

## SUB RECIPIENT AGREEMENT

### **City of Missoula and NeighborWorks Montana**

**THIS AGREEMENT** is entered into on the \_\_\_\_ day of \_\_\_\_\_, 2022, by and between the City of Missoula, hereinafter referred to as “the City” and NeighborWorks Montana, a private, non-profit corporation incorporated under the laws of Montana, hereinafter referred to as “the Subrecipient.”

### **WITNESSETH THAT**

**WHEREAS** the Subrecipient proposes to establish a Resident Owned Community (ROC) at Old Hellgate Village Mobile Home Court, 6125 Mullan Road, Missoula (the “Project”); and

**WHEREAS** the City desires to contract with the Subrecipient to construct the Project in order to provide the security of long-term affordable housing for approximately 65 tenants; and

**WHEREAS** the Subrecipient agrees to operate, manage, and maintain the Project in a manner so as to be available to all residents of the greater City area without regard to race, color, religion, creed, political ideas, gender, age, marital status, physical or mental disability, or national origin and with granting agencies required guidelines; and

**WHEREAS** the City has applied for and been awarded Grant #MT-CDBG-CV-22-08 under Montana’s Community Development Block Grant (CDBG-CV) program to acquire the property; and

**WHEREAS** the parties to this Agreement understand that neither party has in any way abrogated any of its individual powers, and that this Agreement does not create any new organization or legal entity.

**NOW, THEREFORE, THE CITY AND THE SUBRECIPIENT MUTUALLY  
AGREE AS FOLLOWS:**

**I. Responsibilities Delegated to the Subrecipient**

- A. The Subrecipient agrees to carry out the responsibilities assigned to it as stated in the Project Management Plan, as approved by the Montana Department of Commerce (MDOC) on \_\_\_\_\_, attached hereto and specifically incorporated herein by this reference.
- B. Following the completion of the Project, the Subrecipient will submit annual reports to the City, on a date to be specified by the City, unless later excused by new regulation or agreement. These annual reports shall include:
  - (1) a copy of the Subrecipient’s annual IRS 990 tax form; and
  - (2) a copy of the Subrecipient’s annual Treasurer’s report; and

- (3) proof of adequate insurance on the facility.

## **II. Duration of the Agreement**

- A. This Agreement takes effect when the following conditions are satisfied:
  1. The MDOC and the City have executed the CDBG-CV Grant Contract;
  2. The MDOC has approved the City's "Request for Release of Funds and Certification";
  3. The attorney for the City has approved this Agreement as to form and content; and
  4. The City's Council and the Subrecipient's Authorized Official have each reviewed this Agreement, agreed fully to its terms and conditions, and executed the same.
- B. This Agreement shall terminate five (5) years after MDOC final close out of CDBG Grant #MT-CDBG-CV-22-08.

## **III. Administration**

- A. For purposes of implementing the joint undertaking established by this Agreement, City and Subrecipient staff identified in the Program Management Plan agree to meet as necessary to provide for the efficient and smooth implementation of this Agreement and the activities specified herein.
- B. The Subrecipient will comply with all requirements applicable to subrecipient entities as set forth in the City's CDBG-CV contract with the MDOC, attached hereto.
- C. The Subrecipient will carry out each activity under this Agreement in compliance with all federal laws and regulations described in 24 CFR Part 570.
- D. The Subrecipient does not assume the City's environmental responsibilities described at 24 CFR Part 58.
- E. The Subrecipient does not assume the City's responsibility for initiating the review process under the provisions of 24 CFR Part 52.

## **IV. Disposition of Real Property or Acquired Equipment**

- A. The Subrecipient will retain advisory capacity for the Project and will manage annual financial reporting as stated in the Project Management Plan, after final

closeout of the CDBG Grant #MT-CDBG-CV-22-08 in accordance with the terms set forth herein.

