

**NEIGHBORHOOD STABILIZATION PROGRAM
AGREEMENT BY AND BETWEEN
ARKANSAS DEVELOPMENT FINANCE AUTHORITY AND
CITY OF JONESBORO**

This Agreement (the “Agreement”) is entered into this ___ day of July 2019, by and between Arkansas Development Finance Authority, a public body, politic and corporate, organized under the laws of the State of Arkansas (hereafter designated as “ADFA”), and City of Jonesboro (hereafter designated as “Grantee”).

WHEREAS, ADFA has applied for and received Neighborhood Stabilization Program (hereafter designated as “NSP1”) funding from the United States Department of Housing and Urban Development (hereinafter designated as “HUD”); and

WHEREAS, the NSP1 Funds were allocated to ADFA under Title III of Division B of the Housing and Economic Recovery Act (HERA) of 2008 for the primary purpose of assisting in the redevelopment of vacant residential properties; and

WHEREAS, the NSP1 Funds must adhere to Community Development Block Grant (CDBG) requirements at 24 CFR Part 570, unless otherwise stated in HERA; and

WHEREAS, Grantee has applied for and been approved to purchase the property located at Parcel 01-144181-36900 near the northeast corner of Aggie Road and N. Allis St. in Jonesboro, Craighead County, Arkansas and to demolish the home located at this location—all for the later construction (funded by the National Housing Trust Fund) of a housing project for extremely low income veterans called Veterans Village; and

WHEREAS, Grantee has evidenced the capacity to purchase and demolish the home located at the aforementioned location; and

WHEREAS, on or about June 20, 2019, ADFA Board of Directors approved the described use of NSP1 Funds and authorized staff to enter into an Agreement with Grantee to provide of **Thirty Two Thousand Three Hundred and 00/100 Dollars (\$32,300.00)** in NSP1 Funds for the purchase of the property located at Parcel 01-144181-36900 near the northeast corner of Aggie Road and N. Allis St. in Jonesboro, Craighead County, Arkansas and the demolition of the home located at this location—all for the later construction (funded by the National Housing Trust Fund) of a housing project for extremely low income veterans called Veterans Village.

NOW THEREFORE, ADFA and Grantee hereby execute this Agreement to undertake the described activities.

FURTHERMORE, ADFA and Grantee agree as follows:

I. SCOPE OF SERVICE

- A. Grantee shall purchase the property located at Parcel 01-144181-36900 near the northeast corner of Aggie Road and N. Allis St. in Jonesboro, Craighead County, Arkansas and demolish the home located at this location, more particularly described in Attachment ‘A’ (hereinafter the “Development”).

- B. Grantee shall provide a detailed schedule, acceptable to ADFA, of activities to be completed under this Agreement.

II. PROJECT FUNDING

- A. ADFA hereby approves the award of NSP1 Funds in the amount of **Thirty Two Thousand Three Hundred and 00/100 Dollars (\$32,300.00)** to the Grantee as developer of the Development located in the City of Jonesboro, AR.
- B. Grantee shall provide a detailed budget, acceptable to ADFA, indicating usage of all funds in the Development budget, including NSP1 Funds provided under this Agreement.
- C. Grantee shall ensure NSP1 Funds provided under this Agreement will be requested for disbursement only in required amounts and as needed for payment of eligible costs for activities described and approved in this Agreement. Payments will be made by ADFA for eligible expenses actually incurred by Grantee, and will not exceed actual cash requirements. ADFA reserves the right to liquidate funds available under this Agreement for eligible costs incurred by ADFA on behalf of Grantee. The full amount of the loan, **Thirty Two Thousand Three Hundred and 00/100 Dollars (\$32,300.00)** shall be disbursed as earned by verified performance of activities to be completed under this Agreement.
- D. NSP1 Funds provided under this Agreement will be in the form of a Forgivable Loan at zero percent (0%) interest.
- E. If for any reason, Grantee breaches any term of this Agreement, ADFA may require full repayment of any amounts advanced under this Agreement pursuant to Section VIII, Remedies on Default
- F. NSP1 Funds to be provided under this Agreement are contingent upon ADFA's determination to proceed, modify or cancel the project based on the results of a subsequent environmental review in accordance with HUD CPD Notice 01-11.

