

**RESOLUTION NO. 2023-05-064R**

**A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN  
ARPA SUB RECIPIENT AGREEMENT  
(JUSTINE PETERSEN)**

**WHEREAS**, the City of Urbana, classified as a metropolitan city with a population below 250,000, was awarded \$12.97 million in funds as part of the State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan Act (ARPA) in March 2021; and

**WHEREAS**, the City of Urbana entered into a Project and Fiscal Management Agreement with the Champaign County Regional Planning Commission (RPC) in order to solicit meaningful public input, draft a concept plan outlining desired outcomes, and monitor and report on uses of ARPA funds in a fiscally responsible, outcome-oriented manner; and

**WHEREAS**, the City of Urbana allocated \$2.5 million of ARPA SLFRF funds under the Standard Allowance provision of the US Treasury's *Final Rule* for the purposes of replacing lost public sector revenue to be spent on governmental services; and

**WHEREAS**, the City of Urbana has adopted the Concept Plan, which contains eight Funding Goals for the remaining ARPA funds; and

**WHEREAS**, the City of Urbana adopted the ARPA Concept Plan Project List on February 27, 2023, allocating \$9,949,343 in funds to 25 projects; and

**WHEREAS**, Each sub-recipient of ARPA funds is required to enter into a contract with the City of Urbana that details the project dates, funding distribution timeline, performance standards, and additional terms and conditions applicable to the individual project; and

**WHEREAS**, all sub-recipients shall complete all reporting requirements set forth by ARPA regulations and the City of Urbana; and

**WHEREAS**, the project *Urbana Small Business Microloan Fund* by Justine Petersen was allocated \$250,000 as part of the ARPA Concept Plan Project List.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council, of the City of Urbana, Illinois, as follows:

**Section 1.** That an Agreement providing \$250,000 in ARPA SLFRF funds, for the purpose of *Urbana Small Business Microloan Fund*, performed by Justine Petersen, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

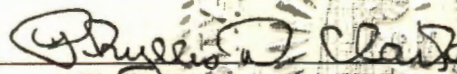
**Section 2.** That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver said Agreement on behalf of the City of Urbana, Illinois.


**PASSED BY THE CITY COUNCIL** this 22nd day of May, 2023.

AYES: Wu, Evans, Hursey, Kolisetty, Wilken, Quisenberry

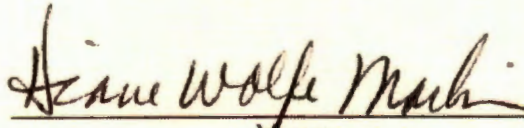
NAYS: None

ABSTENTIONS: None

  
Phyllis D. Clark, City Clerk



**APPROVED BY THE MAYOR** this 6th day of June, 2023.

  
Mayor

**SUBRECIPIENT AGREEMENT BETWEEN THE CITY OF URBANA AND  
JUSTINE PETERSEN  
FOR URBANA SMALL BUSINESS MICROLOAN FUND**

This Subrecipient Agreement (“Agreement”) is entered as of April 24, 2023, by and between Justine PETERSEN, with an address of 1817 S. Neil Street, Suite 100, Champaign, IL 61820 and the City of Urbana, Illinois (“City”), with an address of 400 S. Vine Street, Urbana, IL 61801, collectively “the Parties.”

**WHEREAS**, the City is in receipt of funds pursuant to the American Rescue Plan Act of 2021, P.L. 117-2 (“ARPA Funds”); and

**WHEREAS**, the City is authorized by Section 603(c)(1)(A) of the Social Security Act and the United States Department of Treasury Interim and Final Rule 31 CFR Part 35 to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; and

**WHEREAS**, Justine Petersen is a 501(c)3 Non-Profit Organization that works to connect institutional resources with the needs of low-to moderate-income individuals and families; and

**WHEREAS**, the Parties desire to enter into this Agreement to recognize the roles and responsibilities for each Party in establishing a small business microloan fund to serve business in Urbana.

