



June 22, 2018

Ms. Lynne Miller, Mayor
City of Norman
P.O. Box 370
Norman, OK 74070

RE: CDBG-DR Contract Modifications

Dear Mayor Miller:

As you may know, the Oklahoma Department of Commerce/Community Development (ODOC/CD) has been working closely with the staff at the City of Norman, in particular Lisa Krieg and Jeff Bryant to assist with the management of \$17,058,911.00 in four grants awarded to the City for CDBG Disaster Recovery projects. Recent events have now mandated ODOC/CD to reduce the total amount available to the City to \$14,471,535.35, and contract modifications will be generated through the OKGrants system to reflect these regrettable changes. The following narrative is an explanation of the actions that have required us to make this determination.

The Oklahoma Department of Commerce (ODOC) CDBG-DR program has a cumulative expenditure agreement and schedule with the Department of Housing and Urban Development (HUD) dated April 3, 2017. ODOC shared this agreement with sub-recipients by email on April 5, 2017. The agreement contains 12 rounds of funding which include four contracts with the City of Norman for repairs to several of the City's roads.

In trying to help States meet the expenditure agreement schedules, HUD's Disaster Recovery Team representatives assisted States in performing a "switch" in vouchers between later round activity funds drawn to cover earlier activity funds drawn outside the original 2-year contract dates.

During this time, the HUD Office of Inspector General (OIG) found the process to be incorrect and instructed the HUD DR Team that even though the voucher revisions would assist in compliance of the expenditure deadlines, it did not comply with the Federal Regulations in keeping the voucher revisions (original draws) within the associated two-year contracts for each sub-recipient.

In January 2018, the HUD DR staff contacted ODOC with information of this OIG finding and a HUD DR Representative visited ODOC on February 1, 2018 with further instruction on how to adjust the vouchers to be in compliance with the attached May 11, 2015 Federal Register Notice (80-FR-26942). In discussion of the upcoming expenditure deadline of March 11, 2018 (Round 9), a suggestion was made that after the voucher revisions were completed, a contract extension might be needed if the deadline could not be met.

ODOC staff did not complete the voucher revisions until March and in discussions with all sub-recipients, it was determined that the deadline would not be met and ODOC submitted an extension request to HUD on March 23, 2018.

HUD advised ODOC verbally that the extension request for Rounds 9-12 would not be approved thus resulting in a phone discussion with HUD Headquarters, HUD DR Staff, and ODOC on May 2, 2018. HUD issued an official denial letter for Round 9 on May 11, 2018 for two factors: a) request not within 120 days prior to deadline, and b) request not signed by the Chief Elected Officer, Governor Fallin. The extension request did not meet federal regulations and HUD physically moved \$2,788,857.55 of unexpended Round 9 funds to a restricted balance in the HUD DRGR system resulting in sub-recipients unable to draw funds. HUD advised ODOC to revise and re-submit a letter to HUD requesting to extend the remaining Rounds 10-12.

The HUD DR team scheduled a monitoring/technical assistance visit the week of May 21, 2018. During this visit, HUD issued written approval to extend Rounds 10-12. HUD DR staff assisted ODOC staff in getting the remaining funds re-budgeted for rounds 10-12 and unblocked the funds in the DRGR system so that the program could continue.

Due to the circumstances mentioned above, it is regretfully necessary to reduce the City of Norman's funding as reflected in the chart below per contract:

Contract No.	16912-R7	16237-R3	16604-R9	OK-GRANTS CONTRACT #64
Original Amount	\$ 719,970.00	\$ 731,712.00	\$ 10,602,408.00	\$ 12,054,090.00
Total Expended	\$ 64,284.34	\$ 709,988.24	\$ 7,636,920.67	\$ 8,411,193.25
Rem. Balance	\$ 655,685.66	\$ 21,723.76	\$ 2,965,487.33	Rem. Balance Before 3.11.18 \$ 3,642,896.75
New Rem. Bal	\$ 655,685.66	\$ -	\$ 399,835.44	New Rem. Balance After 3.11.18 \$ 1,055,521.10
	\$ -	\$ 21,723.76	\$ 2,565,651.89	Total Amount to Reduce \$ 2,587,375.65
Original Amount	\$ 719,970.00	\$ 731,712.00	\$ 10,602,408.00	\$ 12,054,090.00
Revision Amounts	\$ -	\$ (21,723.76)	\$ (2,565,651.89)	\$ (2,587,375.65)
New Contract Amounts	\$ 719,970.00	\$ 709,988.24	\$ 8,036,756.11	\$ 9,466,714.35
OK-GRANTS CONTRACT #102				
Original Contract Amount				\$ 5,004,821.00
Total Expended				\$ 2,492,934.77
Remaining Balance #102 R-11				\$ 2,511,886.23
Remaining Balance #64				\$ 1,055,521.10
Grand Total Funds Remaining to Draw				\$ 3,567,407.33
Total of All Original Contracts				\$ 17,058,911.00
Total Contract Revisions				\$ (2,587,375.65)
Overall Contract Modification				\$ 14,471,535.35

We look forward to continue working with the City of Norman on this important program. Should you have any questions please contact Robin Slawson at 405-815-5341 or myself at 405-815-5370.

Sincerely,



Vaughn Clark, Director
Community Development

E-copy: Lisa.Krieg@normanok.gov
Jeff.Bryant@normanok.gov