartile.

(C) The proportion of low- and moderate-income persons in the last census block group in the highest quartile shall be identified. Any service area located within the recipient's jurisdiction and having a proportion of low- and moderate-income persons at or above this level shall be considered to be within the highest quartile.

(D) If block group data are not available for the entire jurisdiction, other data acceptable to the Secretary may be used in the above calculations.

(iii) An activity to develop, establish, and operate for up to two years after the establishment of, a uniform emergency telephone number system serving an area having less than the percentage of low- and moderate-income residents required under paragraph (a)(1)(i) of this section or (as applicable) paragraph (a)(1)(ii) of this section, provided the recipient obtains prior HUD approval. To obtain such approval, the recipient must:

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(A) Demonstrate that the system will contribute significantly to the safety of the residents of the area. The request for approval must include a list of the emergency services that will participate in the emergency telephone number system;

(B) Submit information that serves as a basis for HUD to determine whether at least 51 percent of the use of the system will be by low- and moderate-income persons. As available, the recipient must provide information that identifies the total number of calls actually received over the preceding 12-month period for each of the emergency services to be covered by the emergency telephone number system and relates those calls to the geographic segment (expressed as nearly as possible in terms of census tracts, block numbering areas, block groups, or combinations thereof that are contained within the segment) of the service area from which the calls were generated. In analyzing this data to meet the requirements of this section, HUD will assume that the distribution of income among the callers generally reflects the income characteristics of the general population residing in the same geographic area where the callers reside. If HUD can conclude that the users have primarily consisted of low- and moderate-income persons, no further submission is needed by the recipient. If a recipient plans to make other submissions for this purpose, it may request that HUD review its planned methodology before expending the effort to acquire the information it expects to use to make its case;

(C) Demonstrate that other Federal funds received by the recipient are insufficient or unavailable for a uniform emergency telephone number system. For this purpose, the recipient must submit a statement explaining whether the lack of funds is due to the insufficiency of the amount of the available funds, restrictions on the use of such funds, or the prior commitment of funds by the recipient for other purposes; and

(D) Demonstrate that the percentage of the total costs of the system paid for by CDBG funds does not exceed the percentage of low- and moderate-income persons in the service area of the system. For this purpose, the recipient must include a description of the boundaries of the service area of the emergency telephone number system, the census divisions that fall within the boundaries of the service area (census tracts or block numbering areas), the total number of persons and the total number of low- and moderate-income persons within each census division, the percentage of low- and moderate-income persons within the service area, and the total cost of the system.

(iv) An activity for which the assistance to a public improvement that provides benefits to all the residents of an area is limited to paying special assessments (as defined in §570.200(c)) levied against residential properties owned and occupied by persons of low and moderate income.

(v) For purposes of determining qualification under this criterion, activities of the same type that serve different areas will be considered separately on the basis of their individual service area.

(vi) In determining whether there is a sufficiently large percentage of low- and moderate-income persons residing in the area served by an activity to qualify under paragraph (a)(1) (i), (ii), or (vii) of this section, the most recently available decennial census information must be used to the fullest extent feasible, together with the Section 8 income limits that would have applied at the time the income information was collected by the Census Bureau. Recipients that believe that the census data does not reflect current relative income levels in an area, or where census boundaries do not coincide sufficiently well with the service area of an activity, may conduct (or have conducted) a current survey of the residents of the area to determine the percent of such persons that are low and moderate income. HUD will accept information obtained through such surveys, to be used in lieu of the decennial census data, where it determines that the survey was conducted in such a manner that the results meet standards of statistical reliability that are comparable to that of the decennial census data for areas of similar size. Where there is substantial evidence that provides a clear basis to believe that the use of the decennial census data would substantially overstate the proportion of persons residing there that are low and moderate income, HUD

may require that the recipient rebut such evidence in order to demonstrate compliance with section 105(c)(2) of the Act.

(vii) Activities meeting the requirements of paragraph (d)(5)(i) of this section may be considered to qualify under this paragraph, provided that the area covered by the strategy is either a Federally-designated Empowerment Zone or Enterprise Community or primarily residential and contains a percentage of low- and moderate-income residents that is no less than the percentage computed by HUD pursuant to paragraph (a)(1)(ii) of this section or 70 percent, whichever is less, but in no event less than 51 percent. Activities meeting the requirements of paragraph (d)(6)(i) of this section may also be considered to qualify under paragraph (a)(1) of this section.