- B. With respect to any real property or any equipment under the Subrecipient's control that was acquired or improved in whole or in part with funds from CDBG Grant #MT-CDBG-CV-22-08 in excess of \$25,000, the Subrecipient will either:
1. use the property to meet one of the national objectives contained in 24 CFR 570.208 for five (5) years after MDOC final closeout of CDBG Grant #MT-CDBG-CV-22-08, or for such longer period of time as is determined to be appropriate by the City or;
  2. dispose of the property or equipment in a manner that reimburses the City in the amount of the current fair market value of the property or equipment, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvements to, the property or equipment. Reimbursement is not required after the period of time specified in subparagraph (B)(1) of this section. The proceeds from such disposition will be subject to the applicable provisions of 24 CFR 570.504 (Program Income), 24 CFR sections 84.24 (Program Income), 84.32 (Real Property), 84.34 (Equipment), 85.25 (Program Income), 85.31 (Real Property), and 85.32 (Equipment).
- C. Upon the expiration of this Agreement, the Subrecipient and the City will continue to submit an annual report to MDOC on any CDBG-CV funds on hand at the time and any accounts receivable attributable to the use of CDBG-CV funds, as outlined in the Program Management Report.
- D. The parties agree that at the time of property acquisition, as security for the performance of the obligations set forth herein, a trust indenture against the Property created by this Agreement will be duly recorded with the Missoula County Clerk and Recorder's office.

**V. Indemnification**

The Subrecipient waives any and all claims and recourse against the City, including the right of contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to the Subrecipient’s performance of this Agreement except claims arising from the concurrent or sole negligence of the City or its officers, agents, or employees. The Subrecipient will indemnify, hold harmless, and defend the City against any and all claims, demands, damages, costs, expenses, or liability arising us of the Subrecipient’s performance of this Agreement except for liability arising out of the concurrent or sole negligence of the City or its officer, agents, or employees.

**VI. Suspension or Termination**

In accordance with 24 CFR 84.61, the City may suspend or terminate this Agreement if the Subrecipient materially fails to comply with the terms and conditions of this Agreement, or if CDBG Grant #MT-CDBG-CV-22-08 is terminated by the MDOC in accordance with the terms of the City’s CDBG contract with MDOC, attached hereto.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 2022.

**CITY OF MISSOULA**

BY: \_\_\_\_\_  
NAME, Mayor

DATE: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Marty Rehbein, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Jim Nugent, City Attorney

**STATE OF MONTANA**

County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 2022, before me \_\_\_\_\_, a Notary Public for the State of Montana, personally appeared \_\_\_\_\_, known to me to be the \_\_\_\_\_ of the City/County of \_\_\_\_\_, and \_\_\_\_\_ known to me to be the \_\_\_\_\_ of the City/County of \_\_\_\_\_, a Montana municipal corporation duly organized and incorporated and existing under the laws of the State of Montana, who are personally known to me to be the same persons who executed, as such officers, the within instrument on behalf of said municipal corporation and acknowledged to me that such municipal corporation executed the same.

(NOTARY SEAL)

\_\_\_\_\_  
PRINTED NAME: \_\_\_\_\_  
Notary Public for the State of Montana  
Residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

**NEIGHBORWORKS MONTANA**

BY: \_\_\_\_\_  
Kaia Peterson, Executive Director

DATE: \_\_\_\_\_

**STATE OF MONTANA**

County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 2008, before me \_\_\_\_\_, a Notary Public for the State of Montana, personally appeared, \_\_\_\_\_ of the \_\_\_\_\_ in Montana, and acknowledged to me that he/she executed the written instrument on behalf of said Business.

(NOTARY SEAL)

\_\_\_\_\_  
PRINTED NAME: \_\_\_\_\_  
Notary Public for the State of Montana  
Residing at \_\_\_\_\_  
My Commission expires \_\_\_\_\_

**PROJECT MANAGEMENT PLAN**  
**City of Missoula/ NeighborWorks Montana**  
**Funding from CDBG-CV Contract# MT-CDBG-CV-22-08**

1. **Overall Administrative Structure**
2. **Project Management**
3. **Financial Management**
4. **Project Implementation Schedule**

1. **Overall Administrative Structure**

The City of Missoula is an incorporated city with a Mayor-Council form of government. The following persons will have lead responsibility for administering the City's FY22 CDBG-CV project.

**City of Missoula Mayor**, as the City's chief elected official will have responsibility for all official contacts with the Montana Department of Commerce (MDOC). The Mayor and City Council will have ultimate authority and responsibility for the management of project activities and expenditure of CDBG-CV funds. The approval of all contracts will be the responsibility of the City Council.