III. AFFORDABILITY

Under the terms of this NSP Agreement, one unit of the nine units in Veterans Village shall be affordable and available to extremely low income veterans for a period of **ten (10) years**, (the affordability period), beginning upon the day of project completion. Also, concurrent to the aforementioned affordability period, under the terms of the National Housing Trust Fund Program Agreement for Rental Activities by and between Arkansas Development Finance Authority and City of Jonesboro ("NHTF Agreement"), all housing developed under the NHTF Agreement for Veterans Village "shall be affordable and available to low-income veterans for a period of **thirty (30) years** for the NHTF Program, beginning upon the day of project completion." If the Development does not meet the applicable affordability requirements for the full affordability period for any reason whatsoever, payment to ADFA of the outstanding or remaining unforgiven balance of NSP1 Funds invested in the Development will be required according to the repayment terms set forth in Section VIII of this Agreement. Grantee shall ensure the affordability requirements of the Development for the full affordability period through HUD-approved deed restrictions or other HUD-approved mechanisms. Affordability requirements shall be enforced by ADFA via a HUD-approved deed restriction encumbering the

Development for the full affordability period.

IV. HOUSING QUALITY STANDARDS

- A. ADFA reserves the right to inspect at any time during normal business hours any and all activities accomplished under this Agreement to assure adherence to applicable Standards, as established by the local jurisdiction, and all state and local housing, zoning, building and fire codes, as amended.
- B. Grantee shall use only licensed contractors and subcontractors, reputable workmen, material suppliers and agents acceptable to ADFA under this Agreement.
- C. Grantee shall ensure contractors and subcontractors are not debarred, ineligible or suspended from working on federally-assisted projects in accordance with 24 CFR 570.609.

V. NOTICES

Communication and details concerning this Agreement shall be directed to the following persons:

ADFA
900 West Capitol, Suite 310
Little Rock, AR 72203
Attention: Lori Brockway

City of Jonesboro
300 North Church St.
Jonesboro, AR 72403
Attention: Regina Burkett

The contact persons listed above may be changed upon fifteen (15) days' written notice to the other party.

VI. ADMINISTRATIVE REQUIREMENTS

- A. Grantee shall abide by all applicable federal, state, and local laws, regulations, codes, and ordinances in the performance of all activities required by this Agreement, and specifically agrees to adhere to applicable requirements of 24 CFR 570.
- B. Grantee shall conduct an independent audit of the Development set forth under this Agreement after completion of the Development. This audit shall be in accordance with generally accepted accounting principles. An independent auditor acceptable to ADFA shall conduct the audit. Grantee shall provide ADFA with a copy of such audit upon completion and in accordance with the terms outlined in the Promissory Note. Any deficiencies noted in the audit report shall be fully cleared by Grantee within thirty (30) calendar days after receipt of said audit report by ADFA. Failure of Grantee to clear deficiencies noted in the audit report shall constitute a breach of this Agreement and ADFA may exercise any and all of its rights and remedies under Section VIII, Remedies on Default.
- C. Grantee shall adhere to the requirements of 2 CFR 200, OMB Circular No. A-122, OMB Circular No. A-133, 24 CFR Part 85, applicable uniform administrative requirements of 24 CFR 570.610, and the requirements of OMB Circular No. A-110, if applicable.
- D. Grantee shall make available to ADFA at any time during normal business hours all financial, compliance and redevelopment records of activities pertaining to funding and the Development covered by this Agreement to allow ADFA to conduct monitoring, performance, and compliance