(2) Limited clientele activities. (i) An activity which benefits a limited clientele, at least 51 percent of whom are low- or moderate-income persons. (The following kinds of activities may not qualify under paragraph (a)(2) of this section: activities, the benefits of which are available to all the residents of an area; activities involving the acquisition, construction or rehabilitation of property for housing; or activities where the benefit to low- and moderate-income persons to be considered is the creation or retention of jobs, except as provided in paragraph (a)(2)(iv) of this section.) To qualify under paragraph (a)(2) of this section, the activity must meet one of the following tests:

(A) Benefit a clientele who are generally presumed to be principally low- and moderate-income persons. Activities that exclusively serve a group of persons in any one or a combination of the following categories may be presumed to benefit persons, 51 percent of whom are low- and moderate-income: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or

(B) Require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low- and moderate-income limit; or

(C) Have income eligibility requirements which limit the activity exclusively to low- and moderate-income persons; or

(D) Be of such nature and be in such location that it may be concluded that the activity's clientele will primarily be low- and moderate-income persons.

(ii) An activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled" will be presumed to qualify under this criterion if it is restricted, to the extent practicable, to the removal of such barriers by assisting:

(A) The reconstruction of a public facility or improvement, or portion thereof, that does not qualify under paragraph (a)(1) of this section;

(B) The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under paragraph (a)(1) or (4) of this section; or

(C) The rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under paragraph (a)(3) of this section.

(iii) A microenterprise assistance activity carried out in accordance with the provisions of §570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons. For purposes of this

paragraph, persons determined to be low and moderate income may be presumed to continue to qualify as such for up to a three-year period.

(iv) An activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent may qualify under this paragraph in the following limited circumstance:

(A) In such cases where such training or provision of supportive services assists business(es), the only use of CDBG assistance for the project is to provide the job training and/or supportive services; and

(B) The proportion of the total cost of the project borne by CDBG funds is no greater than the proportion of the total number of persons assisted who are low or moderate income.

(3) Housing activities. An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households. This would include, but not necessarily be limited to, the acquisition or rehabilitation of property by the recipient, a subrecipient, a developer, an individual homebuyer, or an individual homeowner; conversion of nonresidential structures; and new housing construction. If the structure contains two dwelling units, at least one must be so occupied, and if the structure contains more than two dwelling units, at least 51 percent of the units must be so occupied. Where two or more rental buildings being assisted are or will be located on the same or contiguous properties, and the buildings will be under common ownership and management, the grouped buildings may be considered for this purpose as a single structure. Where housing activities being assisted meet the requirements of paragraph §570.208 (d)(5)(ii) or (d)(6)(ii) of this section, all such housing may also be considered for this purpose as a single structure. For rental housing, occupancy by low- and moderate-income households must be at affordable rents to qualify under this criterion. The recipient shall adopt and make public its standards for determining "affordable rents" for this purpose. The following shall also qualify under this criterion:

(i) When less than 51 percent of the units in a structure will be occupied by low- and moderate-income households, CDBG assistance may be provided in the following limited circumstances:

(A) The assistance is for an eligible activity to reduce the development cost of the new construction of a multifamily, non-elderly rental housing project;

(B) Not less than 20 percent of the units will be occupied by low- and moderate-income households at affordable rents; and

(C) The proportion of the total cost of developing the project to be borne by CDBG funds is no greater than the proportion of units in the project that will be occupied by low- and moderate-income households.

(ii) When CDBG funds are used to assist rehabilitation eligible under §570.202(b)(9) or (10) in direct support of the recipient's Rental Rehabilitation program authorized under 24 CFR part 511, such funds shall be considered to benefit low- and moderate-income persons where not less than 51 percent of the units assisted, or to be assisted, by the recipient's Rental Rehabilitation program overall are for low- and moderate-income persons.

(iii) When CDBG funds are used for housing services eligible under §570.201(k), such funds shall be considered to benefit low- and moderate-income persons if the housing units for which the services are provided are HOME-assisted and the requirements at 24 CFR 92.252 or 92.254 are met.

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(4) Job creation or retention activities. An activity designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons. To qualify under this paragraph, the activity must meet the following criteria:

(i) For an activity that creates jobs, the recipient must document that at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons.

(ii) For an activity that retains jobs, the recipient must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided:

(A) The job is known to be held by a low- or moderate-income person; or

(B) The job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low- or moderate-income person upon turnover.

(iii) Jobs that are not held or filled by a low- or moderate-income person may be considered to be available to low- and moderate-income persons for these purposes only if:

(A) Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

(B) The recipient and the assisted business take actions to ensure that low- and moderate-income persons receive first consideration for filling such jobs.

(iv) For purposes of determining whether a job is held by or made available to a low- or moderate-income person, the person may be presumed to be a low- or moderate-income person if:

(A) He/she resides within a census tract (or block numbering area) that either:

(1) Meets the requirements of paragraph (a)(4)(v) of this section; or

(2) Has at least 70 percent of its residents who are low- and moderate-income persons; or

(B) The assisted business is located within a census tract (or block numbering area) that meets the requirements of paragraph (a)(4)(v) of this section and the job under consideration is to be located within that census tract.

