

APPENDIX M2

SAMPLE MANAGEMENT PLAN (Loan Project Managed by Third-Party Nonprofit)

This document is only a sample. It is important that local officials create a management plan based on how things are actually done (especially in regards to the financial management) by the local government; the sample management plan should not simply be copied if it does not fit the local government's particular situation.

MONTANA DEPARTMENT OF COMMERCE
COMMUNITY DEVELOPMENT BLOCK GRANT
ECONOMIC DEVELOPMENT PROGRAM
CONTRACT NO. MT-CDBG-ED-xx-xx
(Name of Assisted Business)

In Fiscal Year (xxxx), the (Name of Local Government) received a grant from the Montana CDBG-ED Program that will be loaned to (Name of Assisted Business). The loan repayments will be used to continue the development of the CDBG-ED Revolving Loan Fund, (hereinafter called "The RLF"). The RLF will be used to provide financial capital to create or expand businesses in the (Name of Local Government) in equal proportion with private financing. New and expanding businesses that borrow funds from the RLF will promise to provide jobs to low and moderate-income (LMI) families in the (Name of Local Government). The (City/Town/County) will enter into a Sub-Recipient Agreement with (name of Local Development Organization) (LDO) for administering the CDBG-ED Project and the RLF. This Management Plan is written to assure proper management of the CDBG-ED project, which includes financial management of grant funds, compliance with State and federal requirements, timely start-up and completion of project activities, and prudent administration of ongoing loan repayments.

A. ADMINISTRATIVE STRUCTURE

1. LOCAL GOVERNMENT GRANTEE

The (Name of Local Government) is an incorporated (City/Town/County) with a (Mayor/Council, City Manager/Council or County Commission) form of government. The following persons will have lead responsibility for administering the (City/Town/County)'s FY (xxxx) Community Development Block Grant-Economic Development (CDBG-ED) Project on behalf of the (City/Town/County) to (Describe Activity Funded) for (Name of Assisted Business).

- a. (Name, Local Government Elected Official), as the (City/Town/County)'s chief elected official, will have responsibility for all official contacts with the Montana Department of Commerce (MDOC). The (Local Government Elected Official) and (Council or Commissioners) will have the ultimate authority and responsibility for the implementation of the (Name of Local Government)'s FY (xxxx) CDBG-ED project for Economic Development to facilitate an expansion of (Name of Assisted

Business). The **(Local Government Elected Official)** will approve and sign administrative documents, designate the Environmental Certifying Officer and approve all requests for payment from the CDBG-ED program. The **(Council or Commissioners)** will approve all contracts and drawdown requests. The telephone number for the **(Local Government Elected Official)** and **(Council or Commissioners)** is (406) **(xxx-xxxx)**. **(Email xxxx@xxx)**

- b. **(Name)**, **(City/Town/County)** Attorney, will review any proposed contractual agreements associated with the CDBG-ED Project, advise the **(Council or Commissioners)** regarding the agreements, and provide any other legal guidance as requested. (Telephone: (406) **(xxx-xxxx)**.) **(Email xxxx@xxx)**
- c. **(Name)**, **(City/Town/County)** Clerk, will be responsible for maintaining records related to the management of the initial CDBG-ED project funds for the **(Name of Local Government)**. (Telephone: (406) **(xxx-xxxx)**.) **(Email xxxx@xxx)**
- d. **(Name)**, **(City/Town/County)** **(Position (i.e. County Development Office))**, will be the liaison between the **(name of Local Development Organization)** (LDO), the **(Council or Commission)** members and the **(City/Town/County)** Attorney. **(He/She)** will make appropriate recommendations and route all contract documents, administrative documents, and drawdowns as necessary. **(He/She)** will also be responsible for the Environmental Review process. (Telephone: (406) **(xxx-xxxx)**.) **(Email xxxx@xxx)**

2. **(Name of Local Development Organization)** (LDO)

To provide general technical assistance, coordination of funding sources, assurances of compliance with all applicable state and federal requirements for the CDBG-ED program, the **(Name of Local Government)** has designated the **(name of Local Development Organization)** (LDO) as its Project Administrator. **(Name of Local Development Organization)** (LDO) is a not-for-profit 501(c)(3) Local Community Development Agency located in **(Name of Local Government)**. The following **(name of Local Development Organization)** (LDO) personnel will be responsible for the project:

- a. **(Name)**, Executive Director, will be responsible for all official contacts with the **(Name of Local Government)** on behalf of **(name of Local Development Organization)** (LDO), keeping the **(name of Local Development Organization)** (LDO) Board of Directors apprised of project status, and entering agreements on behalf of **(name of Local Development Organization)** (LDO). (Telephone: (406) **(xxx-xxxx)**.) **(Email xxxx@xxx)**

