

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

AGREEMENT NUMBER

08-STBG-4982

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

CONTRACTOR'S NAME

County of El Dorado

2. The term of this Agreement is:

Upon HCD Approval through 06/30/2011

3. The maximum amount of this Agreement is:

\$1,470,975.00

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

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TOTAL NUMBER OF PAGES ATTACHED: 34 pages

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc)

County of El Dorado

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Doug Nowka, Director

El Dorado County Department of Human Services

ADDRESS

937 Spring Street, Placerville, CA 95667

STATE OF CALIFORNIA

AGENCY NAME

Department of Housing and Community Development

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Stacy Q. Hernandez, Contracts Manager, Budget and Contracts Branch

ADDRESS

1800 Third Street, Room 350, Sacramento, CA 95811

California Department of
General Service
Use Only

X Exempt per:SCM 4.04.3 (DGS Memo dated 6/12/81)

EXHIBIT A

AUTHORITY, PURPOSE AND SCOPE OF WORK

1. Authority & Purpose

This Agreement provides official notification of the grant award under the State's administration of the Federal Community Development Block Grant Program (hereinafter, "CDBG" or "the Program") for Non-entitlement jurisdictions pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. In accepting the grant award, the Grantee agrees to comply with the terms and conditions of this Agreement and all exhibits hereto, the representations contained in the Grantee's application (hereinafter, "the Application") which is hereby incorporated by reference as if set forth in full, and the requirements of the authorities cited above. Any changes made to the Application after this Agreement is executed must receive prior written approval from the Department of Housing and Community Development (Department). For purposes of this Agreement, use of the term "Grantee" shall be a reference to "Contractor".

2. Scope of Work

- A. The Grantee shall perform the activities described in Scope of Work (Work) as described in the Application, which is on file at the Department of Housing and Community Development, Division of Financial Assistance, 1800 Third Street, Room 330, Sacramento, California, and which is incorporated herein by reference. All written materials or alterations submitted as addenda to the original Application and which are approved in writing by the Department are hereby incorporated as part of the Application. The Department reserves the right to require the Grantee to modify any or all parts of the Application in order to comply with CDBG requirements. The Department reserves the right to review and approve all Work to be performed by the Grantee in relation to this Agreement. Any proposed revision to the Work must be submitted in writing for review and approval by the Department. Approval shall not be presumed unless such approval is made by the Department in writing.
- B. The grant activity(ies) shall principally benefit Targeted Income Group (TIG), as described in the Application and shall consist of:
1. Rehabilitation of five donated modular units to serve as year-round emergency shelter for 112 people. (03C)
 2. Start-up and operational costs for a year-round, 64 bed emergency homeless shelter including meals, case management, employment training and mental health services to benefit 112 people. (03T)

EXHIBIT A

3. Term of Agreement and Deadlines

With the exception of the Grant Closing Requirements set forth in Exhibit C, Paragraph 9, the Grantee shall complete the grant activity(ies) by the termination date set forth on the front page of this Agreement, unless a written request for an extension is approved ninety (90) days prior to the termination date in writing by the Department.

4. State Contract Coordinator

The State Contract Coordinator for this Agreement is the CDBG Program Manager, Division of Financial Assistance, or the Program Manager's designee. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class to the State Contract Coordinator at the following address:

CDBG Contract Coordinator
Division of Financial Assistance
Department of Housing and Community Development
P. O. Box 952054
Sacramento, California 94252-2054

5. Grantee Contract Administrator

The Grantee's Contract Coordinator for this Agreement is listed below. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class to the following address:

Grantee:	County of El Dorado
Name:	Joyce Aldrich
Title	Housing, Community & Economic Development Manager
Phone:	(530) 621-6276
Address:	937 Spring Street, Placerville, CA 95667
Fax:	(530) 295-2598
E-Mail:	jaldrich@co.el-dorado.ca.us

The County officer or employee with responsibility for administering this agreement is Doug Nowka, Director, Department of Human Services, or successor.

