



**Commercial/Industrial Revolving Loan Fund Meeting Agenda
January 13, 2026 - 9:00 AM
City Council Chambers, City Hall, 3rd Floor, Executive Conference Room
1528 Third Avenue, Rock Island, IL**

- 1. Call to Order**
- 2. Roll Call**
- 3. Opening Items**
 - a. Election of Committee Chair and Vice Chair 2026
- 4. Public Comment**
- 5. Meeting Minutes**
 - a. Approval of the DRAFT meeting minutes on 12-22-2025
- 6. Old Business**
 - a. Report on the Status of CIRLF Loans and Collections
- 7. Other Business/New Business**
 - a. Revolving Loan Fund Commission Ordinance and Appendix D- Revolving Loan Fund Program.
- 8. Adjourn**

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**Rock Island Commercial/Industrial Revolving Loan Fund
Meeting Minutes**

City Hall, Executive Conference Room
1528 3rd Avenue, Rock Island, IL
December 22,2025
10:00 AM



Voting Members Present Brandy VandeWalle
 Grant Redpath
 Lawrence Davis

Voting Members Absent N/A

Staff Present Jessica Segar
 Nichole Mata
 Tarah Sipes

Call to Order and Roll Call

Davis called the meeting to order at 10:21 AM and took the roll.

Public Comment

There were no public comments.

Approval of the Previous Meeting Minutes.

Mata asked for approval of the December 9, 2025 meeting minutes. Redpath made the motion and VandeWalle second the motion. Motion passed unanimously on a 3-0 vote.

Old Business

No Old Business.

Other Business/New Business

Alderman Healy gave an overview of the CIRLF loan. Comments were made and discussions were done. Redpath made the motion and VandeWalle second the motion. Motion passed unanimously on a 3-0 vote.

Adjournment

Davis asked for a motion to adjourn the meeting at 10:40 AM. Redpath made the motion and VandeWalle second the motion. Motion passed unanimously on a 3-0 vote.

Good Standings														
Loan Number	Company Name	Applicant(s)	Project Address	Note Issue Date	Note Orginal Balance	Next Payment Amount	Next Payment Date	Last Payment Date	Last Payment Amount	Total Current Balance	Total Delinquent Amount	Comments	Collateral	Active Lien Doc Number
00888000830	Healthy Harvest Urban Farms			09/01/2016	\$70,000.00	\$708.72	01/01/2026	12/30/2026	\$85.00					
00888000833	Bridges Catering DBA Big H Little H			01/02/2026	\$147,555.06	\$1,493.92	02/22/2026							
00888000838	Brothers Paris DBA Wake Brewing			11/29/2016	\$100,000.00	\$739.69	01/01/2026	12/05/2025	\$800.00					
00888020250	Small Hands Bigs Hearts, LLC			02/26/2025	\$125,000.00	\$1,269.57	01/01/2026	12/16/2025	\$1,300.00					

Defaulted														
Loan Number	Company Name	Applicant(s)	Project Address	Note Issue Date	Note Original Balance	Next Payment Amount	Next Payment Date	Last Payment Date	Last Payment Amount	Total Current Balance	Total Delinquent Amount	Comments	Collateral	Active Llen Doc Number
008880008451	Media Link, Inc.			07/01/2017	\$48,125.33	\$890.07	01/01/2026	10/29/2025	\$890.07	\$15,509.16	\$0.00			
008880000758	Jeans Paltinum Stylez Beauty Supply			08/21/2012	\$10,000.00	\$373.59	01/01/2026	02/18/2025	\$4,109.49	\$8,925.41	\$3,362.31			
008880008161	El Patron			11/1/2015	\$70,000.00	\$20.43	12/01/2025	06/06/2025	\$3,000.00	\$6,214.32	\$6,438.19			

City Attorney														
Loan Number	Company Name	Applicant(s)	Project Address	Note Issue Date	Note Original Balance	Next Payment Amount	Next Payment Date	Last Payment Date	Last Payment Amount	Total Current Balance	Total Delinquent Amount	Comments	Collateral	Active Lien Doc Number
008880007261	The Speed Attic			08/17/2011	\$25,000.00			6/30/2017	\$500.00	\$12,478.68	\$14,241.02			
008880007431	Morten T. Wabyaombe			06/12/2014	\$26,252.17	\$86.14	12/01/2025	10/31/2017	\$50.00	\$26,202.17	\$38,099.60			
008880007731	The Wright Occasion Gift Shop			6/13/2014	\$22,792.00	\$257.03	12/01/2025	05/05/2017	\$2,595.17	\$25,387.17	\$26,217.06			
008880008141	Courtney Loftin			10/05/2015	\$10,000.00	\$19.44	12/01/2025	1/3/2018	\$184.17	\$5,912.26	\$7,765.98			
008880008171	Krista Tracy			11/19/2015	\$10,000.00	\$27.37	12/01/2025	11/03/2016	\$1,287.53	\$8,324.97	\$11,324.01			
008880008341	Discounted Furniture Company, LLC			10/06/2016	\$50,000.00	\$506.23	12/01/2025	1/10/2023	\$506.23	\$22,429.98	\$17,718.05			
008880008521	Sheleigh Metzger DBA Celebrate, Inc.			01/01/2018	\$10,000.00	\$28.27	12/01/2025	06/13/2022	\$300.00	\$8,601.19	\$0.00			

Collections / Write Off

Loan Number	Company Name	Applicant(s)	Project Address	Note Issue Date	Note Orginal Balance	Next Payment Amount	Next Payment Date	Last Payment Date	Last Payment Amount	Total Current Balance	Total Delinquent Amount	Comments	Collateral	Active Lien Doc Number
008880002071	Infinity II, Inc			09/26/2007	\$46,842.05			5/22/2009	\$175.00	\$44,742.05	\$44,742.05			
008880003791	Latisha Howlett			09/26/2007	\$18,449.45			09/28/2007	\$18,449.45	\$18,449.45	\$31,052.95			
008880004161	Brooke Katherine Designs			9/26/2007	\$9,520.54			09/28/2007	\$9,520.54	\$9,520.54	\$11,280.67			
008880004171	Vics Shoe Care Center			09/26/2007	\$11,587.18			10/8/2013	-\$0.11	\$4,079.98	\$0.00			
008880006691	Indulgence Nails & Hair Salon			07/21/2009	\$15,000.00			01/14/2011	\$300.00	\$12,343.89	\$14,326.30			
008880006771	Kelvin Sheets			01/06/2010	\$10,000.00			03/01/2010	\$10,000.00	\$10,000.00	\$11,970.41			
008880006891	1722 2nd Avenue, LLC			01/06/2010	\$20,000.00			05/01/2013	\$368.33	\$7,039.56	\$7,510.15			
008880006911	Realm Wellness Spa, LLC			03/22/2010	\$40,000.00			09/24/2015	\$443.18	\$35,314.74	\$43,517.35			
008880007041	Midwest Tool and Equipment			06/15/2010	\$30,000.00			11/14/2014	-\$65.00	\$20,073.36	\$22,687.20			
008880007621	Senlu, LLC			06/12/2014	\$19,500.00			07/01/2014	\$19,500.00	\$19,500.00	\$23,338.03			
008880007821	D&L Surplus & Specialities, Inc.			05/27/2014	\$100,000.00	\$219.44	12/01/2025		\$0.00	\$66,745.98	\$87,242.18			
008880008131	Timothy Baldwin			10/01/2015	\$54,852.00	\$23.17	12/01/2025	08/28/2020	\$1,067.04	\$9,393.90	\$11,412.18			
										\$257,203.45				