(v) A census tract (or block numbering area) qualifies for the presumptions permitted under paragraphs (a)(4)(iv)(A)(1) and (B) of this section if it is either part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following criteria:

(A) It has a poverty rate of at least 20 percent as determined by the most recently available decennial census information;

(B) It does not include any portion of a central business district, as this term is used in the most recent Census of Retail Trade, unless the tract has a poverty rate of at least 30 percent as determined by the most recently available decennial census information; and

(C) It evidences pervasive poverty and general distress by meeting at least one of the following standards:

- (1) All block groups in the census tract have poverty rates of at least 20 percent;
- (2) The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or
- (3) Upon the written request of the recipient, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.
- (vi) As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under this paragraph, except:
- (A) In certain cases such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park) the requirement may be met by measuring jobs in the aggregate for all the businesses which locate on the property, provided such businesses are not otherwise assisted by CDBG funds.
- (B) Where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses exclusively from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during each program year.
- (C) Where CDBG funds are used by a recipient or subrecipient to provide technical assistance to businesses, this requirement may be met by aggregating the jobs created or retained by all of the businesses receiving technical assistance during each program year.
- (D) Where CDBG funds are used for activities meeting the criteria listed at §570.209(b)(2)(v), this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.
- (E) Where CDBG funds are used by a Community Development Financial Institution to carry out activities for the purpose of creating or retaining jobs, this requirement may be met by aggregating the jobs created or retained by all businesses for which CDBG assistance is obligated for such activities during the program year, except as provided at paragraph (d)(7) of this section.
- (F) Where CDBG funds are used for public facilities or improvements which will result in the creation or retention of jobs by more than one business, this requirement may be met by aggregating the jobs created or retained by all such businesses as a result of the public facility or improvement.
- (1) Where the public facility or improvement is undertaken principally for the benefit of one or more particular businesses, but where other businesses might also benefit from the assisted activity, the requirement may be met by aggregating only the jobs created or retained by those businesses for which the facility/improvement is principally undertaken, provided that the cost (in CDBG funds) for the facility/improvement is less than \$10,000 per permanent full-time equivalent job to be created or retained by those businesses.
- (2) In any case where the cost per job to be created or retained (as determined under paragraph (a)(4)(vi)(F)(1) of this section) is \$10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/improvement. This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the facility/improvement between the date the recipient identifies the activity in its action plan under part 91 of this title and the date one year after

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the physical completion of the facility/improvement. In addition, the assisted activity must comply with the public benefit standards at §570.209(b).

(b) Activities which aid in the prevention or elimination of slums or blight. Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

(1) Activities to address slums or blight on an area basis. An activity will be considered to address prevention or elimination of slums or blight in an area if:

(i) The area, delineated by the recipient, meets a definition of a slum, blighted, deteriorated or deteriorating area under State or local law;

(ii) The area also meets the conditions in either paragraph (A) or (B):

(A) At least 25 percent of properties throughout the area experience one or more of the following conditions:

(1) Physical deterioration of buildings or improvements;

(2) Abandonment of properties;

(3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;

(4) Significant declines in property values or abnormally low property values relative to other areas in the community; or

(5) Known or suspected environmental contamination.

(B) The public improvements throughout the area are in a general state of deterioration.

(iii) Documentation is to be maintained by the recipient on the boundaries of the area and the conditions and standards used that qualified the area at the time of its designation. The recipient shall establish definitions of the conditions listed at §570.208(b)(1)(ii)(A), and maintain records to substantiate how the area met the slums or blighted criteria. The designation of an area as slum or blighted under this section is required to be determined every 10 years for continued qualification. Documentation must be retained pursuant to the recordkeeping requirements contained at §570.506 (b)(8)(ii).

(iv) The assisted activity addresses one or more of the conditions which contributed to the deterioration of the area. Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard under local definition before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is undertaken. At a minimum, the local definition for this purpose must be such that buildings that it would render substandard would also fail to meet the housing quality standards for the Section 8 Housing Assistance Payments Program- Existing Housing (24 CFR 882.109).

(2) Activities to address slums or blight on a spot basis. The following activities may be undertaken on a spot basis to eliminate specific conditions of blight, physical decay, or environmental contamination that are not located in a slum or blighted area: acquisition; clearance; relocation; historic preservation; remediation of environmentally contaminated properties; or rehabilitation of buildings or improvements. However, rehabilitation must be limited to eliminating those conditions that are detrimental to public

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health and safety. If acquisition or relocation is undertaken, it must be a precursor to another eligible activity (funded with CDBG or other resources) that directly eliminates the specific conditions of blight or physical decay, or environmental contamination.