- b. (Name), Project Manager, will be responsible for overall coordination of the CDBG-ED Grant awarded to the (Name of Local Government). (He/She) will establish and maintain complete and accurate project files, monitor all project activities for compliance with all applicable requirements, and supervise the project outreach, intake, application and project selection process. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)
- c. (Name), Fiscal Officer, will be responsible for the fiscal management of the project, in coordination with the Project Manager and in accordance with the (name of Local Development Organization) (LDO) Fiscal Procedures Manual. (He/She) will assure compliance with all applicable federal, state and local requirements, keep all fiscal records and accounts for the (name of Local Development Organization) (LDO), assure coordination of all funding sources, review all project expenditures from the business, process pay requests, draft drawdown requests, and prepare all project closeout documents. (Telephone: (406) (xxx-xxxx).) (Email xxxx@xxx)

B. PROJECT MANAGEMENT

- 1. (Name), (City/Town/County), (Position) will:
 - a. Complete the environmental review for each project to assure compliance with National and Montana Environmental Policy Acts
 - b. Complete the Statutory Checklist or Consolidated Environmental Assessment Form, as applicable, and any other applicable environmental requirements
 - c. Prepare any legal notices required to be published for the environmental review process and conduct any required public hearings or informational meetings
 - d. Prepare a request for release of funds to the MDOC
 - e. Assist in the development of a CDBG-ED contract between the (City/Town/County) and the MDOC
 - f. Review, approve, and submit the CDBG-ED drawdown requests, after preparation by (name of Local Development Organization) (LDO) and approval by the (Council or Commissioners), to the CDBG-ED Program, Business Resources Division, Montana Department of Commerce, and ensure disbursement of funds to the (name of Local Development Organization) (LDO) for loan closings and administrative expenses
 - g. Review and approve all CDBG-ED closeout documents.

2. As a subgrantee, the Project Administrator, (name of Local Development Organization) (LDO), is responsible for the following day to day project activities:
- a. Coordinating with the (Name of Local Government) for completion of the environmental review process required of each CDBG-ED project considered for funding to assure full compliance with the National and Montana Environmental Policy Acts and the preparation of any legal notices required to be published for the environmental review process and conducting any required public hearings or informational meetings.
 - b. Assisting the (Name of Local Government) and the MDOC in developing the (Name of Local Government) contract with the MDOC that will address all requirements related to effective project start-up and implementation. This will include preparation of all management agreements between the (Name of Local Government) and the Project Administrator.
 - c. Establishing and maintaining complete and accurate project files and preparing all documentation and reports incidental to administration of the grant
 - d. Reviewing all proposed project expenditures or requests for payment from the business to ensure their propriety and proper allocation of expenditures to the CDBG-ED budget.
 - e. In cooperation with the (Name of Local Government) project manager, processing quarterly payment requests and preparing drawdown requests to the MDOC, including the Request for Payment and Status of Funds Report and the Project Progress Report
 - f. Assuring compliance with applicable civil rights requirements included in the (Name of Local Government)'s adopted equal opportunity plan and fair housing resolution
 - g. Preparing all required performance reports and closeout documents for submittal to MDOC and assisting the (Name of Local Government) auditors with the completion of the project's audit requirements
 - h. Closing the CDBG-ED loan in a timely fashion in accordance with the project implementation schedule
 - i. Monitoring the borrower's compliance with the requirements of the loan agreement including monthly payments, implementation of the project hiring and training plan, submission of monthly financial statements, and documentation of benefit to low and moderate-income families
 - j. Preparing the Program Income Plan for the project and securing MDOC approval for that plan before closing the CDBG-ED loan

- k. Attending (Council or Commissioners) meetings to provide project status reports and representing the CDBG-ED project at any other public meetings as deemed necessary by the (Council or Commissioners)
- l. Developing a means for assisting the ultimate loan recipients with fulfilling the hiring and training plan requirements, including reports to MDOC regarding progress.

C. FINANCIAL MANAGEMENT

- 1. The (Name of Local Government) Clerk will be responsible for:
 - a. Establishing a CDBG-ED bank account and transferring CDBG-ED funds from that account to the (Name of Local Government) treasury for disbursements, based on claims and supporting documents approved by the Project Manager and (Council or Commissioners). As the (City/Town/County) uses an interest bearing account for its general disbursements a separate non-interest bearing account will be used for CDBG-ED funds. Balances in that account will not exceed \$5,000 for a period of three days. Funds will be transferred to the (name of Local Development Organization) (LDO) account and the (name of Local Development Organization) (LDO) will disperse funds to the borrowers.
 - b. Entering all project transactions into the (City/Town/County)'s existing accounting system (BARS) and preparing warrants for approved expenditures.
 - c. With the assistance of the Project Administrator, preparing the Request for Payment and Status of Funds Reports to be submitted to MDOC. All drawdown requests will be signed by two of the three following persons: (i.e. Mayor, Director of the County Development Office, President of the City Council).
 - d. The (i.e. Project Administrator, the County Development Director and/or City Clerk) will review all proposed expenditures of CDBG-ED funds and will prepare drawdown requests, which will be signed by the officials cited above. All disbursements will be made in accordance with the (City/Town/County) established claim review procedures. Before submitting the claim to the (City/Town/County) Clerk, the Project Administrator will attach a certification to each claim stating that the proposed expenditure is an eligible expense of the (City/Town/County) CDBG-ED grant and consistent with the project budget.
 - e. With the assistance of the Project Administrator, preparing the final financial report for project closeout.