AN ORDINANCE AMENDING ARTICLE XXII OF CHAPTER 8 OF THE ORDINANCES OF THE CITY OF ROCK ISLAND, ILLINOIS

WHEREAS, the City has had a revolving loan fund program since 1984 that issues low-interest loans to local businesses for a variety of purposes; and

WHEREAS, the revolving loan fund program has helped businesses to retain and attract employees thus improving the employment prospects of local residents; and

WHEREAS, the revolving loan fund was originally seeded with Community Development Block Grant (CDBG) funds and is therefore subject to any and all applicable Federal regulations including those regarding conflict of interest; and

WHEREAS, the existing body that oversees the revolving loan fund program known as the Commercial Industrial Revolving Loan Fund (CIRLF) Committee was established with delegated authority to protect against real and perceived conflicts of interest; and

WHEREAS, the CIRLF Committee has a name that is no longer reflected in the revolving loan fund program’s policies and procedures; and

WHEREAS, the CIRLF Committee has a membership that is too small and too narrowly construed in composition to adequately exercise its duties;

THEREFORE, be it ordained by the City Council of the City of Rock Island, Illinois:

Section One: The existing Article XXII “Commercial Industrial Revolving Loan Fund (CIRLF) Committee” is hereby deleted and replaced as follows.

ARTICLE XXII. REVOLVING LOAN FUND COMMISSION

SEC. 8-561. CREATION OF COMMISSION. There is created a Revolving Loan Fund Commission to assist the City in the management of a revolving loan fund program intended to assist local businesses through the issuance of low interest loans. The Commission shall consist of nine (9) members appointed by the Mayor with the consent of the City Council. Five (5) members of the Commission shall constitute a quorum. The Commission members shall be broadly representative of the community with knowledge of banking, accounting, real estate, business operations, and other expertise associated with financial services.

SEC. 8-562. DUTIES OF COMMISSION. The Revolving Loan Fund Commission shall possess delegated authority from the City Council to approve, deny, manage, and collect upon loans issued out of the revolving loan fund. The Commission’s duties shall include:

- A. Approving, approving with conditions, or denying all loan applications in compliance with the revolving loan fund program policies and procedures;
- B. Consider requests by borrowers for changes to their loan terms;
- C. Soliciting community input on any changes to the revolving loan fund program;
- D. Advising the Mayor and City Council on the revolving loan fund program;
- E. Making recommendations regarding the revolving loan fund program;
- F. Acting as a liaison between the City, agencies, associations, and businesses relative to the revolving loan fund program and promoting its use;
- G. Monitoring and evaluating the performance of the revolving loan program and all loans that have been issued; and
- H. Directing efforts to seek repayment on any and all loans in default including but not limited to foreclosure action.

SEC. 8-563. OFFICERS. The Commission shall have a Chair and a Vice Chair elected by the Commission who shall each serve a term of one (1) year and shall be eligible for reelection. The Chair shall preside over meetings. In the absence of the Chair, the Vice Chair shall perform the duties of the Chair. If both are absent, a temporary Chair shall be elected by those present. The Community Development Manager or their designee shall serve as Secretary to the Commission and be responsible for preparing and publishing agendas and meeting minutes.

SEC. 8-564. MEETINGS. The Commission shall schedule regular meetings on a monthly basis. Meetings may be cancelled for lack of business. Additional meetings may be called when needed. All meetings shall be run in accordance with the most recent edition of Robert's Rules of Order as well as all applicable local, state, and Federal codes.

SEC. 8-565. TERMS OF APPOINTMENT.

- A. The Commission members shall be divided into three (3) groups and initially appointed for terms of one (1), two (2), and three (3) years respectively. Thereafter, members shall be eligible to serve three (3) year terms. Members may serve two (2) consecutive terms (including the initial appointment term) before being required to take at least one (1) year off of the Commission. They may thereafter serve again.
- B. During the interval between appointments, any vacancy occurring on the Commission shall be filled by the Mayor with the consent of the City Council. Each member chosen to fill a vacancy shall hold office for the remainder of the unexpired term being occupied.
- C. A member may be removed from the Commission, with or without cause, by a two-thirds (2/3) majority vote of the Commission. Any member who does not attend at least two-thirds (2/3) of the meetings in any twelve (12) month period (or, if not in office for the entire period, such portion of the period that the member was in office) shall be automatically deemed to

have resigned from the Commission unless waived by the affirmative two-thirds (2/3) majority vote of the Commission.

SEC. 8-566 and 8-567. Reserved.

Section Two: The three remaining active members of the CIRLF Committee shall be appointed to serve on the Revolving Loan Fund Commission for full three-year terms in order that they may mentor and advise any new members as they are appointed.

Section Three: The change in the total membership of the Commission from five (5) persons with a three-person quorum to nine (9) persons with a five-person quorum shall become effective on July 1, 2026. If nine (9) members are appointed by the Mayor with the consent of the City Council before that time, however, it will become effective then.

Section Four: Appendix D "Business Assistance" to the Community Development Block Grant (CDBG) Program Manual shall be amended as shown in the attachment to this ordinance titled "Revolving Loan Fund Program."

Section Five: All ordinances and parts of ordinances in conflict herewith are hereby repealed insofar as they do conflict.

Section Six: This ordinance shall be in full force and effect from its passage and approval as required by law.