(3) Activities to address slums or blight in an urban renewal area. An activity will be considered to address prevention or elimination of slums or blight in an urban renewal area if the activity is:

(i) Located within an urban renewal project area or Neighborhood Development Program (NDP) action area; i.e., an area in which funded activities were authorized under an urban renewal Loan and Grant Agreement or an annual NDP Funding Agreement, pursuant to title I of the Housing Act of 1949; and

(ii) Necessary to complete the urban renewal plan, as then in effect, including initial land redevelopment permitted by the plan.

Note: Despite the restrictions in (b) (1) and (2) of this section, any rehabilitation activity which benefits low- and moderate-income persons pursuant to paragraph (a)(3) of this section can be undertaken without regard to the area in which it is located or the extent or nature of rehabilitation assisted.

(c) Activities designed to meet community development needs having a particular urgency. In the absence of substantial evidence to the contrary, an activity will be considered to address this objective if the recipient certifies that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the recipient is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the certification by the recipient.

(d) Additional criteria. (1) Where the assisted activity is acquisition of real property, a preliminary determination of whether the activity addresses a national objective may be based on the planned use of the property after acquisition. A final determination shall be based on the actual use of the property, excluding any short-term, temporary use. Where the acquisition is for the purpose of clearance which will eliminate specific conditions of blight or physical decay, the clearance activity shall be considered the actual use of the property. However, any subsequent use or disposition of the cleared property shall be treated as a "change of use" under §570.505.

(2) Where the assisted activity is relocation assistance that the recipient is required to provide, such relocation assistance shall be considered to address the same national objective as is addressed by the displacing activity. Where the relocation assistance is voluntary on the part of the grantee the recipient may qualify the assistance either on the basis of the national objective addressed by the displacing activity or on the basis that the recipients of the relocation assistance are low- and moderate-income persons.

(3) In any case where the activity undertaken for the purpose of creating or retaining jobs is a public improvement and the area served is primarily residential, the activity must meet the requirements of paragraph (a)(1) of this section as well as those of paragraph (a)(4) of this section in order to qualify as benefiting low- and moderate-income persons.

(4) CDBG funds expended for planning and administrative costs under §570.205 and §570.206 will be considered to address the national objectives.

(5) Where the grantee has elected to prepare an area revitalization strategy pursuant to the authority of §91.215(e) of this title and HUD has approved the strategy, the grantee may also elect the following options:

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(i) Activities undertaken pursuant to the strategy for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities in the area for which, pursuant to the strategy, CDBG assistance is obligated during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(6) Where CDBG-assisted activities are carried out by a Community Development Financial Institution whose charter limits its investment area to a primarily residential area consisting of at least 51 percent low- and moderate-income persons, the grantee may also elect the following options:

(i) Activities carried out by the Community Development Financial Institution for the purpose of creating or retaining jobs may, at the option of the grantee, be considered to meet the requirements of this paragraph under the criteria at paragraph (a)(1)(vii) of this section in lieu of the criteria at paragraph (a)(4) of this section; and

(ii) All housing activities for which the Community Development Financial Institution obligates CDBG assistance during the program year may be considered to be a single structure for purposes of applying the criteria at paragraph (a)(3) of this section.

(7) Where an activity meeting the criteria at §570.209(b)(2)(v) may also meet the requirements of either paragraph (d)(5)(i) or (d)(6)(i) of this section, the grantee may elect to qualify the activity under either the area benefit criteria at paragraph (a)(1)(vii) of this section or the job aggregation criteria at paragraph (a)(4)(vi)(D) of this section, but not both. Where an activity may meet the job aggregation criteria at both paragraphs (a)(4)(vi)(D) and (E) of this section, the grantee may elect to qualify the activity under either criterion, but not both.

EXHIBIT F TO SUBRECIPIENT AGREEMENT

Subpart K—Other Program Requirements

§570.600 General.

(a) This subpart K enumerates laws that the Secretary will treat as applicable to grants made under section 106 of the Act, other than grants to states made pursuant to section 106(d) of the Act, for purposes of the Secretary's determinations under section 104(e)(1) of the Act, including statutes expressly made applicable by the Act and certain other statutes and Executive Orders for which the Secretary has enforcement responsibility. This subpart K applies to grants made under the Insular Areas Program in §570.405 and §570.440 with the exception of §570.612. The absence of mention herein of any other statute for which the Secretary does not have direct enforcement responsibility is not intended to be taken as an indication that, in the Secretary's opinion, such statute or Executive Order is not applicable to activities assisted under the Act. For laws that the Secretary will treat as applicable to grants made to states under section 106(d) of the Act for purposes of the determination required to be made by the Secretary pursuant to section 104(e)(2) of the Act, see §570.487.

(b) This subpart also sets forth certain additional program requirements which the Secretary has determined to be applicable to grants provided under the Act as a matter of administrative discretion.