- reviews and evaluations. Notwithstanding any other provision in this Agreement, ADFA will monitor the performance of Grantee against the activities described in this agreement. Substandard performance as determined by ADFA shall constitute non-compliance with this Agreement. If action to correct such substandard performance is not taken by Grantee within thirty (30) calendar days after being notified by ADFA, suspension or termination procedures may be initiated as specified in Section VIII or Section IX.
- E. In accordance 24 CFR 570.606, Grantee shall ensure that no person will be displaced from his or her dwelling as a direct result of activities assisted with NSP1 Funds provided under this Agreement. In the event that displacement is unavoidable, the Grantee will adhere to the Uniform Relocation Act.
 - F. Grantee shall not pay any part of funds received under this Agreement for lobbying the Executive or Legislative Branches of the Federal, State, or local government.
 - G. Grantee shall adhere to the Conflict of Interest provisions at 24 CFR 570.611.
 - H. Grantee shall comply with the provisions of the National Environmental Policy Act of 1969, as applicable to Developments funded under this Agreement, the Flood Disaster Protection Act of 1973, and the Lead-Based Paint Poisoning Prevention Act, and the regulations promulgated thereunder, all as amended as applicable. Grantee agrees to comply with the following regulations insofar as they apply to this Agreement, the Clean Air Act, Federal Water Pollution Control Act, Environmental Protection Agency regulations pursuant to 40 CFR 50, all as amended, as well as all other applicable environmental laws and regulations, as applicable. Grantee shall ensure maintenance of documentation to evidence compliance with environmental statutes and regulations.
 - I. Grantee shall provide drug-free workplaces in accordance with the Drug-Free Workplace Act of 1988.
 - J. Grantee shall ensure compliance with all requirements of the Davis-Bacon Act (applicable to projects with eight (8) or more NSP1-assisted single-family home) in accordance with 24 CFR 570.603, Contract Work Hours and Safety Standards Act, the Copeland Anti-Kickback Act, and all other applicable federal, state, and local laws and regulations pertaining to labor standards. Grantee shall ensure maintenance of adequate records and reports to evidence such compliance when applicable.
 - K. Grantee shall ensure compliance with the requirements of Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), Executive Order 11246 (Equal Employment Opportunity), as amended by Executive Order 12086, and the regulations issued pursuant thereto, Executive Orders 11625, 12432, and 12138, which require affirmative actions to encourage participation by minority and women-owned business enterprises. Grantee shall ensure that the provisions of this paragraph are included in every subcontract entered into by Grantee associated with this Agreement and Development. Grantee shall ensure maintenance of records and reports to document compliance with fair housing and equal opportunity requirements.
 - L. Grantee will ensure that all records required under this Agreement are retained for a period of five (5) years after the applicable required period of affordability has expired. When requested, Grantee shall furnish, and cause all its subcontractors to furnish, all reports and information required hereunder, and will permit access to its books, records, and accounts, by ADFA, the U.S. Department of Housing and Urban Development or its agent, or other authorized federal officials

- for purposes of investigation to ascertain compliance with the statutes, rules, regulations, and provisions stated herein.
- M. Grantee shall ensure that where employees are engaged in activities not covered under the Occupational Safety and Health Act of 1970, said employees shall not be required or permitted to work, be trained in, or receive services in buildings or surroundings, or under working conditions, which are unsanitary, hazardous, or dangerous to the participants' health or safety.
 - N. Grantee shall comply with Executive Order 11063, as amended by Executive Order 12259, and shall not discriminate against persons on the basis of race, color, creed, religion, ancestry, national origin, sex, disability or other handicap, age, marital or familial status, or status with regard to public assistance. Grantee shall maintain records and documentation to evidence compliance with this requirement. Grantee shall take affirmative action to ensure that all employment practices are free from such discrimination. Such employment practices include, but are not limited to, the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Grantee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.
 - O. Grantee shall comply with Section 3 of the Housing and Urban Development Act of 1968, Employment opportunities for Lower Income Persons in Connection with Assisted Developments, and regulations issued pursuant thereto. Grantee shall cause a "Section 3 Clause" to appear in all subcontract Agreements executed under this Agreement or in connection with this Development and shall take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of Section 3 or the regulations promulgated pursuant thereto. Grantee shall not subcontract with any subcontractor where it has notice or knowledge that the later has been found in violation of Section 3 and implementing regulations. Further, Grantee shall not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of Section 3 and implementing regulations.
 - P. Grantee shall comply with Title VI of the Civil Rights Act of 1964, (Nondiscrimination in Federal-assisted Programs) as amended, Section 109 of Title I of the Housing and Community Development Act of 1974, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Age Discrimination Act of 1975, along with all applicable regulations associated therewith, all as amended. Grantee shall include the provisions of this paragraph in every subcontract entered into by Grantee associated with this Agreement or this Development. Grantee shall ensure maintenance of records and reports to document compliance.
 - Q. Grantee agrees that funds received under this Agreement will not be utilized for religious activities, to promote religious interests, or for the benefit of a religious organization.
 - R. Grantee shall not further encumber the Development pursuant to this Agreement without the prior written approval of ADFA.
 - S. Grantee shall monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance. Grantee shall cause the applicable provisions of this Agreement to be included in, and made a part of, any subcontract executed in the performance of this Agreement. Executed copies of all subcontracts entered into by Grantee shall be available for review by ADFA, along with documentation

concerning the selection process.

- T. Grantee shall submit quarterly performance reports to ADFA no later than fifteen (15) days following the end of each quarter and continuing until all funds are expended and the project is closed-out. The information in the quarterly reports shall be in accordance with reporting requirements listed in the ADFA NSP1 Policies and Procedures Manual.