Mayor of the City of Rock Island

Passed: _____

Approved: _____

Attest: _____
City Clerk

~~Business Assistance Program~~ Revolving Loan Fund Program

1. **PROGRAM SUMMARY.** These policies and procedures are for the City's ~~Business Assistance~~ Revolving Loan Fund Program (hereafter "the Program" or "Program"). The goal of this program is to help retain and expand employment opportunities for low- and moderate-income residents. The City will issue long-term, low-interest loans using a revolving loan fund to qualifying businesses that will retain or create such employment opportunities. This Program has previously operated under the name Commercial / Industrial Revolving Loan Fund (CIRLF). ~~Staff may market the Program using alternative names changed to meet evolving branding.~~
2. **CDBG PROGRAM.** The Community Development Block Grant (CDBG) program was established by Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended, 42 United States Code 5301. Under the CDBG program, the U.S. Department of Housing and Urban Development (HUD) awards grants to State and local governments to aid in the development of viable urban communities. To be eligible for funding, program-funded projects must satisfy one of three HUD national program national objectives required in 24 CFR (Code of Federal Regulations) 570.208:
 - a. To benefit low- and moderate-income persons which are identified as persons with incomes below 80% of the area median household income; these income limits are determined and established by HUD utilizing Median Family Income estimates for each metropolitan area. Income limits are updated annually;
 - b. Prevention and elimination of slums and blight; and
 - c. Meeting Urgent Needs.
3. **NATIONAL OBJECTIVE.** The Program will be administered using the Low-Mod Jobs benefit. CDBG funds shall be utilized for business assistance that retains or expands employment opportunities for low- and moderate-income residents. CDBG eligible costs for the Business Assistance Program include:
 - a. Special Economic Development Activities
 - i. Real estate and real property activities.
 - ii. Assisting for-profit business.
 - iii. Providing economic development services in connection with other eligible CDBG special economic development activities.
 - b. Microenterprise Activities (5 or fewer employees includes the owner)
 - i. Financial Support
 - ii. Technical Assistance
 - iii. General Support
 - iv. Training and technical support for services to increase capacity of grantee.
 - c. Commercial Rehabilitation
 - d. Public infrastructure improvements that benefits business development.
4. **AUTHORITY TO UNDERTAKE ECONOMIC DEVELOPMENT ACTIVITIES.** The Housing and Community Development Act of 1974 (HCDA) and CDBG regulations permit the use of CDBG funds for economic development activities

under HCDA sections 105(a)(17) and 105(a)(22) and CDBG 24 CFR Part 570. The regulations permit the use of CDBG funds for “provisions of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in the neighborhoods) that:

- a. Creates or retains jobs for low- and moderate-income persons;
- b. Prevents or eliminates slums and blight;
- c. Meets urgent needs;
- d. Creates or retains businesses owned by community residents;
- e. Assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents; or
- f. Provides technical assistance to promote any of the activities under subparagraphs (A) through (E).”
- g. Providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of microenterprises;
- h. Providing technical assistance, advice, and business support services (including assistance, advice, and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in microenterprise activities) to owners of microenterprises and persons developing microenterprises; and
- i. Providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises.

These provisions are codified in the CDBG Entitlement program regulations at 24 CFR 570.200 through 24 CFR 570.210.

5. PROGRAM OBJECTIVES.

- a. To assist businesses that provide permanent employment that principally benefits income qualified persons as outlined in 24 CFR Part 570.203.
- b. Support potential gains in property tax and sales tax.
- c. Maximize and stimulate private sector investment.
- d. To assist in the redevelopment of blighted properties, vacant land, as well as commercial, industrial, or service facilities that are locating or are located in the City.
- e. Provide financial assistance to those businesses that can document the need for financial assistance or where the use of these funds may be the determining factor for locating in the City

6. PROGRAM STAFF. The Program shall be managed by three distinct groups of City staff in a manner that ensures a proper division of responsibilities.

- a. Economic development staff will market the Program and identify businesses looking to expand and grow through regular business outreach efforts. Staff will provide technical business assistance and coordination of resources to business owners and entrepreneurs, and identify the appropriate agency to assist with business planning, market development and lending. Local partners can provide technical assistance to potential borrower businesses in the following areas: one-on-one consultation in

the fields of business development, legal direction, management, finance, marketing, information and referral services, and the coordination of economic development assistance for small businesses. Economic development staff will collaborate with local partners to meet the assistance needs of local businesses, both start-up and existing. Economic development staff shall advocate for businesses applying for assistance and represent businesses to the ~~Program Committee~~ **Revolving Loan Fund Commission**.

- b. Community development staff shall ensure compliance with all applicable HUD regulations and ensure all policies and procedures are being followed. Community development staff shall provide administrative support to the ~~Program Committee~~ **Revolving Loan Fund Commission**.
- c. Finance staff shall service loans and process payments. In the event of late payments, Finance staff shall advise the ~~Program Committee~~ **Revolving Loan Fund Commission** regarding the need for debt collections.

PROGRAM COMMITTEE REVOLVING LOAN FUND COMMISSION. There shall be a ~~Program Committee~~ **Revolving Loan Fund Commission** established by City ordinance composed of ~~local banking and business professionals responsible for advising staff on the Program's operations~~ **members who are broadly representative of the community with knowledge of banking, accounting, real estate, business operations, and other expertise associated with financial services.** The ~~Committee~~ **Commission** shall review loan applications, approve or deny said loans, and consider requests by borrowers for changes to their loan terms. The ~~Committee~~ **Commission** shall be responsible for making relevant recommendations to the City Council as well.

- 7. **APPLICANT ELIGIBILITY.** To be considered eligible for the Program, a business must be located within the municipal boundaries of Rock Island. It must comply with all applicable local, State, and Federal codes and regulations.
 - a. All property taxes, utility bills, and other similar charges for municipal services must be paid in full.
 - b. Any unresolved conflicts or pending code enforcement actions from through the City must be resolved.
 - c. The business must create or retain job opportunities for income qualified individuals.
 - d. The business cannot hold an existing loan through the program.
 - e. The business or project to be funded must be an eligible activity under CDBG requirements.
 - f. The applicant must have adequate insurance coverage. The insurance must cover the period of the loan. Applicants will be asked to provide proof of insurance coverage along with other documents.
 - g. Business owners purchasing a place of business on contract are eligible to participate in the Program so long as the purchase contract is filed with the Rock Island County Recorder of Deed's office. Contract payments must be up to date and the owner of the contract shall provide notarized authorization allowing the City of Rock Island to place a lien on the building under contract.