6. Special Conditions - General

A. 90 Day Special Conditions

The following conditions apply to all activities, including set aside activities. The Grantee must meet the conditions within ninety (90) days of this Agreement's execution.

EXHIBIT A

1. Environmental Compliance

The Grantee shall have satisfied all National Environmental Policy Act (NEPA) requirements and California Environmental Quality Act (CEQA). The level of review varies by activity. NEPA and CEQA review must be completed and approved by Department staff prior to incurring costs on grant activity(ies).

2. Acquisition/Relocation Compliance

The Grantee must document that its compliance with the Uniform Relocation Act and Section 104 (d) before release of funds by the Department. The Grantee must submit a specific relocation assistance plan for each activity which may result in temporary or permanent displacement. For activities anticipating temporary or permanent displacement, the Grantee must submit signed General Information Notices (GINs) for each tenant who resides in the project at the time of Application submittal. For where activities no displacement is anticipated Grantee must submit a letter explaining why no displacement or relocation will occur which will be subject to written approval by the Department.

3. Program Income Reuse Plan

The Grantee must submit a copy of its plan for administering Program Income. The plan must include a discussion of how the Grantee will collect and disburse Program Income for CDBG-eligible activities. The Grantee must also submit program guidelines regarding the Grantee's administrative policies and procedures for managing the Program Income activities.

4. Site Control

If applicable, site control of the proposed project property must be obtained by one (1) of the following:

- a. Fee title;
- b. A leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property, provided that the terms and conditions of any proposed lease shall permit compliance with all program requirements;
- c. An option to purchase or lease;
- d. A disposition and development Agreement with a public agency; or
- e. A land sale contract, or other enforceable Agreement for the acquisition of the property.

EXHIBIT A

5. Funding Commitments and Project Cost Estimates

- a. For projects, all funding required for project completion must be documented and committed. If all funding is not committed, the Department may terminate this Agreement pursuant to Exhibit D, Paragraph 6. If the Grantee has applied for other funding prior to the execution of this Agreement, the Grantee must notify the Department as soon as that application is approved or denied. If the Grantee must apply for other funding after the execution date of this Agreement, the Grantee must apply at the earliest possible opportunity offered by the other funding source(s) and notify the Department as soon as that application is approved or denied.
- b. For projects, a current third party cost estimate must be provided by the engineer or architect for the project.

6. Compliance With All Loans and/or Grant Agreements

Pursuant to Exhibit C, Paragraph 18 of this Agreement, the Grantee must comply with State and Federal Laws and Regulations that pertain to matters applicable to the Grantee. Prior to disbursement of any funds under this Agreement, the Grantee shall be in compliance with all loan and/or grant agreements of which it is a party to, and administered by the Department.

7. Easements and Rights-of-Way

If required for the completion of a CDBG project, the Grantee must obtain all easements and rights-of-way within twelve (12) months of execution of this Agreement. Failure to obtain these may result in termination of this Agreement.

8. Section 504 Accessibility Requirements

- a. Section 504 Regulations apply when CDBG funds are used on a new construction housing or public facility project or when an existing public facility or housing project with fifteen (15) or more units is being purchased and/or "substantially" rehabilitated. Qualified CDBG assisted housing projects are required to have a certain percentage of the units designed and accessible to persons with mobility and sensory impairments. Any public facilities or a housing project site being developed with CDBG funds must also, to the greatest degree feasible, be made accessible to disabled persons.

EXHIBIT A

- b. The Grantee shall provide documentation satisfactory to the Department verifying that the required housing units public facility described in the project comply with the accessibility standards. CDBG funds will not be released until the necessary documentation is provided. All CDBG funded programs must, to the greatest degree possible, be conducted in buildings which meet Section 504 accessibility standards.

B. Special Conditions – Public Improvements

If the Work to be performed under this Agreement involves Public Improvement, the following additional special conditions apply:

1. Site Control

Documentation of site control by recordation of fee title or easement for all sites required for project completion must be submitted to the Department prior to going out to bid on the project.