VII. DEBARMENT AND SUSPENSION

Grantee certifies that the Grantee or its principals:

- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from covered transactions by any federal department or agency;
- B. Have not within a three (3) year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statement(s) or receiving stolen property;
- C. Are not presently indicted for or otherwise criminally charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated above, and;
- D. Have not within a three (3) year period preceding this Agreement had one (1) or more public transactions (Federal, State or local) terminated for cause or default.

VIII. REMEDIES ON DEFAULT

Grantee agrees that, in the event ADFA determines that a breach of this Agreement has occurred, ADFA may exercise any and all of its rights and remedies under applicable regulations, including the right to terminate this Agreement and recapture or terminate any and all NSP1 Funds allocated under this Agreement. More specifically:

- A. If ADFA determines that Grantee has materially failed to comply with any provision of this Agreement, or with any rules, statutes, regulations, or ordinances referred to herein, ADFA will notify Grantee in writing and hand-deliver, with written receipt evidencing the date and time of delivery, or send by certified mail, return receipt requested, such Notice of Default to the party designated to receive such Notices in Section V of this Agreement. For purposes of this section, the term materially means "an important or essential term of the Agreement."
- B. ADFA will allow Grantee the opportunity to demonstrate compliance with the Agreement requirements in question. Grantee shall offer evidence of such compliance within thirty (30) days from receipt of the written Notice of Default. Substantial compliance shall not constitute compliance with the terms and conditions of this Agreement unless ADFA expressly agrees to the substantial compliance in writing.
- C. If Grantee fails to demonstrate to ADFA that it has fulfilled the requirement(s), ADFA may take corrective or remedial action(s) as follows:
- 1) Corrective or remedial action will be designed to prevent a continuation of the deficiency, mitigate any adverse effects, and prevent recurrence of the deficiency.

- 2) Corrective or remedial action may include:
- a. Temporarily withholding cash payments pending correction of the deficiency by Grantee.
 - b. Specific activities required by ADFA to correct the deficiency and to be accomplished by Grantee in a specified time frame.
 - c. Canceling or revising activities may affect the performance of this Agreement and create a deficiency in the original Agreement and may be grounds for making this contract void, and trigger remedies available to ADFA under this Agreement and/or NSP1 Program regulations.
 - d. Reprogramming any balance of NSP1 Funds made available under this Agreement from deficient activities, or any activity funded under this Agreement, to other eligible activities.
 - e. Suspension of NSP1 fund disbursements for deficient activities, or any activities funded under this Agreement and subsequent termination of this Agreement in its entirety.
 - f. Termination of this Agreement in its entirety and requiring that the Grantee repay to ADFA any and all NSP1 Funds advanced under this Agreement.
 - g. Removing Grantee from participation in any future allocations of NSP1 Funds from ADFA.
 - h. Taking other remedial actions that may be legally available to ADFA.
- D. In the event Grantee dissolves the organization, ceases to exist, or becomes unable for any reason to fulfill its obligations under this Agreement, ADFA will require Grantee to fully repay to ADFA any and all amounts advanced under this Agreement.
- E. Notwithstanding any other provision of this Agreement, should there be any fraud, misrepresentation, embezzlement, or any other criminal activity associated with this Development, ADFA may pursue all legal and equitable remedies available to it against the Grantee.
- F. Any decision regarding corrective, remedial, legal or equitable remedies or actions to be taken regarding this Agreement or Development shall be at the sole option and discretion of ADFA. A decision by ADFA to pursue one course of action shall not constitute a waiver of any other course of action ADFA may pursue under this Section VIII, Remedies on Default.
- G. Should this Agreement be terminated before completion of the Development, either voluntarily or otherwise, any NSP1 Funds invested in the Development that is the subject of this Agreement shall be repaid to ADFA's NSP1 Account.
- H. Notwithstanding anything to the contrary contained in this Agreement or the Mortgage, ADFA hereby agrees that Grantee shall have the right, but not the obligation, to cure any defaults of the Grantee hereunder.

IX. TERMINATION

ADFA may terminate this Agreement upon thirty (30) days prior written notice to the Grantee contact person indicated in Section V of this Agreement. The notice of termination shall set forth the reasons for such termination, the effective date of termination, and in the case of partial termination, the portion of the award to be terminated. However, in the case of partial termination, if ADFA, in its sole discretion, determines that the remaining portion of the funding provided under this Agreement will not accomplish the purposes for which the award was made, ADFA may terminate the award in its entirety under paragraph A of this section, Section VIII.