- h. All construction activities shall comply with the building codes and ordinances adopted by the City. All contractors shall be required to obtain necessary permits prior to beginning any construction project.
8. **LOAN AMOUNT.** All loans provided through the Program, must meet the mandatory Public Benefit Standards determined by HUD 24 CFR 570.203. There are two types of mandatory Public Benefit Standards, they are jobs created or retained as well as goods or services provided to LMI persons. The benefit can be an aggregate benefit or an individual benefit. An aggregate benefit provides a minimum of one job created or retained per \$35,000 of Program funding or one LMI resident served per \$35,000 of Program funding. The Individual benefit provides a maximum of \$50,000 of Program funding per job created or retained or one LMI resident served per \$1,000 of Program funding (refer to the underwriting section of this document for additional information regarding Public Benefit). No loan through the Program shall exceed \$150,000 or thirty percent (30%) of total project costs. The borrower may only carry one Program loan at a time.
9. **LOAN INTEREST RATE.** The interest rate for a Program loan shall default to the prime interest rate minus one percent (1%). However, the rate may be adjusted from time to time to better reflect market conditions and ensure the utility of the Program. Changes to the rate shall be recommended by staff to the **Program Committee Revolving Loan Fund Commission** which shall approve any changes by majority vote. The interest rate shall under no circumstances be set at less than two percent (2%).
10. **LOAN TERM.** The term of a Program loan shall not exceed ten (10) years unless approved as an exception to policy by the **Program Committee Revolving Loan Fund Commission**. The term will vary as a function of the amount, equity, security, and purpose of the loan. Loans made for fixed assets will generally have a longer term. Loans for working capital expenditures generally will not exceed three (3) years in duration. Loans for machinery and equipment shall not exceed the established useful life of the equipment.
11. **LOAN PAYMENTS.** Payments shall be made on a monthly basis. Loans will be monitored by the community development staff within a minimum of two (2) years for performance. In order to encourage early repayment of a loan, a borrower may repay a loan without incurring a prepayment penalty.
12. **EQUITY AND COLLATERAL.** The borrower will be required to provide a minimum of ten percent (10%) equity into the project. All loans shall be secured by collateral in an amount equal to one hundred percent (100%) of the face value of the loan. Collateral requirements may vary as a function of the loan amount, equity and purpose. A secured subordinate position to another lender may be permitted. Assets other than cash that are used for collateral must be documented by appraisals or other appropriate valuation techniques. For projects receiving direct working capital loans, the Program will obtain collateral, such as liens on inventories, receivables, fixed assets and/or other available assets of borrower(s). Such liens shall be subordinate only to existing liens of record. When appropriate, the borrower will be required to provide life insurance, fire hazard or normal business insurance on all assets for the term and in the amount

of the loan. Where required, the borrower shall obtain flood insurance on property assigned as collateral. In the event that the **Program-Committee Revolving Loan Fund Commission** determines it is necessary or desirable to act to protect or further the interest of the Program loan, the **Committee Commission** may take legal actions to sue, collect, liquidate, or otherwise recover on loans extended by the Program. Modification of the financing terms may be approved by the **Committee Commission** to enhance the program goals and objectives and respond to changing economic needs.

13. **BUSINESS STARTUP.** Program funding for a business startup will be considered on a case-by-case basis. Should a startup be funded all applicable Program Rules will apply.
14. **WORKING CAPITAL.** Program funds may be available to industrial, commercial, or service businesses that require fixed assets and/or working capital financing to locate, expand, or retain their operation within the City. Program funds may also be made available to commercial retail business activities. Program funds will primarily be for fixed asset financing, although working capital loans may be considered.
15. **PORTFOLIO STANDARDS AND TARGETS.**
 - a. **Goals.** It is the goal of the **Program-Committee Revolving Loan Fund Commission** to allocate up to 75% of the Program funds to finance industrial and commercial activities. Loans for Micro-Enterprise activities shall not exceed twenty-five percent (25%) of the loan portfolio. Program funds will focus primarily on fixed asset financing, although working capital loans may be considered. Working capital loans shall not exceed twenty-five percent (25%) of the loan portfolio.
 - b. **Private Sector Leverage.** The portfolio shall average a ratio of 2:1 private to public dollars. Program funds shall not be advanced to the applicant if sufficient funds are available from other sources at terms which will permit the project to operate with satisfactory income and cash flow to sustain the business in a profitable manner. The loan will be the minimum necessary to assure project success. The applicant will be required to document, through correspondence from the lending institution, that the lending institution is unable to finance the amount being requested through the Program.
 - c. **Loan Selection Criteria.** Staff will complete an initial review of each application. The review shall include an assessment of the business capacity to operate successfully, the extent to which the proposal meets the stated purposes of the plan, credit and collateral analysis, cash flow analysis, and market feasibility of the proposed business to determine if an applicant is eligible for Program funds. Staff will include all outside documentation pertaining to the project as a whole. Documentation shall include, but is not limited to bank rejection letters and other outside documentation to establish the amount of the financing gap. Staff will have the option of returning application packages which lack critical documentation or assurances, such as commitments for the private share of the financing. Staff will provide technical assistance and will also

provide appropriate referral assistance for businesses ineligible under the Program. Once the loan package is approved by staff, the loan package, with staff recommendations included, will be distributed to the **Committee Commission** for consideration. The applicant will make a presentation to the **Committee Commission**. The **Committee Commission** shall review each application for financial feasibility, security and ability to satisfy the purposes and priorities of the Program. The **Committee Commission** shall approve, by majority vote of the full **Committee Commission**, applications that meet program guidelines and that are financially sound. The **Committee Commission** shall not approve any application, either tentatively or conditionally, if there are not sufficient funds available in the program account. The decisions of the **Committee Commission** are final and without right of appeal.

- d. Fees. The City will collect a check at the loan closing to cover fees associated with the application process. Fees will include, but are not limited to: UCC filing, Credit Check, and Rock Island County Recording costs.

16. UNDERWRITING PROCEDURES. The Underwriting process evaluates the risk of the proposed business venture. Because Program funding is funded with federal monies that are part of the HUD-CDBG funding allocated to the City, the following 24 CFR 570.209 “Guidelines for Evaluating and Selecting Economic Development Projects” must be applied to every project that is considered for funding. Staff shall ensure that an outside, third party underwriter verifies that the applicant and supplication submission adhere to industry standards for lending. The following criteria shall apply:

- a. Underwriting Criteria
 - i. Ability of applicant to repay
 - ii. Collateral
 - iii. Commitment
 - iv. Balance sheet analysis
 - v. Management experience
 - vi. Credit history
- b. Standard Loan Application Requirements. The following list of information must be submitted prior to application consideration:
 - i. Business Plan
 - ii. Balance Sheet for last two (2) years, dated within ninety (90) days of application
 - iii. Income statement for the last two (2) years, dated within ninety (90) days of application
 - iv. Income and expense projections for at least two (2) years
 - v. Aging of Accounts Receivable and Accounts Payable
 - vi. Personal balance sheets for each principal owning ten percent (10%) or more of the company
 - vii. SBDC meeting verification (required of start-up applicants)
 - viii. Cost estimates for machinery and equipment purchases and new construction and/or renovations