**NOW, THEREFORE**, the Parties agree as follows:

1. **Purpose and Scope.** The Parties intend for this Agreement to provide the foundation and structure for Urbana Small Business Microloan Fund costs through the following understanding:
  - a. **Urbana Small Business Microloan Fund:** The establishment of this Small Business Microloan Fund (via Justine PETERSEN, a U.S. Treasury-certified Community Development Financial Institution) shall expand micro-enterprise and small business lending in Urbana, which shall provide direct relief and support to local businesses.
  - b. **Project Scope:** Justine Petersen shall perform the Scope of Services as defined in Attachment A
  - c. **Funding:** The City shall transfer ARPA Funds to Justine Petersen in an amount of up to \$250,000 in support of this Scope of Services beginning in City fiscal year 2023, according to the projected budget in Attachment A. The transfer of funds shall be made in the form of quarterly reimbursements, unless otherwise noted. In order for funds to be released, Justine Petersen must submit a Risk Assessment Form as provided by the City alongside this signed contract. Each release of funds must be preceded by Justine Petersen’s submission of a quarterly Reporting Form, along with any required documentation, as provided by the City. The Risk Assessment Form and Reporting Form shall be made available by the City to Justine Petersen in a fillable format.

## 2. Roles and Responsibilities of Justine Petersen.

- a. Justine Petersen agrees to cooperate with meetings conducted by Urbana City Council members and/or City staff, as requested, to review programs in progress.
- b. Justine Petersen shall adhere to the ARPA Funds fiscal, accounting, and audit procedures that conform to Generally Accepted Accounting Principles (GAAP) and the requirements of Federal Uniform Guidance (2 CFR Part 200).
- c. Justine Petersen shall be required to repay the City in the amount of ARPA Funds that are not spent in accordance with the regulations and requirements specified in Federal regulations and this Agreement.
- d. Justine Petersen shall submit reporting information to the City as required by the Department of Treasury, upon request of the City. Information shall include, but is not limited to: quarterly updates on program details, program timeline and status, program impact, and expenditure information and status. Additional reporting that may be required as applicable to Urbana Small Business Microloan Fund may also include: ARPA Funds spent and obligated (along with documentation of expenses), project status, number of businesses served, and Impacted or Disproportionately Impacted Populations (as defined by the Coronavirus State and Local Fiscal Recovery Funds Final Rule) served by the project. Reporting requirements shall be specified by the City.
- e. Justine Petersen shall provide to the City, upon reasonable notice, access to and the right to examine such books and records of Justine Petersen and shall make such reports to the City as the City may reasonably require so that the City may determine whether there has been compliance with this Agreement and the Federal regulations and requirements for the expenditure of ARPA Funds. All reports and records related to the project must be maintained for the required period of time, according to applicable Federal and State laws, rules or regulations (typically 5 years). If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues that arise from it, or until the end of the required period, whichever is later.
- f. No person shall be excluded from participation in programs the City is funding, be denied the benefits of such program, or be subjected to discrimination under any program or activity funded in whole or in part with the funds provided under this Agreement on the ground of race, ethnicity, color, national origin, sex, sexual orientation, gender identity or expression, religion, disability, or on any other ground upon which such discrimination is prohibited by law. Justine Petersen understands that Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, applies to the use of ARPA Funds.
- g. Justine Petersen shall comply with all applicable Federal, State or local statutes, ordinances, and regulations.

- h. Justine Petersen shall not use any of these ARPA Funds for lobbying purposes. ARPA Funds shall not be used to influence an officer or employee of any agency, including the City, in connection with any Federal, State, or local contract, grant, loan, or cooperative agreement. If it is determined by the City that any expenditure made with the ARPA Funds provided under this Agreement is prohibited by law, Justine Petersen shall reimburse the City any amount that is determined to have been spent in violation of the law.
- i. Justine Petersen shall enforce all applicable terms and requirements of this Agreement with any subgrantees or partners of this program and is liable for all subgrantee and partner activity related to this the expenditure of ARPA Funds and this Agreement.
- j. Justine Petersen shall establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