- f. Financial record keeping will conform to the recommendations of the MDOC/Local Governmental Services Bureau as described in Chapter 4 of the CDBG Grant Administration Manual. The original financial documents (claims with all supporting documents attached) will be retained in the (Name of Local Government) offices.
- g. With oversight and approval from (Name of Local Government), (name of Local Development Organization) (LDO) will administer the project within the framework of its financial procedures manual. These procedures are designed to ensure the efficient and effective administration of federal grants within the constraints of uniform federal compliance requirements as outlined in OMB Circular A-110 and further codified in 24 CFR 570-502 (Revised as of April 1, 1997).
- h. A separate fund for the project will be set up within the general ledger accounts at (name of Local Development Organization) (LDO). All CDBG-ED activities including revenues, administrative expenditures, loans, and loan repayments will be segregated recorded, and reported in this fund and will be entitled "(Name of Local Government) CDBG-ED Project Fund". The first transaction from the fund will be a loan to (Name of Assisted Business) for (\$xxx,xxx.xx). In conjunction with the loan closing date, the first drawdown from project activity funds will be requested from the (Name of Local Government). (Name of Local Development Organization) (LDO) will prepare the drawdown request and forward it to the (City/Town/County). The (City/Town/County) will review the request in accordance with its normal claim review process, sign the request, and forward it to the MDOC. The loan closing date will be scheduled to coincide with receipt of funds in the (Name of Local Government) account to prevent interest earnings on cash held at either the (Name of Local Government) or (name of Local Development Organization) (LDO) before ultimate loan disbursement to (Name of Assisted Business).
- i. Subsequent draw downs will consist of **administrative payments** from the (Name of Local Government) to the (name of Local Development Organization) (LDO). **Administrative payments will consist of reimbursement for actual time and costs incurred.** The (name of Local Development Organization) (LDO) will prepare the CDBG-ED draw down and attach a copy of a detailed invoice. Upon review and approval, the (Name of Local Government) will forward the draw down request to the MDOC. The (Name of Local Government) will reimburse the (name of Local Development Organization) (LDO) for eligible administrative expenses upon receipt of funds from the MDOC.
- j. The CDBG-ED project fund will be audited on a yearly basis in conjunction with (Name of Local Government)'s audit, and the audit will be conducted according to OMB Circular A-133.

PROGRAM INCOME AND REVOLVING LOAN FUND

Repayments of principal and interest on the note to (Name of Assisted Business) will be deposited in the Revolving Loan Fund (see RLF Plan). It is the intent of the (Name of Local Government) and (name of Local Development Organization) (LDO) to maintain net equity in the fund at the original project level, (\$xxx,xxx). Interest earnings will be used to fund administrative expenses and loan loss reserves. The fund will be managed to provide a source of ongoing funding for the (Name of Local Government) projects that impact LMI persons. Before the beginning of each year, (name of Local Development Organization) (LDO) will report the results of operations and the fund's financial position to the (Name of Local Government). At that time, an administrative budget for the following year will also be submitted for review and approval. Based upon (name of Local Development Organization) (LDO) success in program management, the (City/Town/County) will authorize administrative expenses for the next year's activity.

If (name of Local Development Organization) (LDO) ceases to exist or an event of default occurs, Program Income relating to the CDBG-ED Project, including funds on hand and accounts or notes receivable will revert to the (Name of Local Government).

IN WITNESS WHEREOF, the parties hereto acknowledge that the parties named within are aware of their responsibilities and execute this Agreement on the _____ day of _____, 20__.

PROJECT ADMINISTRATOR:

(Name, Title)
(name of Local Development Organization)

Date

(Name of City, Town or County):

(Name, Title of Elected Official)
(Name of Local Government)

Date

Example of a Local Development Organization's Invoice
(Submitted to the Local Government for
CDBG-ED Administrative Services Payment)

Invoice # XXXXX

PUNXSUTAWNEY ECONOMIC DEVELOPMENT PROJECT

Here-to-Help Staff Project Hours

June-August 2014

<u>Staff</u>	<u>Hours</u>	<u>Activity</u>	<u>Date Performed</u>
Johnson	4.0	Meet w/ city and engineer (200 travel miles)	6/8/14
Williams	2.0	Reviewed Contracts	6/20/14
Williams	3.0	Reviewed Files, Prepared progress report	7/24/14
Johnson	4.0	Meet w/ CDBG-ED rep at project site (200 travel miles)	8/4/14
Williams	2.0	Prepare drawdown #1 and progress report	8/22/14

Total Hours Williams 7.0
Johnson 8.0

Williams	7.0 hours @ \$40/hour	\$280.00
Johnson	8.0 hours @ \$60/hour	\$480.00

Travel to City and Project site (400 mi. @ \$.50/mi.)	<u>\$200.00</u>
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Invoice Total: \$960.00

See the attached additional documentation substantiating the charges.