U.S. Department of Housing and Urban Development
Minneapolis Field Office
920 Second Avenue South, Suite 1300
Minneapolis, Minnesota 55402-4012

JUL 21 2009

Mr. Steven Bosacker
City Coordinator
City of Minneapolis
350 South Fifth Street
301 M City Hall
Minneapolis, MN 55415

Dear Mr. Bosacker:

Subject: Community Development Block Grant Recovery (CDBG-R) Program Award

The American Recovery and Reinvestment Act of 2009 (Recovery Act), signed into law on February 17, 2009, appropriated $1 billion in CDBG funds to states and local governments to carry out, on an expedited basis, eligible activities under the CDBG program. The Recovery Act is an unprecedented effort to jumpstart the American economy, save and create millions of jobs, and address long-neglected challenges so our country can thrive in the 21st century. The CDBG program is a key component in state and local efforts to stabilize neighborhoods and create jobs.

The Department is pleased to announce that the Substantial Amendment to your jurisdiction's Fiscal Year 2008 Action Plan has been approved. The City of Minneapolis has been authorized to receive $3,609,047.00 in Community Development Block Grant Recovery (CDBG-R) Program funding. Please note that all CDBG-R funds must be spent not later than September 30, 2012. Please be advised that HUD establishes a cut-off date for submission of draw requests several days before the end of a fiscal year because of systems and disbursing related issues. You will be notified of the expenditure cut-off date for the CDBG-R grant funds in 2012.

Enclosed are three copies of the Grant Agreement (including the Funding Approval (Form HUD-7082) and Special Conditions) between the U. S. Department of Housing and Urban Development (HUD) and the City of Minneapolis for the CDBG-R Program.

In order to establish a Line of Credit for your CDBG-R grant, it will be necessary to execute and return two copies of the Grant Agreement, retaining one copy for your files. Failure to execute and return the grant agreements within 30 days of the transmittal date may be deemed to constitute rejection of the grant and cause for HUD to determine that the funds are available for reallocation to other grantees.

If there is a need to delete or add individuals authorized to access the Integrated Disbursement and Information System (IDIS), an IDIS Security Access Authorization Form (February 1999) must be prepared, notarized, and returned to this office with the Grant Agreement. Forms are enclosed. Program progress must be recorded in IDIS on a regular basis. HUD will use this system to obtain beneficiary data and monitor your jurisdiction's program implementation and performance.

If there is need to establish or change the depository account to which these grant funds are to be wired, a Direct Deposit Sign-Up Form (SF-1199A) must be completed by you and your financial institution and mailed to this office.

Grantees are reminded that the Recovery Act was enacted to provide an immediate stimulus to the economy. The quarterly reporting requirements discussed below are one manifestation of the need for all grantees to demonstrate how CDBG-R funds are being put to immediate use, to stimulate the economy as well as to produce long-term improvements. Another reason that Recovery Act funds have been provided to states and local governments is the recognition that states and local governments are suffering from serious budgetary constraints as a result of simultaneous revenue shortfalls and increased demand for services. The current practice by many grantees - to meet immediate cash needs by paying outstanding obligations for CDBG activities with local funds, and then to obtain reimbursement from their Line of Credit on a semi-annual or yearly basis - works against governments' fiscal constraints as well as the transparency provisions of the Recovery Act. HUD strongly encourages grantees to examine their current funds drawdown practices for HUD formula grant funding, and to make adjustments as necessary to ensure that CDBG-R funds are drawn down on a regular basis. HUD expects that grantees will draw down CDBG-R funds on at least a quarterly basis, assuming the existence of actual cash needs for CDBG-R activities, and consistent with federal financial management regulations.

Certain activities are subject to the provisions of 24 CFR Part 58, Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities. Funds for such activities may not be obligated or expended unless the release of funds has been approved in writing by HUD. A request for the release of funds must be accompanied by an environmental certification. Appropriate forms are enclosed.