2. Project Timeline or Schedule:

Within ninety (90) days following execution of this Agreement, the Grantee shall submit a project timeline to the Department, for review and approval. If the CDBG project is a component of a larger project, the timeline for both the larger project and the CDBG-funded project must be submitted. The following list of key project events, if applicable, must be part of the schedule:

- a. Completion of all surveys, studies, testing and design;
- b. Completion of the NEPA and CEQA Environmental Review;
- c. Acquisition of site control sufficient to start construction on the project;
- d. Approval of the plans and specifications with authorization to go out to bid by the governing body;
- e. Execution of the construction contract;
- f. Pre-construction meeting with the construction Contractor;
- g. Construction period (Start-End);
- h. Connection of TIG households to the system;
- i. Final acceptance of work and filing the notice of completion; and,
- j. Project close-out.

EXHIBIT A

3. Water and Sewer Laterals or Other Utility Service Connections

CDBG funds expended on private property improvements may only benefit TIG households. If installation and/or replacement of water and/or sewer or other utility service connections occur on private property, CDBG funds may only be used to pay the cost of improvements associated with TIG households, which is the cost for the portion of the lateral extending across the private property from the public right-of-way boundary to the TIG housing unit, per 24 CFR 570.202(b)(6). Water and sewer lateral connections constructed on private property as "housing rehabilitation" per 24 CFR 570.202(b)(6), must comply with the documentation requirements of the housing rehabilitation activity. Water and sewer lateral connections constructed in the public right-of-way and not designated as "housing rehabilitation" are not subject to these additional conditions.

4. Assessment Districts

- a. CDBG funds may be used to pay for improvements financed by special assessments as provided for per 24 CFR 570.482 (b) Special Assessments under the CDBG Program. Special Assessment means the recovery of capital costs of an improvement through a fee or charge levied or filed as a lien against a property as a direct result of a benefit derived from the improvement. Special Assessment does not include periodic charges based on the use of a public improvement, such as monthly water or sewer user charges, even if such charges include the recovery of the capital costs of the improvement per 24 CFR 570.200 (c)(1), General Policies, Special Assessments Under the CDBG Program, Definition of Special Assessment.
- b. If the project will include the formation and implementation of an assessment district, the Grantee must submit, within ninety (90) days of execution of this Agreement, an assessment district formation and implementation timeline schedule which shows that the CDBG funds will be expended and benefits will accrue to the TIG beneficiaries before the end of this Agreement. Key time events must include, if applicable, the following items:
 - i. Filing of the Environmental Notice of Determination for the project with the county clerk respective to the project;
 - ii. Adoption of the Resolution of Intention to form the assessment district by the governing body (i.e., City Councils or Board of Supervisors);

EXHIBIT A

- iii. Holding the protest hearing and recording the assessments and assessment diagram;
- iv. Awarding the construction contract and sale of bonds; and
- v. Filing the construction contract notice of completion.

5. **Assessment Fees**

CDBG funds may be used to pay reasonable user fees established by the governing body, (i.e., City Councils or Board of Supervisors) as a one time charge to gain access to a public improvement. This one time charge may not include real estate, property or ad valorem taxes even if such taxes include the recovery of all or a portion of the capital costs of the public improvement per 24 CFR 570.200 (c)(1).

6. **Rate Structure**

If the project includes the construction of, or improvements to, a public district such as a water, sewer, solid waste, natural gas or electric power utility, the Grantee shall provide an assurance that the Grantee will provide for future maintenance and capital replacement of the benefiting enterprise agency. The Grantee must submit the following documentation to CDBG, within ninety (90) days of execution of this Agreement:

- a. A copy of the previous year's revenue and expenditure budget showing all revenues and expenditures of the enterprise agency involved. Revenues should include all monthly user charges, hookup fees, connection fees, extension fees, plant expansion fees, land development fees and any other fees or charges related to operation, maintenance, capital improvement or development of the public district involved. Expenditures should include all operating expenses including: labor, materials, equipment, testing, administration, licensing and other costs to operate the system. The budget should include a revenue and expenditure plan for capital replacements and for future growth or expansion. The plan should include the payment of any existing or future capital finance obligations such as revenue bonds or certificates of participation.
- b. A draft copy of projected revenues and expenditures for the three (3) years following this Agreement's execution date. The draft of future revenues and expenditures must include all the features listed in Sub-paragraph a. above.