(c) In addition to grants made pursuant to section 106(b) and 106(d)(2)(B) of the Act (subparts D and F, respectively), the requirements of this subpart K are applicable to grants made pursuant to sections 107 and 119 of the Act (subparts E and G, respectively), and to loans guaranteed pursuant to subpart M.

[53 FR 34456, Sept. 6, 1988, as amended at 61 FR 11477, Mar. 20, 1996; 72 FR 12536, Mar. 15, 2007]

§570.601 Public Law 88-352 and Public Law 90-284; affirmatively furthering fair housing; Executive Order 11063.

(a) The following requirements apply according to sections 104(b) and 107 of the Act:

(1) Public Law 88-352, which is title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), and implementing regulations in 24 CFR part 1.

(2) Public Law 90-284, which is the Fair Housing Act (42 U.S.C. 3601-3620). In accordance with the Fair Housing Act, the Secretary requires that grantees administer all programs and activities related to housing and urban development in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, in accordance with section 104(b)(2) of the Act, for each community receiving a grant under subpart D of this part, the certification that the grantee will affirmatively further fair housing shall specifically require the grantee to take meaningful actions to further the goals identified in the grantee's AFH conducted in accordance with the requirements of 24 CFR 5.150 through 5.180 and take no action that is materially inconsistent with its obligation to affirmatively further fair housing.

(b) Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652; 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing), and implementing regulations in 24 CFR part 107, also apply.

[61 FR 11477, Mar. 20, 1996, as amended at 80 FR 42368, July 16, 2015]

§570.602 Section 109 of the Act.

Section 109 of the Act requires that no person in the United States shall on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance made available pursuant to the Act. Section 109 also directs that the prohibitions against discrimination on the basis of age under the Age Discrimination Act and the prohibitions against discrimination on the basis of disability under Section 504 shall apply to programs or activities receiving Federal financial assistance under Title I programs. The policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR part 6.

[64 FR 3802, Jan. 25, 1999]

§570.603 Labor standards.

(a) Section 110(a) of the Act contains labor standards that apply to non-volunteer labor financed in whole or in part with assistance received under the Act. In accordance with section 110(a) of the Act, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) also applies. However, these requirements apply to the rehabilitation of residential property only if such property contains not less than 8 units.

(b) The regulations in 24 CFR part 70 apply to the use of volunteers.

[61 FR 11477, Mar. 20, 1996]

§570.604 Environmental standards.

For purposes of section 104(g) of the Act, the regulations in 24 CFR part 58 specify the other provisions of law which further the purposes of the National Environmental Policy Act of 1969, and the procedures by which grantees must fulfill their environmental responsibilities. In certain cases, grantees assume these environmental review, decision-making, and action responsibilities by execution of grant agreements with the Secretary.

[61 FR 11477, Mar. 20, 1996]

§570.605 National Flood Insurance Program.

Notwithstanding the date of HUD approval of the recipient's application (or, in the case of grants made under subpart D of this part or HUD-administered small cities recipients in Hawaii, the date of submission of the grantee's consolidated plan, in accordance with 24 CFR part 91), section 202(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) and the regulations in 44 CFR parts 59 through 79 apply to funds provided under this part 570.

[61 FR 11477, Mar. 20, 1996]

§570.606 Displacement, relocation, acquisition, and replacement of housing.

(a) General policy for minimizing displacement. Consistent with the other goals and objectives of this part, grantees (or States or state recipients, as applicable) shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of activities assisted under this part.

(b) Relocation assistance for displaced persons at URA levels. (1) A displaced person shall be provided with relocation assistance at the levels described in, and in accordance with the requirements of 49 CFR part 24, which contains the government-wide regulations implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601-4655).

(2) Displaced person. (i) For purposes of paragraph (b) of this section, the term “displaced person” means any person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves his or her personal property from real property, permanently and involuntarily, as a direct result of rehabilitation, demolition, or acquisition for an activity assisted under this part. A permanent, involuntary move for an assisted activity includes a permanent move from real property that is made:

(A) After notice by the grantee (or the state recipient, if applicable) to move permanently from the property, if the move occurs after the initial official submission to HUD (or the State, as applicable) for grant, loan, or loan guarantee funds under this part that are later provided or granted.

(B) After notice by the property owner to move permanently from the property, if the move occurs after the date of the submission of a request for financial assistance by the property owner (or person in control of the site) that is later approved for the requested activity.

(C) Before the date described in paragraph (b)(2)(i)(A) or (B) of this section, if either HUD or the grantee (or State, as applicable) determines that the displacement directly resulted from acquisition, rehabilitation, or demolition for the requested activity.