### **3. Urbana Small Business Microloan Fund**

- a. Services: Justine Petersen shall undertake activities toward Urbana Small Business Microloan Fund under the following requirements:
  - i. Justine Petersen shall undertake costs in accordance with the proposed budget and details provided in Attachment A.
  - ii. Urbana Small Business Microloan Fund shall start on project start date provided in Attachment A.
  - iii. Urbana Small Business Microloan Fund shall comply with all additional terms and conditions provided in Attachment A.
  - iv. Justine Petersen shall work towards and report on all *Key Objectives and Measurable Outcomes* provided in Attachment A.
- b. Governance: The Urbana Small Business Microloan Fund activities shall be overseen by Robert Boyle *and include the following responsibilities*:
  - i. Duly adopt or pass as an official act a resolution, motion, or similar action authorizing execution of this Agreement including all understandings and assurances contained herein, and direct and designate the authorized representative of Justine Petersen to act in connection with this Agreement and to provide such additional information as may be required.
  - ii. Review reports and program adherence.
  - iii. Review significant changes in programs and discuss with the City prior to request for approval and implementation.

### **4. Roles and Responsibilities of the City.**

- a. The City shall provide ARPA Funds to Justine Petersen in the amount of up to \$250,000, in the form of quarterly reimbursements, available beginning in 2023. Funds shall be made available in a reasonable period of time after required reports, forms, and receipts are submitted and reviewed by the City.
- b. The City shall provide oversight as described in this Agreement for the purpose of

ensuring that ARPA Funds are spent in compliance with Federal law, and in compliance with the intended purpose and outcomes of the funds and project as set forth in this Agreement.

- c. The City is not responsible in any way for the operations of Justine Petersen.

## 5. Primary Contacts

- a. The City has contracted with the Champaign County Regional Planning Commission (RPC), who shall supervise and monitor compliance with ARPA reports and regulations. The RPC shall also serve as the City's primary contact with Justine Petersen unless the City directs otherwise in writing.

**Name:** J.D. McClanahan

**Title:** Planner II, Champaign County Regional Planning Commission

**Telephone:** 217-328-3313, ext. 196

**Email:** jmccclanahan@ccrpc.org

- b. The following individual shall serve as the Subrecipient's primary contact with the City unless that individual directs otherwise in writing:

**Name:** Robert Boyle

**Title:** Chief Executive Officer

**Telephone:** 314-565-6107

**Email:** rboyle@justinepetersen.org

6. **Term.** This Agreement shall commence upon its execution between the Parties and shall remain in effect until December 31, 2026. Upon the expiration of this Agreement, or earlier termination as provided in Paragraph 8, Justine Petersen shall maintain all records and documents related to this Agreement for such period as may be required by ARPA rules and regulations and any other applicable Federal or State law (typically 5 years).
7. **Timeliness.** Time is essential to the performance of this project. Funds not spent during the anticipated period, as shown in Attachment A, due to a delay in the project, or component thereof, inclusive of unavoidable delays, may be subject to forfeiture.

Any and all discrepancies between anticipated timeline of expenditures and actual expenses shall be explained in submitted quarterly report materials. A variance of more than +/- 25 percent between estimated and actual eligible expenditures to date shall mandate an amended timeline, agreed upon by both the City and Justine Petersen. Beginning with the 2<sup>nd</sup> quarterly report in 2026, any variance greater than 5% shall mandate an amended timeline. The City shall not provide any reimbursement until the timeline is amended. Notwithstanding anything herein to the contrary, all expenditures and completion of the terms of this Agreement shall be on or before December 31, 2026, and such deadline shall not be subject to amendment.

8. **Termination.** The Agreement may be terminated by either Party upon a 30-day notice in writing to the other Party. Upon termination, Justine Petersen shall provide to the City an accounting of the ARPA Funds and shall remit unspent ARPA Funds to the City. Additionally, if Justine Petersen does not spend the ARPA Funds in accordance with the Federal regulations and requirements concerning ARPA Funds, as well as the requirements specified in this Agreement, Justine Petersen shall be required to repay the City in the amount of ARPA Funds

that were utilized incorrectly. The requirement to repay misused funds shall remain in effect for the entire original term even after the early termination by either Party.