X. MISCELLANEOUS PROVISIONS

- A. The officials who executed this Agreement hereby represent and warrant that they have full and complete authority to act on behalf of ADFA and Grantee, respectively, and that their signatures below, the terms and provisions hereof, constitute valid and enforceable obligations of each.
- B. This Agreement shall be executed in the original, and any number of executed copies. Any copy of this Agreement so executed shall be deemed an original and shall be deemed authentic for any other use.
- C. The parties may amend or modify this Agreement at any time, provided that such amendment(s) or modification(s) make specific reference to this Agreement, and are executed in writing by a duly authorized representative of both parties. Such amendment(s) or modification(s) shall not invalidate this Agreement, nor relieve or release the parties from their obligations under this Agreement.
- D. The terms and conditions of this Agreement shall be binding upon the parties hereto, their respective successors and assignees.
- E. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer and employee between the parties. Grantee shall at all times remain an independent contractor with respect to the services to be performed under this Agreement.
- F. Grantee shall not assign or transfer any interest in this Agreement without the prior written approval of ADFA.
- G. This Agreement shall be construed according to the laws of the State of Arkansas.
- H. Should any part, term or provision of this Agreement, or portions thereof, be determined by a court of competent jurisdiction to be illegal, void or unenforceable, the validity of the remaining portions or provisions shall not be affected thereby.
- I. Grantee shall ensure contractor provides Payment and Performance Bond or an Irrevocable Letter of Credit in the full amount of construction costs.

XI. INDEMNITY

Owner agrees, to the extent allowable by law, that it shall indemnify and hold harmless ADFA, its officers, agents, directors and employees from:

- A. Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of this Agreement.
- B. Any claims or losses resulting to any person or firm injured or damaged by the erroneous, willful or negligent acts or omissions, including disregard of Federal, State, and local statutes or regulations, by Owner, its officers, employees or subcontractors in the performance of this Agreement.
- C. Any claims or losses arising from the award of NHTF Funds, any reduction of the NHTF Fund, any reduction of the NHTF Fund award, any termination of the NHTF Fund award, and any recapture of NHTF Funds by the U.S. Department of Housing and Urban Development.
- D. Any claims or losses arising from the failure of Owner to comply with all applicable federal and state requirements, statutes, and laws.

XII. NON-RECOURSE PROVISION

Notwithstanding any of the foregoing provisions, it is expressly understood by the parties hereto that none of the members or managers of the Grantee shall have any personal liability, and the sole recourse of ADFA shall be the Development and assets of the Grantee.

XIII. TIME OF PERFORMANCE

Grantee shall commence Development activities included in Section I., Scope of Services, only after receipt of the ADFA Notice to Proceed. Grantee shall complete all activities included in Section I., Scope of Services, within an eight (8) month period after the date of the Notice to Proceed.

XIV. TERM OF AGREEMENT

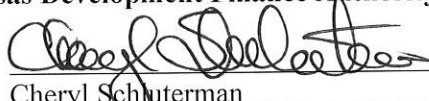
This Agreement shall be in full force and effect from the date first written above and shall remain in force for the full period of affordability applicable to the Development assisted with NSP1 Funds under this Agreement.