- ix. Appraisal for purchase of building and/or land
 - x. Commitment letter for private financing
 - xi. Ten percent (10%) equity injection
- c. Credit and Financial Analysis. Upon receipt of a complete application, staff will review the application to ensure that all of the required documentation has been provided. Staff may enlist the assistance of legal and financial professionals to complete the review. The credit and financial analysis may include; but is not limited to the following:
- i. Review of Business Plan
 - ii. Review of Profit and Loss Statement
 - iii. Review of Balance Sheet
 - iv. Review of Personal Financial Statement
 - v. Credit Check
 - vi. Operating Cycle Analysis
 - vii. Ratio Analysis
 - viii. Capital Expenditures Analysis
 - ix. Reconciliation of Net Worth

17. APPLICATION REVIEW. Once staff have verified that a complete application package has been submitted and determined that the project is financially feasible, staff will prepare a loan summary for submittal to the **Program Committee Revolving Loan Fund Commission**. Staff comments shall include a discussion of the strengths and weaknesses and any recommendations and/or suggestions they may apply to the application. The **Committee Commission** shall review each application for financial feasibility, security and the ability to satisfy the purposes and priorities of the Program. The summary will include, but is not limited to, the following:

- a. Project description/use of RLF funds
- b. Type of business
- c. Number of jobs to create and/or retain
- d. Job/cost ratio
- e. Private/Public leverage ratio
- f. Collateral and loan position
- g. Source and use of funds
- h. Staff recommendation for loan application
- i. Commitment letter for private financing

18. LOAN APPROVAL. The applicant will be invited to present their request to the **Program Committee Revolving Loan Fund Commission**. The **Committee Commission** shall approve or deny the application by majority vote. The decisions of the **Committee Commission** are final and without right of appeal. Following the approval or denial of a loan application by the **Committee Commission**, staff will contact the applicant in writing of the **Committee Commission** decision and to review conditions of the loan if approved. A copy of the letter shall also be sent to the participating financial institution and the program's servicing bank. The loan recommendation and action will be documented on the Loan Recommendation and Action Form which will be placed in the business file.

19. LOAN CLOSING AND DISBURSEMENT PROCEDURES. Program recipients will receive draft closing documents prior to the loan closing. The documents must be reviewed by the applicant or his/her legal representative for accuracy. A Closing Document Certification must be signed by the applicant. The applicant shall provide evidence of final private financing, this will generally be in the form of a commitment letter from the participating financial institution. The loan recipient shall also provide evidence of the equity provided by the applicant into the project, such as a copy of the check deposited at their financial institution. Applicants will be required to provide documentation seven (7) days prior to the loan closing date.

a. Loan Closing Documents. Standard documents that are required for the closing of a loan through the RLF program include the following:

- i. Original Signed Loan Application
- ii. SBDC Certificate of the initial meeting completion (required for start-up applicants)
- iii. Contract/Agreement
- iv. ~~Program Committee~~ Revolving Loan Fund Commission meeting minutes approving the loan
- v. Personal and/or Corporate Guarantee/Promissory Note
- vi. Security Agreement(s)
- vii. Deed or Mortgage as Applicable
- viii. Note

b. Loan Agreement Provisions. The contract and security agreement are executed by the applicant and staff. All other documents are executed by the applicant. These documents are completed for all loans involving the purchase of fixed assets, machinery/equipment, inventory and/or working capital. In addition, a mortgage is executed and filed for businesses that receive funds for the purchase/renovation of land and/or building(s). Also, a Uniform Commercial Code (UCC) form is filed for those loans that utilize Program funds for the purchase of machinery/equipment, inventory, furniture and fixtures. Staff works with the participating lender in conducting UCC searches, if needed. The mortgage and UCC are executed by the loan recipient and staff. Following the recording of the loan documents by the first party collateral holder, the mortgage and the UCC documents are filed with the appropriate parties by staff. These documents are recorded as soon as possible by staff in order to secure collateral position.

c. Loan Disbursement Requirements. A form will be provided to the loan recipient at the loan closing in order to document fund disbursement.

20. LOAN SERVICING REQUIREMENTS. Staff will make every effort to assist the loan recipient that is delinquent with their loan payments. The ~~Program Committee~~ Revolving Loan Fund Commission may approve the restructuring of the loan or suspension of principal payments, with interest only payments, for a specified time period.

a. Loan Repayment. The loan payments will be made on a monthly basis with the due date on the 1st of every month. Loan recipients will receive

monthly statements from the program's servicing bank ten days prior to the loan payment due date. Monthly payment amounts and collection procedures are detailed in the note executed by the loan recipient. Staff shall receive a monthly statement of each loan from the servicing bank. Current loan status information will be included in the statement with the unpaid principal balance and payment status. In the event that the loan recipient becomes delinquent on payments, the delinquent amount will be included on the monthly statement.

- b. Defaulted Loans Up to 90 Days. Loan payments are due on the first day of each month to the servicing bank. Loan recipients are informed of the procedures used for delinquent payments at the time of loan closing. The information is also included in the contract and note, which the loan recipient receives. The **Committee Commission** shall be kept informed of any loan recipient that is delinquent on loan payments. The following are the procedures for delinquent loans within the Program:
 - i. After a delinquency of thirty (30) days, a 30-day letter is sent to the loan recipient by staff and followed up by a phone call.
 - ii. After a delinquency of sixty (60) days, a 60-day letter will be sent to the loan recipient by the City Attorney.
 - iii. Upon receipt of the copy of the written notice, staff will contact the business, determine the degree of the problem and take the necessary steps for payment compliance. If no resolution is made, a **Committee Commission** meeting will be called with staff recommendation(s) for action.
- c. Procedures for Handling Loans Over Ninety (90) Days Delinquent. Loan recipients that continue to be delinquent on loan payments, even following assistance from the **Committee Commission** and staff, shall be considered in default of the terms of the loan. The **Committee Commission** must approve to initiate default proceedings against the loan recipient. Staff shall give ten (10) days written notice of default to the loan recipient. The City will turn the loan over to a third-party collection agency and initiate the collection process. The loan recipient shall be responsible for all fees and expenses to enforce collection.
- d. Loan Write-off Procedures. In the event that a loan remains in default and proper legal efforts have been taken to collect payments but are unsuccessful, the Finance Department can proceed with a recommendation to the Rock Island City Council to request final approval to write off the debt six months after the first attempt has been made to collect the debt. The loan will be reclassified as a Bad Debt Expense in the month the City Council acts on the recommendation to write off the loan. At no time shall the loan documents that have been filed with Rock Island County be released until the loan is paid in full by the borrower.
- e. Project Monitoring. Projects that have construction costs over \$2,000 are subject to Davis Bacon Prevailing Wage Act. The applicant shall provide staff with Certified Payroll reports that verify that all wages have been paid

according to the Act. In addition, the final 10% of the loan funds shall be held until the final inspection has been completed and passed.

