



## Council Agenda Item

Meeting Date:	August 6, 2024
Agenda Item:	MOU -CDA and Water Utility
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### BACKGROUND

(Enter the who, what when, where, why)

The Community Development Block Grant (CDBG) program, established in 1974, is administered by the U.S. Department of Housing and Urban Development (HUD). Whitewater received its funds through a state-administered program managed by the Department of Administration (DOA) Division of Energy, Housing and Community Resources (DEHCR). The program came under scrutiny, and in 2018, states were informed that their Revolving Loan Fund (RLF) programs would be evaluated for effectiveness. In February 2019, HUD announced its decision to proceed with closing the program. Wisconsin was given a deadline of January 31, 2021, to comply with the close-out process.

According to the CDBG Close-Out Manual, there were three ways to participate in the program. Given Whitewater's outstanding loans, there were two available options. The CDA could either purchase all of the outstanding loans in their RLF portfolio, thereby receiving the outstanding principal and interest on the loans, or they could retain the responsibility of servicing the loans and remit all payments to the state as they were received.

The highlighted section of the manual (page 5) outlines the financial details of each option. The CDA opted for Option 1, which required them to purchase the outstanding loans amounting to \$334,272.67 (Hatton Memo). In return, the DOA permitted the total bank balance of \$502,228.91 (\$559,303.02 less administrative costs of \$34,209.69) and the purchased RLF receivables of \$334,272.67 (combined total of \$859,366) to be used on a qualifying project within the allotted timeframe.

The CDA decided to allocate the funds to the construction of the new water tower, as it was already planned. Other potential projects were considered but deemed unsuitable due to the longer implementation time required, which would not fit within the given timeframe for project completion.

The foundation of the MOU was based on the fact there was an assumed obligation to repay the funding to the CDA however, the funds used came from a federal grant. The cash and RLF balances were required to be sent back to the DOA regardless of which option the CDA chose and the C

### PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

### FINANCIAL IMPACT

(If none, state N/A)

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STAFF RECOMMENDATION

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ATTACHMENT(S) INCLUDED  
(If none, state N/A)

1. CDBG Close-Out Manual
  2. Memo from Steve Hatton Re: CBDG Close Program 1.28.2021
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