9. **Amendments.** This Agreement may be amended only by an agreement of the Parties executed in the same manner in which this Agreement is executed.
10. **Representations and Warranties.** Both Parties represent that they are fully authorized to enter into this Agreement. The performance and obligations of either Party shall not violate or infringe upon the rights of any third-party or violate any other agreement between the Parties, individually, and any other person, organization, or business or any law or governmental regulation.
11. **Indemnity.** Justine Petersen agrees to indemnify and hold harmless the City, its respective affiliates, officers, agents, employees, and permitted successors and assigns against any and all claims, losses, damages, liabilities, penalties, punitive damages, expenses, reasonable legal fees and costs of any kind or amount whatsoever, which result from the negligence of or breach of this Agreement by Justine Petersen, its respective successors and assigns that occurs in connection with this Agreement. This includes, but is not limited to:
  - a. The loss of any monies paid to Justine Petersen.
  - b. Fraud, defalcation, or dishonesty on the part of any person representing, employed by, contracted, or subcontracted by Justine Petersen.
  - c. Any act, omission, wrongdoing, misconduct, want of care or skill, negligence, or default on the part of Justine Petersen or any of its contractors, subcontractors, suppliers, and laborers etc. in the execution or performance of this Agreement.

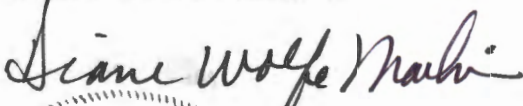
This section remains in full force and effect even after termination of the Agreement by its natural termination or the early termination by either Party. In the event that any actions, suit, or proceeding is brought against the City upon any liability arising out of the Agreement, or any other matter indemnified against, the City at once shall give notice in writing thereof to Justine Petersen by registered or certified mail. Upon receipt of such notice, Justine Petersen, at its own expense, shall defend against such action and take all such steps as may be necessary or proper to prevent the obtaining of a judgment against the City.

12. **Limitation of Liability.** Under no circumstances shall either Party be liable to the other Party or any third Party for any damages resulting from any part of this Agreement such as, but not limited to, loss of revenue or anticipated profit or lost business, costs of delay or failure of delivery that are not related to or the direct result of a Party's negligence or breach.
13. **Severability.** In the event any provision of this Agreement is deemed invalid or unenforceable, in whole or in part, that part shall be severed from the remainder of the Agreement and all other provisions shall continue in full force and effect as valid and enforceable.
14. **Waiver.** The failure by either Party to exercise any right, power, or privilege under the terms of this Agreement shall not be construed as a waiver of any subsequent or further exercise of that right, power, or privilege or the exercise of any other right, power, or privilege.
15. **Conflicts.** In the event of an unresolvable dispute, both Parties agree to participate in a mediation process and to split equally any costs associated with such. Any outcomes of mediation shall be in writing and binding on the Parties.

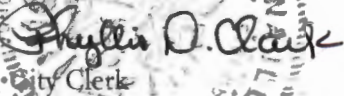
16. **Assignment:** Justine Petersen shall not assign this Agreement, nor any part thereof, without the prior written approval of the City.
17. **Legal and Binding Agreement.** This Agreement is legal and binding between the Parties as Stated above. The Parties each represent that they have the authority to enter into this Agreement.
18. **Entire Agreement.** The Parties acknowledge and agree that this Agreement represents the entire agreement between the Parties. In the event that the Parties desire to change, add, or otherwise modify any terms, they shall do so only by an agreement of the Parties executed in the same manner in which this Agreement is executed.

The Parties agree to the terms and conditions set forth above as demonstrated by their signatures as follows:

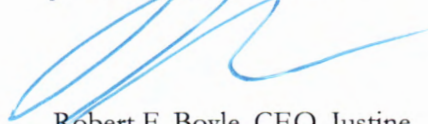
THE CITY OF URBANA



Diane Wolfe Martin, Mayor

  
Shelley D. Clark  
City Clerk

JUSTINE PETERSEN



Robert F. Boyle, CEO, Justine  
PETERSEN

  
Attest



## **Attachment A Scope of Services**

### **Section 1. Summary**

#### **Project Summary**

The establishment of this Small Business Microloan Fund (via Justine PETERSEN, a U.S. Treasury-certified Community Development Financial Institution) will expand micro-enterprise and small business lending in Urbana, which will provide direct relief and support to local businesses. Justine PETERSEN is the #1 SBA microlender in Illinois, and they focus on three areas: micro-enterprise and small business lending, consumer lending and credit building, and housing and homeownership support. Justine PETERSEN serves existing and startup businesses and offers safe and affordable capital with the goal of graduating businesses or individuals back to mainstream finance. The establishment of this fund would be focused on supporting eligible businesses in Urbana, including home-based businesses.