- f. Loan Monitoring and Reporting. Community development staff will monitor job creation quarterly. In order to track job creation activities, the loan recipient will provide to staff the employee certification form W-4 and completed job creation reports. The employee will verify their current income by completing the Income Self Certification form, the employer will submit the forms with the quarterly job creation report. This procedure will be completed for two (2) years from the project completion date. The data that is collected shall be entered into the HUD Integrated Disbursement and Information System as part of the project compliance. A monitoring system has been established for the Program, and incorporates information regarding the loan recipient (address, phone number and contact person), financial statements, insurance renewals, UCC refiling, and site visits. The loan recipient file will include their annual fiscal year-end financial statement. Staff will contact the loan recipient if the financial statements/year end audit is not received within thirty (30) days following the specified date. This enables staff to prepare and submit the proper forms prior to the five (5) year expiration of UCC. Staff will conduct annual site visits and document them in accordance with HUD standards. During the site visit, staff verifies job creation figures and provides the loan recipient an opportunity to discuss the progress of the business and to request answers to any questions that may arise. Community development staff will audit the file to ensure that the following documents are present, fully executed and filed with the county:
- i. All of loan origination documents
 - ii. Loan Agreement
 - iii. Note
 - iv. Personal and/or Corporate Guarantee
 - v. Security Agreement
 - vi. Tax ID
 - vii. DUNS #
 - viii. SBDC Certificate (required for start-up applicants)
- g. Expenses. Eligibility of expenses for the CDBG program are itemized in the most recent version of "Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities" as published by HUD.

21. GENERAL PROGRAM POLICIES

- a. Fraud. If, at any time, an act of fraud is perpetrated by the applicant, the applicant's eligibility to receive and/or obtain assistance under the terms of the Program shall be terminated. If the act of fraud is not perpetrated and/or discovered until after loan closing or the Letter of Commitment has been issued for the program, the financial commitment shall be terminated and the City shall require funds, which have already been expended to be repaid in full, one month after a letter, issued from the desk of the City Attorney outlining the fraud is sent by certified mail has been received by the borrower.

- b. Ownership. Property ownership shall be confirmed through title search, tax records, and insurance policy information. In the event that the business owner is not in possession of the place of business, the property owner will provide a notarized affidavit that any and all changes to the building as part of the Program project are approved by the holder of the property deed.
- c. Allowable Program Activities. The Program shall be available to the following businesses: industrial, commercial/retail, and service sector businesses. Private businesses in all stages of development shall be eligible for funding, so long as they meet the criteria specified herein. Loans through the Program can be used for, but are not limited to, new construction, reuse and modernization of facilities, purchase of machinery and equipment.
- d. Prohibited Program Activities. The following will not be funded through the Program:
- i. Speculative activities, such as land banking and the construction of speculative buildings, since they do not normally result in near-term job creation or retention.
 - ii. Program assistance must be withdrawn if for any reason the activity financed is moved from the eligible area.
 - iii. Program funds used for the purpose of investing in high interest accounts, certificates of deposit or other investments.
 - iv. Program funds used as a loan guarantee program.
 - v. Program funds used as a substitute for private capital. Staff will prepare a written analysis within the loan summary and recommendation which is submitted to the ~~Program Committee~~ [Revolving Loan Fund Commission](#) for review and approval. The analysis will be placed in the loan file. The written analysis will include evidence, such as a bank rejection letter or a list of banks contacted, the amount of funds requested and the bank responses to show that the Program is not substituting for private capital. The documentation will also show that credit is not available on terms and conditions which would permit completion and/or the successful operation or accomplishment of the project activities to be financed.
 - vi. Funding activities that would create a potential conflict-of-interest for any officer or employee of ~~Committee Commission~~, or any current or former member of the ~~Committee Commission~~, elected or appointed official, or staff who reviews, approves or otherwise participates in decisions on Program loans. Loan activities which directly benefit these individuals or people related to them by blood, marriage or law are prohibited in accordance with terms of the plan.
 - vii. Program funds used to acquire equity position in a private business.
 - viii. Subsidized interest payments on an existing bond.
 - ix. Use of Program funds for equity contributions required of borrowers under other federal loan programs.

- x. Use of Program funds that may enable a borrower to acquire an interest in a business either through the purchase of stock or through the acquisition of debts.
- xi. Use of Program funds to refinance existing debt, unless in compliance with applicable program regulations.

22. OTHER REGULATIONS

a. RECORDS TO BE MAINTAINED (570.506). HUD regulation § 570.506 defines the process and types of records that must be maintained by the city. Records and documentation are maintained in order to demonstrate activity eligibility, national objective compliance, allowability of costs, and cost reasonableness. Appropriate staff will maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded. Such records shall include but are not limited to:

- i. Records providing a full description of each activity undertaken,
- ii. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program,
- iii. Records required to determine the eligibility of activities,
- iv. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance,
- v. Records documenting Davis Bacon Labor Standards have been met and are in accordance with the appropriate prevailing wages for all construction activities,
- vi. Financial Self Certification forms and Employer Job tracking documentation
- vii. Financial records as required by 24 CFR 570.502, and 2 CFR 200.;
- viii. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

The CED department shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the HUD CDBG program. The retention period begins on the date the activities are recorded in IDIS. In the event of litigation, claims, audits, negotiations, or other actions that involve the above cited records that have been initiated before the expiration of the five-year period, then such records shall be retained through the resolution of all issues.

b. CONFIDENTIALITY. The City of Rock Island and its employees shall maintain the confidentiality of all applicant information. Confidentiality shall apply to the applicant's identity and location of the subject property, as well as personal information supplied by the applicant and received by the City of Rock Island to determine the applicant's eligibility.

- c. FINANCIAL MANAGEMENT SYSTEMS 2CFR 200.64 (local governments). CDBG funded Commercial/Industrial Revolving Loan Program executes outside contracts. The City of Rock Island CDBG program records an encumbrance/obligation when contracts are executed, purchase orders issued, etc. The city's CDBG program maintains compliance by maintaining supporting documentation for expenditures with invoices, contracts, or purchase orders, etc.

The City of Rock Island has segregated the duties and controls to effectively reduce the opportunity for the perpetration or concealment of errors or irregularities in the normal course of duties.

The City of Rock Island has internal control procedures that support its ability to prepare financial statements that are fairly presented in conformity with generally accepted and appropriate accounting principles and regulatory requirements. The City undergoes an annual single audit, which ensures the accuracy and integrity of data provided through a qualified opinion on the audited annual financial statements and internal controls.