City of Jonesboro

By: _____
Name: _____
Title: _____

Date: _____
Federal I.D. No.: _____

Arkansas Development Finance Authority

By:  _____
Name: Cheryl Schuterman
Title: President

Date: 8/1/19
Federal I.D. No.: 71-0503641

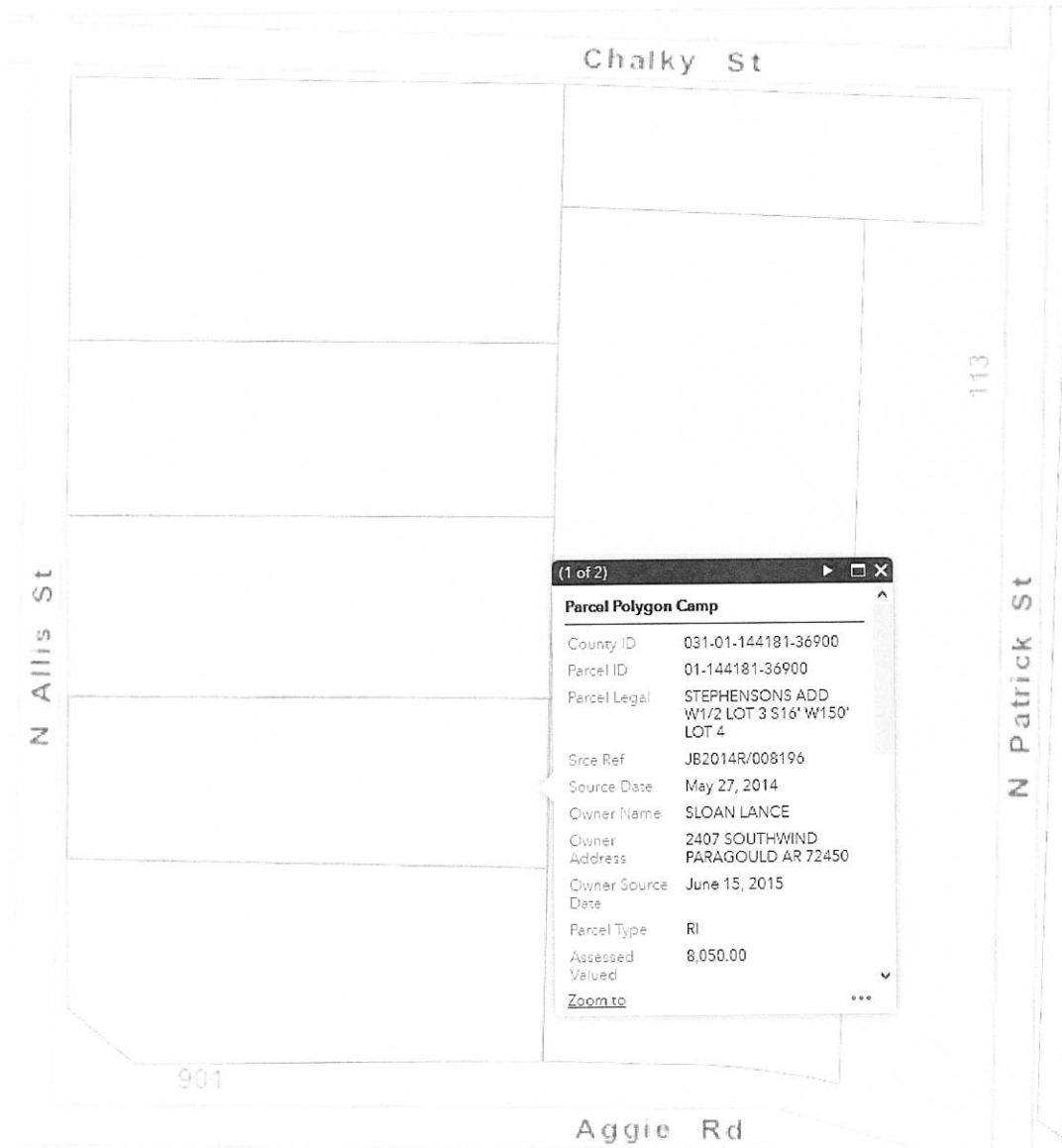
Attachment A

Legal Description

In the County of Craighead, State of Arkansas:

Stephensons Addition W1/2 Lot 3 S16' W150' Lot 4

Which is the same as Parcel #01-144181-36900 at the northeast corner of Aggie Road and N. Allis St., Jonesboro, AR



Attachment B

Project Schedule:

<u>Activity</u>	<u>Completion Date</u>
Plans and Specs	8/31/2019
Site Acquisition	9/30/2019
Pre-Construction Conference	10/30/2019
Construction Begins	11/15/2019
Construction Complete	1/31/2019

<u>Expenditure of Funds</u>	<u>Completion Date</u>
25%	9/30/2019
50%	11/15/2019
75%	12/15/2019
100%	1/31/2019

Attachment C
Sources and Uses

<u>SOURCE OF FUNDS</u>	<u>Amount of Funds</u>
NSP1 Funds (ADFA)	\$32,300
Private	
Community Development Program Funding –Jonesboro	\$10,000
Code Enforcement – Demo (Jonesboro)	\$10,000
Other	
Total Sources:	\$52,300

USES (Veterans Village)

Land Acquisition:		\$115,000.00
Hard Costs:		
Two Bedroom		\$228,000.00
SFD	2	\$500,500.00
Zero Bedroom		
SFD	7	
Site Improvement		\$170,000.00
Soft Costs:		
Potential Architect fees		\$44,925.00
Environmental		\$14,000.00
Ridge Surveying		\$3,000.00
Developer’s Fee:		\$0.
Total Development Cost:		\$1,075,425.00