

CDBG RLF-ED COMPLIANCE REPORT

For the Period Ending 3-31-2016

Division of Energy, Housing and
Community Resources

Areas of Discussion

- ▶ New Changes to Compliance Report
 - Follow-up on default/bankrupt loans
 - IDIS
 - Job Performance Requirements
- ▶ Agreements / Contracts
- ▶ Section 3
- ▶ Monitoring
 - Common Errors
 - Capitation Rates

UGLG

- ▶ Unit of General Local Government
 - County
 - City
 - Village
 - Town
 - Regional
 - 105(a) (15) non-profit entities

Submission Information

Submit report and supporting information by
Monday May 16, 2016

To:

DOADEHCRCommunityDevelopment@wisconsin.gov

Any time a document is submitted to DOA, please make sure the UGLG's name is in the Subject line of email and is in the document's name. For example: Brown Cty 3-31-2016 RLF-ED Compliance Rpt or Brown County 2016 Section 3

Required Documents to Submit

- ▶ 3/31/2016 RLF-ED Compliance Report
- ▶ 3/31/2016 Bank Statement(s); Money Market Statement(s); Investment Statement(s)
- ▶ General Ledger covering the period 10/1/2015 through 3/31/2016
- ▶ 3/31/2016 Balance Sheet or General Ledger that has the balance of each RLF-ED loan and amount of cash listed
- ▶ Documentation of administrative expenses
- ▶ Employee Self-Certification forms
- ▶ Inactive Loan Summary

RLF-ED Compliance Report

- ▶ Do not delete rows, columns and “RLF Performance” worksheets
- ▶ Deleting rows, columns and “RLF Performance” worksheets resulted in formulas being corrupted or eliminated
- ▶ Rows, columns and “RLF Performance” worksheets can be hidden but do NOT DELETE

General Information Tab

- ▶ DUNS Number
- ▶ Added Contact Information for DEHCR Website
 - DEHCR will be posting RLF-ED contact information for each UGLG on the DEHCR website
 - The contact information will be for people/businesses interested in requesting a RLF-ED loan

Economic Development Tab (ED)

- ▶ Integrated Database Information System (IDIS) Number has been filled in
- ▶ IDIS is HUD's database
- ▶ Will need to include IDIS Number on "Funds Remit to State" and "Remittance Form" tabs

RLF Tab – IDIS

- ▶ IDIS numbers have not been added to the spreadsheet
- ▶ IDIS numbers will be added as the loans are entered into IDIS
- ▶ If no IDIS number is indicated for a project on the “ED” or “RLF” tab use 00002

RLF Tab

- ▶ Two Columns added “Performance Period Start Date” and “Performance Period End Date”
- ▶ Information will automatically be filled in from information entered on the RLF Performance Tabs

RLF Tab

Delinquent/Default/Bankrupt Loans

- ▶ If a loan did not have any principal repaid during the six month period, a summary sheet must be included when the 3-31-2016 RLF-ED Compliance Report is submitted to DOA. Summary must include
 - The reason why – i.e. Delinquent, default, bankruptcy or defer
 - Follow-up done – i.e. collection activities, sent certified letters, filed legal papers in bankruptcy procedures, enforced contract requirements concerning guarantees and collateral, turned over to DOJ
 - Steps that will be taken in the future

Funds Remit to State Tab

- ▶ Only include the reimbursements that were sent to the lockbox for the current time period
- ▶ Enter the IDIS number in “IDIS Number” column. Obtain the IDIS number from the Remittance Slip that was sent to Lockbox
- ▶ Enter amount for each loan that is listed on the Remittance Slip in “Individual Amount” column
- ▶ The “Total Deposit” amount would be the total of the Remittance Slip

ED Tab

	Name of Sub-recipients of Loan	IDIS Number	Project Number	Principal Paid in Current Period	Interest Paid in Current Period
1	ABC Loan	000165	ED11-105750	\$ 9,500.00	\$ 3,000.00
2	SAM Loan	001573	ED12-11111	\$ 7,500.00	\$ 1,400.00
3	XYZ Loan	007514	ED09-00112	\$ 15,000.00	\$ 3,000.00
4					
5					
6					
				\$ 32,000.00	\$ 7,400.00