Staff reviews financial information (e.g., drawdowns, unexpended balances) recorded in HUD's financial management systems (e.g., LOCCS, IDIS) to ensure that it matches the official accounting records of the Program for the period covered by the last CPD-required performance report [24 CFR 570.507; 24 CFR 91.520]

The Community Economic Development Director, Community Development Manager, and Economic Development Manager work directly with the Finance Department to ensure that the information on obligations, expenditures, and program income submitted to HUD reconcile with the program participant's accounting records [24 CFR 570.504; 24 CFR 570.507; 24 CFR 91.520]

- d. PROJECT REPORTING. Each loan that is funded through the program shall be entered into the HUD Integrated Disbursement and Information System (IDIS). All project milestones shall be recorded and data entered in a timely manner and meet the HUD CDBG reporting requirements.
- e. PROCUREMENT, EQUIPMENT, AND REAL PROPERTY 2 CFR 200.317-326. The Program shall follow the City of Rock Island procurement standards or the Office of Management and Budget procurement standards at § 2 CFR 200 (whichever is more stringent) when equipment and services are procured.
- f. LABOR STANDARDS (24 CFR 570.603). The Program shall adhere to all applicable regulations regarding labor standards. All laborers and mechanics employed by contractors or subcontractors on construction work

in excess of \$2,000 and financed in whole or in part with CDBG funds shall be paid “prevailing wages” that have been determined in accordance with the Davis-Bacon Act as amended (40 U.S.C. 276a–276a-5). The Contract Work Hours and Safety Standards Act (40 U.S.C. 327–333) also applies to such activities.

- g. ENVIRONMENTAL REQUIREMENTS (24 CFR 570.604). At the start of every Program Year an environmental review of CDBG Service Delivery programs is completed and up loaded in to the HUD HEROS system. Grantees are required to assume responsibility for environmental review, decision making, and other actions that would otherwise apply to HUD under the National Environmental Policy Act of 1969 and other related provisions of law.

Under no circumstance shall CDBG assistance be obligated to the project until the environmental review document is completed and mitigation measures (if applicable) have been addressed. This includes but is not limited to, incurring project costs, entering into an agreement, or letting bids until the appropriate environmental review and public notification process has been completed, and it has been determined that no other environmental measures are to be undertaken. Activities not subject to this restriction are those the regulations define as exempt from environmental review. However, before any party involved with the project can incur costs, even for activities that are exempt, the grantee must first make a formal determination that the activity is exempt. (The list of activities that are exempt from environmental review are found in 24 CFR part 58.34 and 58.35(b).

- h. HISTORIC PRESERVATION (36 CFR Part 800). It is the responsibility of the city to evaluate properties receiving federal assistance and consult with the State Historic Preservation Office as to whether the property:
- i. is or could be determined eligible for listing on the National Register of Historic Places;
 - ii. is located in a historic district or an area which could be determined eligible as a historic district;
 - iii. involves proposed changes that could have an adverse effect to a historic property that has been landmarked.

In the event that the undertaking has been determined to be an adverse effect to a historic property, the city will identify all consulting parties to discuss the project impact and possible mitigation measures. Once the consulting parties agree on the mitigation, a Memorandum of Agreement must be completed with stipulations that provide clear and concise mitigation measures with all parties identified (36 CFR Part 800).

- i. NATIONAL FLOOD INSURANCE PROGRAM (24 CFR 570.605). The City of Rock Island participates in the National Flood Insurance Program and is protected by a United States Army Corps of Engineers flood wall, which has been certified by the National Emergency Management Agency. Areas within the flood wall are prone to ponding; projects undertaken in the ponding areas are required to have flood insurance and provide proof of flood insurance prior to and during the completion of the project.
 - i. Note, there is a statutory prohibition against providing Federal assistance to a person who had previously received Federal flood disaster assistance conditioned on obtaining and maintaining flood insurance and the person failed to obtain and maintain such insurance. (24 CFR 58.6(b)).

- j. FLOODPLAIN MANAGEMENT (24 CFR Part 55). Potential projects receiving federal assistance that propose new construction or substantial improvements of existing buildings located within the floodplain or special flood hazard areas shall be subject to 24 CFR Part 55.20, the “Eight Step Decision Making Process.” Until such time as the Decision Making Process is complete and mitigation measures in place, no federal funding or commitments can be obligated or agreements entered into.
 - i. Note: Executive Order 11988, Floodplain Management, directs agencies “to avoid direct or indirect support of floodplain development wherever there is a practicable alternative” (24 CFR Part 55).

- k. CONFLICT OF INTEREST (24 CFR 570.611). The Program shall follow the provisions of 2 CFR 200 and 24 CFR 570.611, which include (but are not limited to) the following:
 - i. The City maintains 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 (All employee policies and guidelines can be found at intranet.rigov.org/human-resources/personnel-policies).
 - ii. No employee, officer, or agent of the City 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 perceived, would be involved.

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.

There are two conflict of interest provisions applicable to activities carried out with CDBG funding. The first, applies to the procurement of goods and services by subrecipients (2 CFR 200.93 and 24 CFR 570.611(a)(1)) The second provision is located at 24 CFR 570.611(a)(2). These provisions cover situations not covered by 2 CFR 200.

With respect to procurement activities, the subrecipient must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal funds if a real or perceived conflict would be involved. Such a conflict would arise when any of the following parties have a financial or other interest in the firm selected for an award:

- i. an employee, officer, or agent of the subrecipient;
- ii. any member of an employee's, officer's, or agent's immediate family;
- iii. an employee's, agent's, or officer's partner; or
- iv. an organization which employs or is about to employ any of the in the preceding section.

It is also required that employees, agents, and officers of subrecipients neither solicit nor accept gratuities, favors, or anything of value from contractors, or parties to sub-agreements. However, subrecipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. Disciplinary actions for any violations of the regulations or policies by employees, agents, or officers of the subrecipient agency will be handled according to the above policies.

With respect to all other CDBG-assisted activities, the general standard is that no employee, agent, or officer of the subrecipient, who exercises decision-making responsibility with respect to CDBG funds and activities, is allowed to obtain a financial interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities. Specific provisions include:

- i. any person who is an employee, agent, consultant, officer, or elected or appointed official of the grantee, a designated public agency, or a subrecipient, and to their immediate family members, and business partner(s).
- ii. during employee tenure and for a period of 1 year after leaving the grantee or subrecipient organization.

Upon written request, exceptions may be granted by HUD on a case-by-case basis, after consideration of the cumulative effect of various factors listed at 24 CFR 570.611(d), and only with: (a) full disclosure of the potential conflict, and (b) a legal opinion of the grantee's attorney that there would be no violation of state or local laws in granting the exception.