**Leigh Griffing, Finance Director**, will be responsible for overseeing the general administration and accounting of project funds passed through and administered by the City.

**Our City Attorney's Office** will review and advise the Project Manager regarding any proposed contractual agreements associated with the CDBG-CV project before they are presented to City Council, and will provide any other legal guidance as requested.

**Tracy Pohndorf, Project Manager**, Grants Administrator with Community Development, will be responsible for overall project management and assuring compliance with applicable federal and state requirements for the CDBG-CV project. The Project Manager will serve as the City's liaison for both MDOC and subrecipient NeighborWorks Montana for the project, and works under the supervision of **Montana James, Deputy Director, Community Development Division**.

**Montana James** is the CDBG Environmental Certifying Officer for the City of Missoula.

The Project Manager will coordinate as needed with **Marty Rehbein, City Clerk**, and the Finance Director, for management of, and record keeping for, the CDBG-CV funds. The Project Manager, Deputy Director and City Clerk are all authorized to sign requests for CDBG-CV funding.

**Tracy Pohndorf, Grants Administrator:** pohndorft@ci.missoula.mt.us, 406-552-6651

**Montana James, Deputy Director, Community Development:**

jamesm@ci.missoula.mt.us

**Marty Rehbein, City Clerk:** rehbeinm@ci.missoula.mt.us

**Leigh Griffing, Finance Director:** griffingl@ci.missoula.mt.us

**Jim Nugent, City Attorney:** nugentj@ci.missoula.mt.us

**Mayor:** mayor@ci.missoula.mt.us

## 2. Project Management

### City of Missoula

Montana James, Deputy Director, Community Development Division, is the CDBG Environmental Certifying Officer for the City of Missoula.

Tracy Pohndorf, as the designated Project Manager, will be responsible for overall administrative project management including:

1. Developing a contract with MDOC and assisting the City with all requirements related to effective project start-up and implementation
2. Developing a subrecipient contract with NeighborWorks Montana.
3. Preparing a request for release of funds to MDOC (upon subrecipient completion of the Environmental Review).
4. Establishing and maintaining complete and accurate project files and preparing all MDOC documentation and reports incidental to administration of the grant.
5. Reviewing all proposed project expenditures or requests for payment to ensure their propriety and proper allocation of expenditures to the CDBG-CV budget.
6. Processing payment requests and preparing drawdown requests to MDOC, including the Request for Payment and Status of Funds Report, the Project Progress Report and all other required documentation to substantiate payment requests.
7. Assuring compliance with applicable acquisition, civil rights, Section 504/ADA evaluation and labor standards requirements.
8. Preparing all required performance reports and project closeout documents for submittal to MDOC.
9. Attending City Council meetings to provide project status reports and representing the CDBG-CV project at any other public meetings, as deemed necessary by the Department of Community Planning, Development and Innovation.

### NeighborWorks Montana

The City of Missoula will contract with NeighborWorks Montana as a subrecipient of CDBG-CV funding. Project Management for NeighborWorks Montana will be led by **Kaia Peterson, Executive Director**, and **Danielle Maiden, Cooperative Housing Director**. Subrecipient responsibilities include:

1. Preparing the Environmental Review Record (ERR) to assure full compliance with the National and Montana Environmental Policy Acts, completion of the statutory checklist, and any other applicable environmental requirements. NeighborWorks Montana will

coordinate with City of Missoula in preparing any legal notices required to be published for the ERR process and conducting any required public hearings or informational meetings.

2. Serving as project leads and primary tenant contacts in the development of the Resident Owned Community.
3. Compliance and documentation of all applicable Uniform Relocation Assistance regulations in coordination with City of Missoula Program Manager.
4. Development of a loan/program income plan in coordination with City of Missoula.
5. Attending City Council meetings to provide project status reports and representing the CDBG-CV project at any other public meetings, as deemed necessary by the Department of Community Planning, Development and Innovation.
6. Preparing annual MDOC loan report in coordination with City of Missoula.