(D) After the “initiation of negotiations” if the person is the tenant-occupant of a dwelling unit and any one of the following three situations occurs:

(1) The tenant has not been provided with a reasonable opportunity to lease and occupy a suitable decent, safe, and sanitary dwelling in the same building/complex upon the completion of the project, including a monthly rent that does not exceed the greater of the tenant's monthly rent and estimated average utility costs before the initiation of negotiations or 30 percent of the household's average monthly gross income; or

(2) The tenant is required to relocate temporarily for the activity but the tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary location and any increased housing costs, or other conditions of the temporary relocation are not reasonable; and the tenant does not return to the building/complex; or

(3) The tenant is required to move to another unit in the building/complex, but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

(ii) Notwithstanding the provisions of paragraph (b)(2)(i) of this section, the term “displaced person-” does not include:

(A) A person who is evicted for cause based upon serious or repeated violations of material terms of the lease or occupancy agreement. To exclude a person on this basis, the grantee (or State or state recipient, as applicable) must determine that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance under this section;

(B) A person who moves into the property after the date of the notice described in paragraph (b)(2)(i)(A) or (B) of this section, but who received a written notice of the expected displacement before occupancy.

(C) A person who is not displaced as described in 49 CFR 24.2(g)(2).

(D) A person who the grantee (or State, as applicable) determines is not displaced as a direct result of the acquisition, rehabilitation, or demolition for an assisted activity. To exclude a person on this basis, HUD must concur in that determination.

(iii) A grantee (or State or state recipient, as applicable) may, at any time, request HUD to determine whether a person is a displaced person under this section.

(3) Initiation of negotiations. For purposes of determining the type of replacement housing assistance to be provided under paragraph (b) of this section, if the displacement is the *direct result of privately undertaken rehabilitation, demolition, or acquisition of real property*, the term "initiation of negotiations" means the execution of the grant or loan agreement between the grantee (or State or state recipient, as applicable) and the person owning or controlling the real property.

(c) Residential anti-displacement and relocation assistance plan. The grantee shall comply with the requirements of 24 CFR part 42, subpart B.

(d) Optional relocation assistance. Under section 105(a)(11) of the Act, the grantee may provide (or the State may permit the state recipient to provide, as applicable) relocation payments and other relocation assistance to persons displaced by activities that are not subject to paragraph (b) or (c) of this section. The grantee may also provide (or the State may also permit the state recipient to provide, as applicable) relocation assistance to persons receiving assistance under paragraphs (b) or (c) of this section at levels in excess of those required by these paragraphs. Unless such assistance is provided under State or local law, the grantee (or state recipient, as applicable) shall provide such assistance only upon the basis of a written determination that the assistance is appropriate (see, e.g., 24 CFR 570.201(i), as applicable). The grantee (or state recipient, as applicable) must adopt a written policy available to the public that describes the relocation assistance that the grantee (or state recipient, as applicable) has elected to provide and that provides for equal relocation assistance within each class of displaced persons.

(e) Acquisition of real property. The acquisition of real property for an assisted activity is subject to 49 CFR part 24, subpart B.

(f) Appeals. If a person disagrees with the determination of the grantee (or the state recipient, as applicable) concerning the person's eligibility for, or the amount of, a relocation payment under this section, the person may file a written appeal of that determination with the grantee (or state recipient, as applicable). The appeal procedures to be followed are described in 49 CFR 24.10. In addition, a low- or moderate-income household that has been displaced from a dwelling may file a written request for review of the grantee's decision to the HUD Field Office. For purposes of the State CDBG program, a low- or moderate-income household may file a written request for review of the state recipient's decision with the State.

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(g) Responsibility of grantee or State. (1) The grantee (or State, if applicable) is responsible for ensuring compliance with the requirements of this section, notwithstanding any third party's contractual obligation to the grantee to comply with the provisions of this section. For purposes of the State CDBG program, the State shall require state recipients to certify that they will comply with the requirements of this section.

(2) The cost of assistance required under this section may be paid from local public funds, funds provided under this part, or funds available from other sources.

(3) The grantee (or State and state recipient, as applicable) must maintain records in sufficient detail to demonstrate compliance with the provisions of this section.

(Approved by the Office of Management and Budget under OMB control number 2506-0102)

[61 FR 11477, Mar. 20, 1996, as amended at 61 FR 51760, Oct. 3, 1996]

EXHIBIT G TO SUBRECIPIENT AGREEMENT

Dakota County CDBG Request for Reimbursement Form

From: City/Township of _____ Date: _____

Please complete the appropriate sections. The Dakota County CDA will fill in the shaded areas. Please use separate request forms for each activity or service period.

Reimbursement for the following activities is being requested from the CDBG Program:

Name of Project/Activity	Program (Fiscal) Yr.	Amount Requested	Dates of Service (start/end)	CDA Account Number

Do you have program income (i.e., revolving account) to draw first for this activity? _____ Yes _____ No
 Do you have other funding sources that are being combined with the CDBG funds? _____ Yes _____ No
 If yes, please indicate the source(s) and amount(s): _____

Documentation to support Request for Reimbursement: You must attach all appropriate documentation to support this request (i.e. staff hours and rate of pay, invoices for work completed, copies of plans, etc.)