Remittance Slip

Loan Itemization						
IDIS Number	Contract Number	Business Name	RLF		Pass-Through to DOA	
			Amount	Paid Thru	Amount Remitted Here	Paid Thru
000165	ED11-10570	ABC Loan	\$9,500.00		\$4,750.00	
001573	ED12-11111	SAM Loan	\$7,500.00		\$3,750.00	
007514	ED09-00112	XYZ Loan	\$15,000.00		\$7,500.00	
Remit Date:		January 21, 2016	Amount Enclosed:		\$16,000.00	

Funds Remit to State

Date of Reimbursement	IDIS Number	Individual Amount	Total Deposit	Reason for the Returned Funds (Over Cap, Interest Earned, ED Loan Repayment)
10/25/2015	00002	\$30,150.00	\$30,150.00	Over CAP
1/21/2016	000165	\$4,750.00		ED
1/21/2016	001573	\$3,750.00		ED
1/21/2016	007514	\$7,500.00	\$16,000.00	ED
2/21/2016	000165	\$3,000.00	\$3,000.00	ED
Total		\$19,000.00	\$19,000.00	

Administrative Expenses Tab

- ▶ If all of the allowable Administrative Expenses were not spent from 4/1/2015 – 9/30/2015, the amount remaining on the 9/30/2015 RLF-ED Compliance Report has been transferred to the 3/31/2016 RLF-ED Compliance Report – line 55 “Carryover from first six months”

Reconciliation Tab

- ▶ “Ending Cash on Hand Per Bank Account as of 9/30/2015”
 - Submit bank statement, money market statement, Pool Investment statement for all accounts associated with the RLF-ED program
 - If funds are still intermixed with General Fund, submit the 9/30/2015 Balance Sheet for the RLF-ED fund with Cash/Investment on Hand indicated

Reconciliation Tab

- ▶ “Non-Cash RLF Account Balance per Financial Books” – Amount of RLF-ED loans outstanding
- ▶ Does not include the amount of funds available to loan or ED outstanding loan amounts
- ▶ Documentation
 - Balance Sheet
 - If General Ledger is sent, then the ending balance of the outstanding loans must be indicated

RLF Performance Tabs

Several changes made to these worksheets

1. Information on Line 15 to 17 should assist in determining the actual number of positions created
 - Information to complete “Total Number of FTE People Employed at Start of Performance” comes from the Business usually when contract is signed. Contract clause usually states the UGLG should receive payroll information. The number of people employed at start of performance period should be verified to the number of people listed on the Business’ payroll sheets

RLF Performance Tabs

- “Total Number of FTE People Employed at End of Performance Period” should come from payroll sheet at the end of the performance period. The number of people employed at the end of performance period should be verified to the number of people listed on the Business payroll sheets
- “Difference” is a calculated number and indicates the total increase/decrease in number of positions for the business since the beginning of performance period

RLF Performance Tabs

2. The information in the contract concerning the number of positions to be created or retained should be entered on lines 20 to 24
3. The actual number of positions created or retained should be entered on lines 28 to 33

RLF Performance Tabs

- ▶ Information that is entered for each period (such as period 2, period 3 or period 4) should only be the activity that occurred during that period
- ▶ For example, only the staff that are hired or left from 10/1/2015 through 3/31/2016 should be entered for period 5
- ▶ The information for staff that are hired during the period should come from the completed Employee Self-Certification Form
- ▶ If a staff person left during the period, negative numbers should be indicated in all sections

RLF Performance Tabs

- ▶ Once the performance period ends, no additional performance information needs to be entered for that grant
- ▶ UGLG is to ensure Employee Self-Certification Forms are completed by the new hire of the business. Receiving the new hire's information by phone, email or letter is not adequate documentation. An Employee Self-Certification Form must be submitted
- ▶ If the performance requirements are not met, it is the UGLG's responsibility to enforce the penalties indicated in the contract/agreement/promissory note

Employee Self Certification Forms

- ▶ Can be found at:

<http://www.doa.state.wi.us/Divisions/Housing/Bureau-of-Community-Development/Employee-Self-Certification>

- ▶ Use the form corresponding to year the person was hired
- ▶ Only has to be filled out once per person – not yearly
- ▶ Indicate the date hired on the form
- ▶ Family income is income before being hired

RLF-ED Agreements / Contracts

RLF-ED Loan Agreements

- ▶ The following pages will list items that are necessary for a RLF-ED Loan Agreement
- ▶ This list is not all inclusive
- ▶ Examples that are given are only for demonstration purposes
- ▶ The UGLG is still responsible for the content of the Loan Agreement
- ▶ The UGLG must have their attorney review the Loan Agreement prior to signing the agreement
- ▶ A promissory note without a loan agreement is not adequate

RLF-ED Loan Agreements

▶ Scope of Work

- Specific Project Details
- Time table
- Job Performance Requirements

- Example

1. Employment Guaranties With Respect To New Employment. The Borrower shall create and fill **(Number)** new Full-Time Equivalent Positions in **(Location)**, Wisconsin by **(Ending Job Creation Date)**.
2. Employment Guaranties With Respect To LMI Persons. At least fifty-one percent (51%) of the new Full-Time Equivalent Positions created by the Borrower in accordance with the Paragraph above, shall be made available to LMI Persons.
3. Employee Self Certification Forms must be completed by each new hire and submitted to **(Name of Municipality)**.

RLF-ED Loan Agreements

- ▶ Budget
 - What the funds will be used for
 - Matching Fund requirement
- ▶ Source of the Funds

Example

The United States Government, through the Housing and Community Development Act (HCDA) of 1974, as amended, has established the Community Development Block Grant (CDBG) Program and has allowed each State to elect to administer CDBG funds for its non-entitlement areas, subject to certain conditions. The State has previously granted CDBG funds to **(Name of Municipality)** for the purpose of granting economic development loans to various businesses, subject to certain conditions.

RLF-ED Loan Agreements

- ▶ Promissory Note
 - Parties
 - Amount of Loan
 - Interest Rate
 - Length of Loan
 - Terms of repayment (Monthly, Lump Sum)
 - Prepayment
 - Collateral/Guarantees
 - Consequences of default
 - Signatures of both parties
- ▶ Amortization table

RLF-ED Loan Agreements

▶ Required Reports

- Environmental Review – prior to loan
- Semi-Annual Job Creation Report

Example

- For the period of April 1st through September 30th – the report and Employee Self-Certification forms due no later than (October 7th).
- For the period of October 1st through March 31st – the report and Employee Self-Certification forms due no later than (April 7th).
- Section 3 Report
 - For period October 1st through September 30th
 - Forms will be sent by DOA to UGLG who will then send to borrower

RLF-ED Loan Agreements

- ▶ Required Reports (continued)
 - Labor Standards Report (if applicable)
 - MBE/WBE Report
 - Additional Reports and Information

Example

- The (Name of Municipality) reserves the right to amend and require additional information or reports as needed.

RLF-ED Loan Agreements

- ▶ Program Rules and Regulations
 - 24 CFR 570 (Federal CDBG Regulations)
 - Omni Circular (Allowable Use of Funds)
 - Davis Bacon Act (Act 40 – U.S.C. 276a–276 a–5; U.S.C. 327 – 333)
 - Acquisition/Relocation (Ch. 32 Wis. Stats; Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended; 49 CFR24; Section 104(d)(1) and 106(d)(7) of HCDA)
 - Lobbying Section 319 of Public Law 101–102; 24 CFR87 Appendix A and B)
 - Monitoring (24 CFR 85.10 (e) and 84.53 (e))

RLF-ED Loan Agreements

- ▶ Other Contract Clauses
 - Monitoring – by UGLG, State or HUD
 - Recordkeeping
 - Indemnification
 - Conflict of Interest
 - Nondiscrimination and affirmative action requirements
 - Small Business, Women-owned and Minority-owned business
 - Termination
 - Consequences of failure to perform
 - Bonding and Insurance
 - Certification regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion
 - Guarantees and collateral