**Kaia Peterson, Executive Director**, NeighborWorks Montana: kpeterson@nwmt.org  
**Danielle Maiden, Cooperative Housing Director**, NeighborWorks Montana:  
dmaiden@nwmt.org

### **3. Financial Management**

A. The Finance Director responsibilities will be as follows:

1. Establishing the CDBG bank account and transferring CDBG-CV funds from that account to the City's treasury for disbursements, based on claims and supporting documents approved by the project manager.
2. Entering all project transactions into the City's existing accounting system (EDEN), and prepare checks/warrants for approved expenditures.
3. With the assistance of the Project Manager, preparing the Request for Payment and Status of Funds Reports to be submitted to MDOC. All drawdown requests will be signed by two of the three following persons: City Clerk, Deputy Director of Community Development and the Project Manager. No expenditures will be made without the approval of the Council at a regular meeting.
4. With the assistance of the Project Manager, preparing the final financial reports for project closeout.

B. The Project Manager and Finance Director will review all proposed expenditures of CDBG-CV funds and will prepare drawdown requests, which will be signed by the officials cited above. All disbursements will be handled in accordance with the City's established claim review procedures. Before submitting the claim to the Finance Director, the Project Manager will attach a certification to each claim stating that the proposed expenditure is an eligible

expense of the City's CDBG-CV project and consistent with the project budget. The Council will review all claims before approving them.

- C. Financial record keeping will be done in conformance with the recommendations of MDOC's Community Development Division as described in Chapter 4 of the CDBG Administration Manual. The original financial documents (claims with all supporting material attached) will be retained in the City's offices.
- D. Weekly timesheets will be maintained by the Project Manager and approved by the Deputy Director of Community Development to document all time worked on the CDBG-CV project.
- E. The City's CDBG-CV project will generate some program income from loan repayments. Any program income received from these sources will be administered by the Subrecipient NeighborWorks Montana according to the Program Income plan. Any program income received prior to project closeout will be used for CDBG eligible activities to benefit primarily low- and moderate-income households.

#### 4. Project Implementation Schedule

Note: The City of Missoula/NeighborWorks Montana CDBG-CV project does not involve construction, and CDBG-CV funding is not being used for the Environmental Review Record process.

<b>CDBG-CV Project Implemenation Schedule</b>				
<b>START-UP</b>				
1	Submit updated Management Plan, Budget & Schedule for CDBG-CV contract	Project Manager (City)	August	2022
2	Complete ERR/Submit to MDOC	Project Manager: NWMT to complete/City to submit	August	2022
3	Secure MDOC Approval of RROF (request for release of funds)		September	2022
4	Schedule Local Government Audit	Project Manager (City)/Finance Director	September	2022
<b>IMPLEMENTATION</b>				
1	Submit first drawdown request	Project Manager (City)	Sept/Oct	2022
2	Property Acquisition	NWMT/ROC	October	2022
<b>CLOSEOUT</b>				
1	Project Closeout Begins		November	2022
2	Project Completion Report		Nov/Dec	2022
3	Audit is conducted/reveiwed		October	2023

**Program Income Plan  
CDBG-CV  
September 2022**

The City of Missoula received a Community Development Block Grant – CARES Act (CDBG-CV) Program grant from the Montana Department of Commerce (MDOC). The City of Missoula has entered into a sub-recipient agreement with the Montana Homeownership Center dba NeighborWorks Montana to manage loan repayments from this grant award as state CDBG program income.

The non-administrative portion of that grant was made available to NWMT who will in turn lend the funds to a non-profit corporation, Old Hellgate Village, Inc, made up of community residents; Old Hellgate Village will use the funds to acquire their property. Old Hellgate Village will repay the loan to NWMT and those payments will become state CDBG Program Income. The terms of the loan agreement are specified in a duly recorded loan document on record at the City of Missoula, Montana. That document is hereby incorporated by reference into this Program Income Plan. The repayments on this loan will be paid into an interest-bearing Program Income fund account, to be used for state CDBG-eligible activities that meet a national objective and primarily benefit LMI households.

**ORGANIZATIONAL MISSION**

The NeighborWorks Montana Program Income Plan is designed to stimulate affordable housing activity by assisting private sector organizations, to create or preserve affordable housing for low- and moderate-income people. These funds will be used in situations where a funding gap exists and alternative sources of public and private financing are not adequate to complete the CDBG-eligible activity. These funds are intended to complement conventional housing financing techniques by leveraging funding from other federal and state financing programs and private lending institutions.