I. PROGRAM MONITORING (24 CFR 570.501(b), 2 CFR 200.327-329, and 2 CFR 200.330-332. The Community and Economic Development Department is responsible for ensuring that all CDBG funds under its oversight are used in accordance with all program requirements, and for determining the adequacy of the City's performance and subrecipient performance. Accordingly, the Community Development staff is empowered to make site visits and review program files of the CDBG recipients as necessary to fulfill these responsibilities.

m. SUSPENSION AND TERMINATION (24 CFR 570.503 (b) (6), 2 CFR 200.338-342. When problems arise in the performance of a subrecipient, the grantee is responsible for taking appropriate actions for correcting these deficiencies, including suspending or terminating the CDBG activities being carried out by the subrecipient (24 CFR 570.501(b)).

Consistent with 24 CFR 570.503(b)(6), the written agreement between the grantee and the subrecipient must specify that suspension or termination may occur if the subrecipient materially fails to comply with any term of the CDBG award, and that the agreement may also be terminated for convenience (also see 24 CFR 85.43–85.44 and 84.62).

n. UNALLOWABLE COSTS. The City of Rock Island excludes any unallowable costs as itemized in 2 CFR Part 225, Appendix B, including: entertainment, contributions and donation, fines and penalties, general government expenditures, lobbying and political activities from direct or indirect funding through the CDBG Economic Development Program.

o. LOBBYING. The City of Rock Island prohibits the use of any federal, state, or locally appropriated funds to be used to compensate 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 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.

If any federal, state, or locally 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 city will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

- p. **POLITICAL ACTIVITY (24 CFR 570.207(a)(3)).** Pursuant to the Hatch Act, no Economic Development Program funds will be used for political activities. Personnel employed with CDBG funding will in no way, or to any extent, engage in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C. The City prohibits the use of CDBG funds to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as sponsoring candidate forums, distributing brochures, voter transportation, or voter registration. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold meetings, candidate forums, or voter registration, provided that all parties and organizations have access to the facility on an equal basis and are assessed equal rent or use charges, if any.
- q. **NON-DISCRIMINATION AND ACTIONS TO FURTHER FAIR HOUSING.** Pursuant to 24 CFR 5.105 (a), CDBG grantees and sub-grantees must also comply with various fair housing and civil rights laws, including but not limited to the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973. Grantees and sub-grantees must assure that all Economic Development CDBG-funded activities do not discriminate on the basis of race, color, religion, sex, disability, familial status, or national origin.
 - i. Title VI of the Civil Rights Act of 1964 (Public Law 88-352 implemented in 24 CFR Part 1): This law states that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
 - ii. Women and Minority Business Enterprises – Refer to 570.506(g), 2 CFR 200.320, affirmative steps documentation.
 - iii. Section 109 of Title I of the Housing and Community Development Act of 1974 prohibits CDBG grantees and sub-grantees from conduct that will cause discrimination on the ground of race, color, national

origin, religion, or sex, in the participation in any program or activity funded in whole or in part with Federal financial assistance.

- iv. Executive Order 11063, as amended by Executive Order 12259 (implemented in 24 CFR Part 107): This order and its implementing regulations require HUD to take all actions necessary to prevent discrimination because of race, color, religion, sex, or national origin in the use, occupancy, sale, leasing, rental, or other disposition of residential property assisted with Federal loans, advances, grants, or contributions.
- v. Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et. seq.): This law provides that any grant under Section 104 shall be made only if the grantee certifies to the satisfaction of the Secretary of HUD that the grantee will, among other things, affirmatively further fair housing.
- vi. Section 109 of Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et. seq., particularly 42 U.S.C. 6101 et. seq., and 29 U.S.C. 794): This law mandates that no person on the grounds of race, color, national origin, sex, or religion shall be excluded from participation, denied the benefits of, or otherwise be subject to discrimination under any activity funded in whole or part with CDBG funds.
- vii. Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 1701u): This section implemented at 24 CFR Part 135 requires that, to the greatest extent feasible, a subrecipient must:
 - 1. 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 residents 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.
 - 2. 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 are given 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 which 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.

- viii. Section 504 of the Rehabilitation Act of 1973, as amended (implemented at 24 CFR Part 135): This section specifies that no otherwise qualified individual shall solely by reason of his or her handicap be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving Federal assistance. Part 8 requires that recipients ensure that their programs are accessible to and usable by persons with disabilities. Part 8 also prohibits recipients from employment discrimination based upon disability.
- ix. The Americans with Disabilities Act (ADA) of 1990: This law prohibits discrimination on the basis of disability in employment by state and local governments and in places of public accommodation and commercial facilities. The ADA also requires that facilities that are newly constructed or altered, by, on behalf of, or for use of a public entity, be designed and constructed in a manner that makes the facility readily accessible to and usable by persons with disabilities. The Act defines the range of conditions that qualify as disabilities and the reasonable accommodations that must be made to assure equality of opportunity, full participation, independent living, and economic self-sufficiency for persons with disabilities.
- x. The Age Discrimination Act of 1975, as amended: This law provides that no person shall be excluded from participation, denied program benefits, or subjected to discrimination on the basis of age under any program or activity receiving Federal assistance.
- xi. Executive Order 11246 (as amended by Executive Orders 11375 and 12086) — Equal Opportunity Under HUD Contracts and HUD-assisted Construction Contracts: This order requires that grantees and subrecipients and their contractors and subcontractors agree not to discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
- xii. The Architectural Barriers Act of 1968: The Architectural Barriers Act (ABA) of 1968 (ABA) (42 U.S.C. 4151-4157) requires that certain buildings financed with Federal funds must be designed, constructed, or altered in accordance with standards that ensure accessibility for persons with physical disabilities. The ABA covers any building or facility financed in whole or in part with Federal funds, except privately owned residential structures. Covered buildings and facilities designed, constructed, or altered with CDBG funds are subject to the ABA and must comply with the Uniform Federal Accessibility Standards.
- xiii. Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (Public Law 90-234): The Fair Housing Act prohibits discrimination in housing practices on the basis of race, color, religion, sex, and national origin.

The Fair Housing Act was amended in 1988 to provide protections from discrimination in any aspect of the sale or rental of housing for families with children and persons with disabilities. The Fair Housing Act also establishes requirements for the design and construction of new rental or for-sale multi-family housing to ensure a minimum level of accessibility for persons with disabilities.

- xiv. Limited English Proficiency. Recipients of CDBG funds should take reasonable steps to ensure meaningful access to their programs and activities to limited English proficient individuals. As an aid to recipients, the Department published Final Guidance to Federal Financial Assistance Recipients: Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (LEP Guidance) in the Federal Register at 72 FR 2732. For assistance regarding LEP obligations, go to www.justice.gov/crt/lep/guidance/HUD_guidance_Jan07.pdf. For more information on LEP, please visit www.hud.gov/offices/ftheo/promotingfh/lep.cfm.

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