Interlocal agreements related to CDBG projects need to be reviewed and approved by MDOC/CDBG.

Certain clauses are required by HUD regulations (24 CFR 570.503). Copies of the HUD requirements are available upon request from the Department of Commerce, CDBG Program.

See Exhibit 9-G for an example of an interlocal agreement (sub-recipient agreement) between a local government and a water/sewer district that is a subrecipient of CDBG grant funds.
WHEREAS, the City/County desires to contract with the Center to construct the Project to enable the Center to ________________________________; and

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

WHEREAS, the City/County has applied for and been awarded Grant #MT-CDBG-_______ under Montana’s Community Development Block Grant (CDBG) program to construct the Project; and

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

NOW, THEREFORE, THE CITY/COUNTY AND THE CENTER MUTUALLY AGREE AS FOLLOWS:

I. Responsibilities Delegated to the Center

A. The Center agrees to carry out the responsibilities assigned to it as stated in the project Management Plan, as approved by the Montana Department of Commerce (MDOC) on ______________, attached hereto and specifically incorporated herein by this reference.

B. Following the completion of the Project, the Center will submit annual reports to the City/County, on a date to be specified by the City/County, unless later excused by new regulation or agreement. These annual reports shall include:
   (1) a copy of the Center’s annual IRS 990 tax form; and
   (2) a copy of the Center’s annual Treasurer’s report; and
   (3) proof of adequate insurance on the facility.
II. **Duration of the Agreement**

A. This Agreement takes effect when the following conditions are satisfied:

1. The MDOC and the City/County have executed the CDBG Grant Contract;

2. The MDOC has approved the City/County’s “Request for Release of Funds and Certification”;

3. The attorney for the City/County and the attorney for the Center have approved this Agreement as to form and content; and

4. The City/County’s Council/Commission and the Center’s Board of Directors have each reviewed this Agreement, agreed fully to its terms and conditions, and executed the same.

B. This Agreement shall terminate five (5) years after MDOC final close out of CDBG Grant #MT-CDBG-__________________.

III. **Administration**

A. For purposes of implementing the joint undertaking established by this Agreement, the City/County’s Council/Commission and the Center’s Board of Directors agree to form as a committee comprising their total membership. The committee will meet as necessary to provide for the efficient and smooth implementation of this Agreement and the activities specified herein.

B. The Center will comply with all requirements applicable to subrecipient entities as set forth in the City/County’s CDBG contract with the MDOC, attached hereto.
C. The Center will carry out each activity under this Agreement in compliance with all federal laws and regulations described in 24 CFR Part 570.

D. The Center does not assume the City/County’s environmental responsibilities described at 24 CFR Part 58.

E. The Center does not assume the City/County’s responsibility for initiating the review process under the provisions of 24 CFR Part 52.

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

A. The Center will retain title, control, and manage the Project after final closeout of the CDBG Grant #MT-CDBG-________ in accordance with the terms set forth herein.

B. With respect to any real property or any equipment under the Center’s control that was acquired or improved in whole or in part with funds from CDBG Grant #MT-CDBG-________ in excess of $25,000, the Center will either:

1. use the property to meet one of the national objectives contained in 24 CFR 570.208 for five (5) years after MDOC final closeout of CDBG Grant #MT-CDBG-________, or for such longer period of time as is determined to be appropriate by the City/County or;

2. dispose of the property or equipment in a manner that reimburses the City/County in the amount of the current fair market value of the property or equipment, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, or improvements to, the property or equipment. Reimbursement is not required after the period of time specified in subparagraph (B)(1) of this section. The proceeds from such disposition will be subject to the applicable provisions of 24 CFR 570.504 (Program Income), 24 CFR sections 84.24
C. Upon the expiration of this Agreement, the Center will transfer to the City/County any CDBG funds on hand at the time of expiration of this Agreement and any accounts receivable attributable to the use of CDBG funds.

D. The parties agree that concurrent with execution of this Agreement, as security for the performance of the obligations set forth herein, an abstract of the lien against the Property created by this Agreement will be duly recorded with the __________ County Clerk and Recorder’s office.

V. Indemnification

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

VI. Suspension or Termination

In accordance with 24 CFR 84.61, the City/County may suspend or terminate this Agreement if the Center materially fails to comply with the terms and conditions of this Agreement, or if CDBG Grant #MT-CDBG-__________ is terminated by the MDOC in accordance with the terms of the City/County’s CDBG contract with MDOC, attached hereto.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the _____ day of __________________, 2008.

CITY/COUNTY OF ______________________

BY: ___________________________ DATE: ___________________________
    [NAME, TITLE]

ATTEST:

______________________________
    [NAME], [TITLE]

APPROVED AS TO FORM:

______________________________
    [NAME], City/County Attorney
STATE OF MONTANA )

County of _____________ )

On this _____ day of _____________________, 2008, before me ________________, a Notary Public for the State of Montana, personally appeared ________________, known to me to be the __________ of the City/County of ___________________ and ________________, known to me to be the _____________ of the City/County of ___________________, a Montana municipal corporation duly organized and incorporated and existing under the laws of the State of Montana, who are personally known to me to be the same persons who executed, as such officers, the within instrument on behalf of said municipal corporation and acknowledged to me that such municipal corporation executed the same.

PRINTED NAME: __________________________

(.NOTARY SEAL) Notary Public for the State of Montana
Residing at ________________________________
My Commission expires ____________________

[NAME OF ORGANIZATION]

BY: ____________________________ DATE:____________________

[NAME, TITLE]

STATE OF MONTANA )

County of _____________ )
On this _____ day of __________________, 2008, before me __________________________, a Notary Public for the State of Montana, personally appeared, ______________ of the ______________________ in Montana, and acknowledged to me that he/she executed the written instrument on behalf of said Business.

PRINTED NAME: __________________________

(Notary Seal)

Notary Public for the State of Montana
Residing at __________________________
My Commission expires __________________________