The Program Income Plan is designed to assist affordable housing projects by making appropriate long-term, fixed rate financing available at reasonable interest rates.

**PROGRAM OBJECTIVES**

The objective of the Program Income Plan will be to continue the activities from which the program income is being derived, specifically:

1. Create and preserve homes that are affordable to low- and moderate-income people within the greater Missoula area; and
2. Align with current City of Missoula housing and growth policies in place at time of application; and
3. Assist in preventing or eliminating blight, beautification, or upgrading housing in the community; and

4. Contribute partial funding as leverage to support affordable housing projects.

## **ELIGIBLE APPLICANTS**

Eligible applicants requesting loan assistance will be restricted to organizations within the greater Missoula area.

## **MAXIMUM LOAN AMOUNT**

Maximum loan amounts depend on the type of financing requested, as listed below.

## **ELIGIBLE ACTIVITIES**

Typical eligible activities include: land acquisition and/or property improvements in support of housing, such as water and sewer lines, and access roads; and for acquisition, construction, or rehabilitation of affordable housing. Note that construction of new housing with CDBG Program Income must be done in conjunction with a community-based development organization, as documented with the Department of Commerce.

Use of program income must be consistent with eligible activities as determined by the U.S. Department of Housing and Urban Development (24 CFR Part 570.201 or Section 105(a) of Title I of the Housing and Community Development Act) and Montana Housing's Community Development Block Grant Program.

## **TYPES OF FINANCING AVAILABLE**

### *a. Property Acquisition and Development Loans*

Eligible applicants may apply for loan assistance to finance activities that will preserve affordable housing.

Amounts of loan requests for property acquisition loans will not exceed \$835,000 or 35% of total activity cost. Loans will be amortized over a 25- to 40-year term at an interest rate between 0.00% and 6.00%.

### *b. Property Improvement Loans*

Eligible applicants may apply for assistance to make improvements to affordable housing. Loan proceeds may be used for the following activities:

- infrastructure improvements
- building or home renovation and rehabilitation
- energy and water efficiency measures

Amounts of loan requests for property improvement loans will not exceed \$835,000 or 95% of total activity cost. Terms of the loans will not exceed 40 years. Interest rates will be between 0.00% and 8.00%.

## **APPLICATION PROCEDURES**

NeighborWorks Montana will accept loan applications on an open-cycle basis when funds are available. Completed loan applications may be mailed to NeighborWorks Montana PO Box 1025, Great Falls, MT 59403 or delivered via email to info@nwmmt.org.

Applicants will work with NeighborWorks Montana Real Estate Lending staff to ensure appropriate application materials are submitted based on project and financing type.

Applications will be reviewed and analyzed by the NeighborWorks Montana Real Estate Development and Acquisition committee on a “first come, first served” basis, as determined by the date that the full application is found to be complete.

***Applicants should be aware that in most cases it will take two to four weeks before funds will be received after the decision has been made to award funds.***

## **LOAN REVIEW PROCESS**

The Loan Review Committee is comprised of members of NeighborWorks Montana’s Real Estate Development and Acquisition Committee who include NeighborWorks Montana board members and non-board members who at present consist of stakeholders including representatives from finance, business, economic development, and non-profit partners. This makeup allows for replacement by appointment from the NeighborWorks Montana board of directors.

The Committee will review each application for compliance with program objectives and loan fund criteria.

Each application will be evaluated separately on a first-come first-served basis. Should requests for funds exceed funds available, applications that are deemed to represent a likelihood of broadest impact will receive the most favorable review.

## **ANNUAL REPORT**

As required by the Montana Department of Commerce, an annual report of Program Income activities will be submitted to Montana Housing’s Community Housing group along with any other required reporting documentation, until the Old Hellgate Village, Inc. loan is paid off or forgiven. Annual reports will include program income fund activity for fiscal year Jul 1 to June 30 and will be due on August 15 of each year.

## **AMENDMENTS TO THE PROGRAM INCOME PLAN**

NeighborWorks Montana may amend these guidelines with approval of City of Missoula grant administration staff and Montana Housing. Amendments will be incorporated into a revised statement of the CDBG-CV Program Income Plan.