- Timesheets (# of hours, rate of pay, etc.) Invoices / Proof of Payment (copies of checks, receipts, etc.) Completed product (i.e. plan, study, survey)

The following chart is for DIRECT BENEFIT ACTIVITIES (housing or public service activities). Please report the demographic information of those served during the dates of service listed above. If you are reporting a HOUSING activity, please report in number of HOUSING UNITS. If you are reporting a PUBLIC SERVICE activity, please report in number of PEOPLE.

DO NOT COMBINE DATA FROM MORE THAN ONE ACTIVITY OR SERVICE DATES

DEMOGRAPHICS	Ethnicity		Income Level			
	Race	Hispanic	Non-Hispanic	Very Low (0-30%)	Low (31-50%)	Moderate (51-80%)
White						
Black/African American						
Black/African American & White						
Asian						
Asian & White						
American Indian or Alaskan Native						
American Indian/Alaskan & White						
American Indian/Alaskan & Black						
Native Hawaiian/Other Pacific Islander						
Other						
TOTALS (Ethnicity = Income Level)						

Number of Female-headed Households = _____ Percent as Low/Mod Income = _____
 Number of clients new to program = _____ Number of clients with improved access = _____

Prepared by:

Approved by:

Program Administrator

City or Township Finance Officer

EXHIBIT H TO SUBRECIPIENT AGREEMENT

PROGRAM INCOME REUSE POLICY

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM **Dakota County, Minnesota**

A. Purpose.

This policy establishes procedures for the administration and utilization of program income received as a result of activities funded under the federal Community Development Block Grant (CDBG) Program. This policy addresses the requirements of 24 CFR 570.489(e)(3). The Dakota County Community Development Agency is hereinafter referred to as the "Subgrantee", and each cooperating jurisdiction is hereinafter referred to as a "Subrecipient".

B. Definition.

Program income is the gross income received by the Subgrantee that was generated from the use of CDBG funds. For activities generating program income that were only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG funds used. Examples of program income include:

- Payments of principal and interest on loans made using CDBG funds;
- Net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;
- And interest earned on funds held in a revolving fund account.

C. Activities.

Program income in Dakota County will only be used for eligible CDBG activities that meet a national objective as specified in 24 CFR 570.482 and 570.483.

D. Distribution.

Program income in Dakota County will be classified and distributed within one of two general types of accounts:

- Revolving Fund (RF) Account
- Non-revolving Income (NI) Account

The RF Accounts are typically established for ongoing program activity, such as housing rehab or economic development. The NI Accounts are established from non-revolving program income, such as funds from land disposition or repayments from land acquisition that doesn't result in a low/moderate income activity.

E. Revolving Fund Account.

Dakota County CDA will deposit program income from either housing rehab, economic development or downpayment assistance that is administered by the Subgrantee into corresponding Revolving Fund (RF) Accounts as follows:

1. Program income generated from CDBG funds allocated to a Subrecipient will be deposited into a separate RF Account for that same individual Subrecipient; or
2. Program income generated from CDBG funds allocated to a countywide activity will be deposited into a separate corresponding "Countywide" RF Account.
3. Check and/or reimbursement requests related to an activity assigned to a RF Account will be drawn first from that account prior to an entitlement account.

Subrecipients also have the ability to establish Revolving Fund Accounts for local CDBG activities upon written approval of the Subgrantee. These accounts will require formal reporting during each fiscal year as required by the Subgrantee.

F. Non-revolving Income Account.

Dakota County will deposit all program income that is not assigned to a Revolving Fund Account to a Non-revolving Income (NI) Account as follows:

1. Program income generated from CDBG funds allocated to a Subrecipient will be returned immediately to the Subgrantee, which will be deposited into one corresponding Subrecipient NI Account (i.e., Hastings NI Account). Check and/or reimbursement requests from a Subrecipient that cannot be paid from a RF Account will first be drawn from a NF Account, if existing, prior to drawing funds from an entitlement account.
2. Program income generated from CDBG funds allocated to a Subgrantee countywide activity will be deposited into one Subgrantee NI Account (i.e., CDA NI Account). Check and/or reimbursement requests related to a county-wide activity that cannot be paid from a RF Account will first be drawn from a NI Account, if existing, prior to drawing funds from a county-wide entitlement account.
3. The Subrecipient or Subgrantee retains the option of amending an existing CDBG activity (or activities) to increase its budget equal to the amount of program income within its NI Account, or it can amend the county's Annual Action Plan to include a new CDBG-eligible activity.
4. If no draws are made from a Subrecipient's NI Account within twelve (12) months of establishing that account, it may be transferred to a Subgrantee NI Account for distribution to eligible countywide activities.