The Recovery Act requires that all State and local governments receiving Recovery Act funds report on the status of the environmental compliance reviews for all of their Recovery Act funded activities. HUD grantees are required to go to: http://portal.hud.gov/app_ramps/ and complete the information for all Recovery Act funded activities. Information should be entered when an activity's environmental compliance review is started and when it is completed. This reporting requirement will continue throughout the implementation period of the activity.

You are also reminded that the Recovery Act requires timely and accurate reporting of the CDBG-R grant in IDIS. Section 1512 of the Recovery Act requires that no later than 10 days after the end of each calendar quarter, each grantee is required to comply with quarterly reporting requirements regarding: (1) the total amount of recovery funds received; (2) the amount of recovery funds received that were expended or obligated to project activities; and (3) a detailed list of all projects or activities for which recovery funds were expended or obligated, including the name of the project or activity; a description of the project or activity; an evaluation of the completion status of the project or activity; an estimate of the number of jobs created and number of jobs retained by the project or activity; and for infrastructure investments made, the purpose, total cost and rationale of the agency for funding infrastructure investment with funds made

available under the Recovery Act and name of person to contact at the jurisdiction, if there are concerns with the infrastructure investment.

At this time, HUD intends that grantees will enter this data into IDIS so that HUD can automatically generate the quarterly reports. However, the Office of Management and Budget has not finalized the government-wide reporting requirements for Recovery Act funds, and may not do so until mid-August. HUD will provide guidance on specific reporting requirements at a later date. The necessary changes to IDIS to accommodate CDBG-R reporting requirements have not been fully implemented yet. In the meantime, please make sure you are collecting all necessary data, both from grantee sources and from all subrecipients and contractors, as it may be necessary for you to backfill this data into IDIS at a later date once system changes have been made.

Section 1605 of the Recovery Act requires grantees to comply with provisions of the Buy American Act for all CDBG-R assisted public buildings and public works. HUD is in the process of developing further implementation guidance for grantees regarding compliance with this provision and the process for requesting a waiver of these provisions.

Section 1604 of the Recovery Act contained language that significantly expanded the applicability of Davis-Bacon Act labor standards provisions to CDBG-R funded construction work. Please be advised that Section 1205 of the Supplemental Appropriations Act signed by President Obama on June 24, 2009, repealed the applicability of Section 1604 of the Recovery Act to CDBG-R activities. All CDBG-R funded construction activities are now subject to the same labor standard provisions that apply to regular (annual formula) CDBG funding, pursuant to Section 110 of the Housing and Community Development Act of 1974, as amended.

Grantees are reminded that all first-tier subrecipients and contractors, as well as the grantee itself, are required to have or obtain a DUNS number, and to register with the Central Contractor Registration (CCR). Registration information for the Central Contractor Registry can be found at: http://www.ccr.gov/startregistration.aspx. DUNS number registration information can be obtained at: http://www.grants.gov/applicants/request_duns_number.jsp. **Grantees are reminded that they must include their DUNS number in box 2 of the Form HUD-7082 grant agreement in order for the HUD's Chief Financial Officer staff to process the grant agreement and provide access to the CDBG-R funds via IDIS. CDBG-R grant agreements that do not have a DUNS number will not be processed until a DUNS number is supplied to the HUD field office by the grantee. The same requirements apply to provision of the grantee's tax identification number which is to be specified in box 3 of the HUD-7082.**

Please return two copies of the executed grant agreement to this office at the following address:

Michele K. Smith, Director, Office of CPD
U.S. Department of Housing and Urban Development
Minneapolis Field Office
920 Second Avenue South, Suite 1300
Minneapolis, Minnesota 55402-4012

If you have any questions or require any assistance, please contact Cindy Behnke, Community Planning and Development Representative, at (612) 370-3019 ext. 2101. We look forward to working with you and your staff throughout the coming year.