Section 3 Reports

Section 3 Reports

- ▶ All borrowers must complete a Section 3 Report
- ▶ A Section 3 Report must be completed every year during the Job Creation /Retention Period
- ▶ Once the Job Creation/Retention Period is done, the borrower has fulfilled its obligation for reporting Section 3
- ▶ The UGLG is responsible to distribute the Section 3 report to the borrower, receive the completed forms back and submit them to DEHCR every year
- ▶ The Section 3 Reports will be sent to the UGLG when they are to be submitted

Section 3 Report

SECTION 3 REPORT

DOA AGREEMENT # _____
[Contract #]

NAME OF GRANTEE _____

CONTACT INFORMATION

Preparer's Name _____

Title _____

Telephone _____

Email _____

HUD REPORTING PERIOD October 1, 2014 - September 30, 2015 (or Present, _____, if your project is closing this year)
date

Complete one form for each program/contract with DOH.

Please check program CDBG _____ NSP _____ HOME _____
CDBG-DR _____ ETH _____ HOPWA _____
(Disaster Recovery)

Section 3 Report

Part I: Employment and Training			
Job Category	Number of New Hires	Number of New Hires that are Section 3 Residents	Number of Section 3 Trainees
Professionals			
Clerical			
Case Management			
Facilities/Maintenance			
Technical (Bookkeeping, IT, etc)			
Carpentry			
Masonry			
Plumbing			
Electrical			
Administration			
Other: Define			
Other: Define			
Other: Define			
Part II: Contracts Awarded			
<u>Construction Contracts</u>			
1. Total Dollar Amount of all contracts awarded on the project			\$
2. Total dollar amount of contracts awarded to Section 3 businesses			\$
3. Percentage of the total dollar amount that was awarded to Section 3 businesses			%
4. Total number of Section 3 businesses receiving contracts			
<u>Non-Construction Contracts</u>			
1. Total Dollar Amount of non-construction contracts awarded on the project			\$
2. Total dollar amount of non-construction contracts awarded to Section 3 businesses			\$
3. Percentage of the dollar amount that was awarded to Section 3 businesses			%
4. Total number of Section 3 businesses receiving non-construction contracts			

Section 3

Part III: Best Efforts

Describe the Grantee's best efforts to give training and employment opportunities to LMI residents and/or businesses, check all that apply:

- | | |
|--|--|
| <input type="checkbox"/> Job Posting at Job Centers] | <input type="checkbox"/> Job Posting in Community List Serves] |
| <input type="checkbox"/> Job Posting in Local Newspaper/Shopper] | <input type="checkbox"/> Job Posting at Public Municipal Building] |
| <input type="checkbox"/> Job Posting at Housing Authority] | <input type="checkbox"/> Job Posting at Technical College or University] |
| <input type="checkbox"/> Website or Social Media Outreach] | <input type="checkbox"/> Disadvantage Business Outreach] |
| <input type="checkbox"/> No new hires during reporting period] | <input type="checkbox"/> Project Complete – No Activity] |
| <input type="checkbox"/> Other: _____] | |

Comments: _____

Section 3 Report

Signature of Preparer

Date

Printed Name of Preparer

Grantee's Signature

Date

Monitoring

- ▶ At least two RLF-ED's will be monitored every month
- ▶ There are 2 different types of monitoring
 - On-site
 - Desk
- ▶ You will receive a letter indicating the results of the monitoring. If any findings are noted, the CEO (i.e. County Executive, Mayor, Village President) will need to provide a written response within 30 days on what will be done to resolve the finding

Common Errors

- ▶ Contracts not completed; only promissory note completed
- ▶ Funds not being used
- ▶ Available funds more than capitation rate and not returned to DOA
- ▶ Inactive loans not followed up
- ▶ Environmental Reviews not completed

Questions

- ▶ Training Archive:
<http://www.doa.state.wi.us/Divisions/Housing/Training/Training-Archive> The RLF-ED Training is on the bottom of the page. The 3/31/2015 training includes information concerning what the UGLG has to have.