G. Account Dissolution.

Dissolving either Revolving Fund or Non-revolving Income Accounts shall be completed as follows:

1. A Subrecipient's RF Account may be dissolved if that account will receive no further income based on evidence from the Subrecipient or Subgrantee. The Subrecipient must submit a written request to the Subgrantee prior to final dissolution action. CDBG funds remaining in a Subrecipient's RF Account to be dissolved must be transferred to a new or existing NI Account of that same Subrecipient.
2. A Subgrantee's RF Account may be dissolved if that account will receive no further income based on evidence from the Subgrantee. CDBG funds remaining in the Subgrantee's RF Account to be dissolved must be transferred to a new or existing NI Account of the Subgrantee.
3. In some cases, a Subrecipient or Subgrantee may want to transfer fund balances from a RF Account that is still receiving income. If no further expenditures are planned for that activity, a partial transfer may be permitted. Subrecipients must submit a written request to the Subgrantee, including the requested amount of transfer, which will go from its RF Account to its existing or newly created NI Account.
4. A Subrecipient's NI Account may be dissolved based on Section F.4. of this Policy.

Adopted by the Dakota County CDA Board on April 13, 2004.

EXHIBIT I TO SUBRECIPIENT AGREEMENT

CDBG CONTINGENCY PLAN TIMELINESS OF EXPENDITURES

Dakota County, Minnesota

The following plan was developed in order to spend Community Development Block Grant (CDBG) funds in a timely manner. HUD reviews the performance of Dakota County as an entitlement urban county each year. Sixty (60) days prior to the end of a grantee's program year, the amount of non-disbursed CDBG funds cannot be more than 1.5 times the entitlement grant for its current program year. The 60-day time for Dakota County is May 2. A contingency plan is beneficial in order to assess whether this county can make efforts to spend CDBG funds if early indications show expenditure problems within any of the larger cities' pool or the countywide pool of activities.

The following steps should be taken in the order shown during a program year for Dakota County, which is July 1 through June 30:

1. **Six-Month Review**. By November 1, CDA staff will do the following:
 - Identify each Subrecipient's balance of unspent CDBG funds.
 - A notice should be sent to each Subrecipient that shows an individual listing of unfinished activities and corresponding fund balances.
 - Meet individually with each Subrecipient, as deemed necessary, to discuss timely expenditure issues.
 - Provide a status report to all Subrecipients on the countywide and individual city revolving accounts for housing rehab (including a forecast of program income for the next six months).

2. **Four-Month Review**. By January 1, CDA staff will do the following:
 - Make a preliminary determination whether a Subrecipient will meet its own timeliness ratio of 1.5 by May 1.
 - Make a determination on how much rehab funding will remain unspent by May 1. These conclusions will be shared with the Subrecipient as a basis for possible reallocation of funds.
 - Initiate amendments to the annual Action Plan for Dakota County in order to reallocate CDBG funding to activities that can spend those funds by May 1.
 - The plan amendment will be based on the following:
 - (a) Written approval from the Subrecipient that will transfer CDBG funds from its allocation to another city or countywide activity; and
 - (b) Written verification, including an activity timeline, from the recipient of any reallocated funding that the additional CDBG funds can be spent and reimbursement submitted by April 15.

Transfer of CDBG Funds

Should a jurisdiction not be able to meet the timeliness requirement, the transferring of CDBG funds from one activity to another will be accomplished according to the following procedures:

- Transfer funds from one activity to another within a jurisdiction (city or township);
- Transfer funds from a countywide activity to another countywide activity; or
- Transfer funds from one jurisdiction to another jurisdiction, including to or from the countywide pool.

The combined impact of the transfer options must attain an expenditure rate at or below 1.5 by May 2 for Dakota County. If this can be achieved by implementing one or both of the first two options, then the final option will not be needed. However, if all three options need to be implemented, then some jurisdictions will lose the one-time specified amount, not to be replaced and some will gain one-time funds in order to avoid HUD penalties imposed on the county.

It is possible that a jurisdiction will have more than 1.5 times its current CDBG allocation unspent by January 1, and yet, it will not agree to transfer funds to another activity. Under that circumstance, the CDA reserves the right to take steps necessary to transfer funds in excess of the 1.5 ratio.

5. **Two-Month Review**. By March 1, the CDA will determine whether any further amendments are necessary to transfer CDBG funds. This may be necessary to accommodate a new activity that was recently identified for immediate expenditure (assuming CDBG eligibility).

6. **One-Month Review**. By April 1, the CDA will do a final check to ensure all cities are working towards completion of all activity expenditures that are pending within the May 1 timeframe. Reimbursement requests should be submitted to the CDA no later than April 15.