#### **Key Objectives and Measurable Outcomes**

- Businesses Served
  - Demonstration of need/qualification for Justine PETERSEN microloan
  - Demographics of loan recipients
- Dollars Deployed

**Project Start Date:** 4/1/23

**Project Completion Date:** 12/31/25

#### **ARPA Funding**

\$250,000

#### **Changes from submitted application, and project specific conditions, if any**

The award provided is approximately 53% of the amount requested in the application. This difference will be accounted for in accordance with the attached slide presentation to City Council where four funding options were presented. Option 1 was at the \$475,000 level. Council agreed on Option 3 at the \$250,000 level servicing 100 - 115 businesses.

At the direction of the Urbana City Council, all Urbana ARPA funds spent on this project will be lent to businesses within the City of Urbana.

While the ARPA funding application was submitted by the Champaign County Economic Development Corporation in conjunction with Justine Petersen, the project will be administered directly by Justine PETERSEN. The Champaign County Economic Development Corporation (CCEDC) is submitting this application in partnership with Justine PETERSEN. CCEDC, given the goals in its Strategic Plan and housing an Illinois Small Business Development Center, has taken the lead role in Champaign County to expand financing opportunities to area small businesses. CCEDC has committed its own funds to Justine PETERSEN in order to provide services in Champaign

**Attachment A  
Scope of Services**

County, including a full-time staff member housed at the CCEDC office. The MOU with Justine PETERSEN provides support for dedicated staffing, public outreach, program coordination, credit building counseling, and back-office infrastructure for processing loan applications, underwriting loans, funding loans, and providing post-closing technical assistance.

CCEDC has committed to the following:

- Support regional outreach, workshops, and training sessions to promote Justine PETERSEN services and funds in Champaign County.
- Provide wraparound services via the Illinois Small Business Development Center at Champaign County EDC.
- Coordinate regional partnerships to support existing Justine PETERSEN services and utilize regional relationships to expand funds available to small businesses in the Champaign County area.
- CCEDC is committed to working with regional partners on this effort, including the City of Urbana, New American Welcome Center at the University YMCA, Champaign County Regional Planning Commission, Champaign County Chamber of Commerce, Visit Champaign County, the Champaign County Black Chamber of Commerce, and more.

**Project Budget and Anticipated Timeline**

<b>Time Period</b>	<b>Project Expenses</b>	<b>ARPA Eligible Expenses</b>	<b>Quarterly Funding Amount</b>	<b>Funding Type (Upfront vs Reimbursement)</b>	<b>Cumulative Reimbursement</b>
2023 Q2 (April, May, June)	\$150,000 (small business lending support and operations)	\$23,000 (small business lending support and operations)	\$23,000	Reimbursement	\$23,000
2023 Q3	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$45,700
2023 Q4	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$68,400
2024 Q1	\$185,000	\$22,700	\$22,700	Reimbursement	\$91,100

**Attachment A  
Scope of Services**

	(small business lending support and operations)	(small business lending support and operations)			
2024 Q2	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$113,800
2024 Q3	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$136,500
2024 Q4	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$159,200
2025 Q1	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$181,900
2025 Q2	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$240,600
2025 Q3	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$227,300
2025 Q4	\$185,000 (small business lending support and operations)	\$22,700 (small business lending support and operations)	\$22,700	Reimbursement	\$250,000

**Attachment A  
Scope of Services**

**Section 2. Additional Project Information**

1. Executive Summary, attached hereto
2. Submitted Application, attached hereto
3. City Council Presentation, 12/14/22 #22 [\[Link\]](#) and slides, attached hereto