Sincerely,

Michele K. Smith

Michele K. Smith
Director
Community Planning and Development

Enclosures

cc:
Matt Bower
Project Coordinator

Funding Approval/Agreement

Title I of the Housing and Community Development Act (Public Law 930383)

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

HI-00515R of 20515R

1. Name of Grantee (as shown in item 5 of Standard Form 424) City of Minneapolis	3. Grantee's 9-digit Tax ID Number 41-6005375	4. Date use of funds may begin (mm/dd/yyyy) 06/05/2009
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) City of Minneapolis 350 South Fifth Street 301 M City Hall Minneapolis, MN 55415 DUNS - 066530411 --- PAS - 869/00161 - EC9	5a. Project/Grant No. 1 B-09-MY-27-0003 5b. Project/Grant No. 2 5c. Project/Grant No. 3	6a. Amount Approved $3,609,047.00 6b. Amount Approved 6c. Amount Approved

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

U.S. Department of Housing and Urban Development (By Name) Michele K. Smith		Grantee Name	
Title Director of Community Planning and Development		Title	
Signature Michele K. Smith	Date (mm/dd/yyyy) JUL 17 2009	Signature	Date (mm/dd/yyyy)

7. Category of Title I Assistance for this Funding Action (check only one)
- [x] a. Entitlement, Sec 106(b)
- [ ] b. State-Administered, Sec 106(d)(1)
- [ ] c. HUD-Administered Small Cities, Sec 106(d)(2)(B)
- [ ] d. Indian CDBG Programs, Sec 106(a)(1)
- [ ] e. Surplus Urban Renewal Funds, Sec 112(b)
- [ ] f. Special Purpose Grants, Sec 107
- [ ] g. Loan Guarantee, Sec 108

8. Special Conditions (check one)
- [ ] None
- [x] Attached

9a. Date HUD Received Submission (mm/dd/yyyy) 06/05/2009

9b. Date Grantee Notified (mm/dd/yyyy) JUL 17 2009

9c. Date of Start of Program Year (mm/dd/yyyy)

10. check one
- [x] a. Orig. Funding Approval
- [ ] b. Amendment Amendment Number

11. Amount of Community Development Block Grant

	FY (2009)	FY ( )	FY ( )
a. Funds Reserved for this Grantee	3609047		
b. Funds now being Approved	3609047		
c. Reservation to be Cancelled (11a minus 11b)			

12a. Amount of Loan Guarantee Commitment now being Approved
Not Applicable

Loan Guarantee Acceptance Provisions for Designated Agencies:
The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.

12b. Name and complete Address of Public Agency
Not Applicable

12c. Name of Authorized Official for Designated Public Agency
Not Applicable

Title

Signature

HUD Accounting use Only

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153 176											
			Y					Project Number		Amount		
			Y					Project Number		Amount		

Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By

SPECIAL CONDITIONS TO THE GRANT AGREEMENT FOR COMMUNITY DEVELOPMENT BLOCK GRANT RECOVERY (CDBG-R) FUNDS AUTHORIZED AND APPROPRIATED UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (PUBLIC LAW 111-5, FEBRUARY 17, 2009)

CDBG-R GRANTEE: **City of Minneapolis**

CDBG-R GRANT NUMBER: **B-09-MY-27-0003**

CDBG-R GRANT AMOUNT: **$3,609,047.00**

CDBG-R APPROVAL DATE: JUL 17 2009

Special Conditions:

The terms of the Grant Agreement include the following special conditions:

1. The Grant Agreement between the U.S. Department of Housing and Urban Development (HUD) and the above named Grantee, is made pursuant to the authority of Title XII of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) (the Recovery Act). The Grantee acknowledges that the CDBG-R grant is one-time funding.
2. The Grant Agreement is governed by and the Grantee shall comply with the requirements of the Recovery Act; the Notice of Program Requirements for Community Development Block Grant Program Funding Under the American Recovery and Reinvestment Act of 2009, 74 Fed. Reg. 21816 (May 11, 2009) available at http://www.hud.gov/recovery/cdblock.cfm (as now in effect and as may be amended from time to time) (the Notice); Title I of the Housing and Community Development Act of 1974, as amended (42 USC 5301 et seq.) (as modified by the Notice); and, the HUD regulations at 24 CFR part 570 (as now in effect and as may be amended from time to time) as modified by the Notice (the Regulations). The Grantee's submissions, the Notice, the Funding Approval/Agreement (form HUD-7082) and the special conditions described herein are incorporated by reference and constitute part of the Grant Agreement. Submissions include the CDBG-R action plan substantial amendment, including the certifications and assurances and any information or documentation required to meet any grant award conditions. In the event of conflict between a provision of the Grantee's submissions and any other provision of this Grant Agreement document, the latter shall control.
3. The Grantee shall comply with government wide guidance and standard award terms established by the Office of Management and Budget (OMB) concerning the implementation of the Recovery Act, including *Requirements for Implementing Sections 1512, 1605, and 1606 of the American Recovery and Reinvestment Act of 2009 for Financial Assistance Awards*, 74 Fed. Reg. 18449 (April 23, 2009) (to be codified at 2 CFR Part 176) (as now in effect and as may be amended from time to time). Notwithstanding the foregoing, the

Grantee shall comply with Section 110 of the CDBG Statute concerning the Davis-Bacon Act. The Grantee shall comply with reporting requirements established by HUD and OMB (including all revisions to such reporting requirements), as well as Sections 1511, 1515, and 1553 of the Recovery Act (including implementing guidance).

4. The Grantee shall at all times maintain an up-to-date copy of its Grantee Submission, including all amendments approved by HUD, on its Internet website as required by the Notice. The Grantee shall maintain information on all drawdowns, deposits, and expenditures of grant funds and program income under this Grant Agreement and any other records required by applicable law, in its files, and shall make such information available for audit or inspection by duly authorized representatives of HUD, HUD's Office of the Inspector General, the Recovery Act Transparency Board, or the Comptroller General of the United States.

5. In addition to other lawful remedies, HUD reserves the right to restrict access to grantees' CDBG-R funds for delinquent, incomplete, or inaccurate reporting. This includes the right to suspend access to the Integrated Disbursement and Information System (IDIS) should the Grantee fail to comply with quarterly CDBG-R reporting requirements.

6. The Grantee may take advantage of the pre-award costs provisions at 24 CFR 570.200(h) to incur pre-award costs associated with the development of the substantial amendment to the action plan beginning May 5, 2009. The Grantee may also incur costs prior to the grant award for specific activities as of the date the CDBG-R action plan substantial amendment was submitted to HUD.

7. The Grantee is advised that providing false, fictitious or misleading information with respect to CDBG-R funds may result in criminal, civil or administrative prosecution under 18 U.S.C. § 1001, 18 U.S.C. § 1343, 31 U.S.C. § 3729, 31 U.S.C. § 3801 or another applicable statute. The Grantee shall promptly refer to HUD's Office of the Inspector General any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving CDBG-R funds.

8. In any contract involving the use of CDBG-R funds, the Grantee shall include, and require its subrecipients and contractors to include, a project sign provision consistent with criteria established by the Secretary.

9. The Grantee shall have until September 30, 2012, to expend the entire CDBG-R Grant Amount. CDBG-R funds not expended by September 30, 2012, will be recaptured by HUD.

10. The Grantee shall extend all applicable terms and conditions of this grant award to subrecipients and contractors, including obtaining a DUNS number (or updating the existing DUNS record), and registering with the Central Contractor Registration (CCR).

11. The Grant Agreement may be amended in writing by HUD. In considering proposed amendments to this Grant Agreement, HUD shall review, among other things, whether the amendment is otherwise consistent with the Recovery Act, the Housing and Community Development Act, the Notice and the Regulations.