EXHIBIT A

- c. A certified copy of the present resolutions and/or ordinances which establish the existing monthly user charges, hookup fees, connection fees, extension fees, plant expansion fees, land development fees and any other fees or charges related to the revenues which finance the enterprise agency.
- d. A listing of the number of each of the various types of monthly users for each separate type of user fee listed in the resolution described in Sub-paragraph c. above.
- e. A written plan, approved by the governing body, for increases in monthly user charges and fees necessary to meet the projected increases in costs, if any, which develop during the three (3) year period described in Sub-paragraph b.

7. Payment for Targeted Income Households

In order to comply with the provisions of the Housing and Urban Development (HUD), Rural Economic Recovery Act of 1983, the Grantee shall not attempt to recover any capital costs of the public improvement assisted by CDBG funds by assessing any amount against properties owned and occupied by TIG families, unless:

- a. CDBG funds are used to pay the assessment for the (TIG) families; or,
- b. The CDBG funds are used to pay the assessment for the lowest TIG families [fifty percent (50%) of county median income or below] and the Grantee certifies to the Department that it lacks sufficient CDBG funds to pay the assessment of all TIG families (above fifty percent [(50%) of median, up to eighty percent (80%) of median].

C. Special Conditions – Public Facilities

If the Work to be performed under this Agreement involves Public Facilities, the following special conditions will apply:

The following applies to real property, which was acquired or improved in whole or in-part, using CDBG funds in excess of \$25,000.

EXHIBIT A

1. The property must be used to meet the low-income benefit as specified in the Application for a period of five (5) years after expiration of this Agreement. The Grantee should prepare a lease/or rent limitation agreement with the users of such property to assure the continuing benefit; or,
2. If the property does not meet the requirements of Paragraph 1 above, the Grantee shall notify the Department that the following requirements have been met:
 - a. If the property is controlled by a third party, the third party shall pay to the Grantee's CDBG Program an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, and improvement to, the property; or,
 - b. If the property is controlled by the Grantee, the Grantee shall pay to the CDBG Program an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, and improvement to, the property; and,
 - c. The Grantee determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not meet the low-income benefit.

D. Special Conditions – Public Improvement in Support of Multi-Family, Non-Senior New Construction Housing

1. If CDBG funds will be used for infrastructure costs in support of multi-family, non-senior newly constructed housing, the following applies:
 - a. The proportion of the total cost of developing the project to be funded by CDBG funds is not greater than the proportion of units occupied by TIG households; and
 - b. Not less than twenty percent (20%) of the units must be occupied by TIG households at affordable rents.

E. Special Conditions – Housing Acquisition

1. If CDBG funds will be used for a homebuyer assistance program, the Grantee must:
 - a. Submit a copy of its Homebuyer Assistance Program Guidelines to the Department for review and approval within ninety (90) days of the execution of this Agreement; and,

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

1. Grant Budget

Specifics of the grant budget shall be agreed upon by the Department and the Grantee prior to the drawdown of any funds.

2. Contract Amount

For the purposes of performing the Work, the Department agrees to fund the amount shown below. Unless amended, the Department shall not be liable for any costs for the Work in excess of this amount, nor for any unauthorized or ineligible costs. Funds provided under this Agreement shall be provided in the form of a grant for the following activity(ies):

	\$ 89,315	21A	General Administration
	\$ 845,160	03C	Homeless Facility
	\$ 74,000	03CD	AD Homeless Facility
	\$ 428,241	03T	Op. Cost Homeless/Aids
	\$ 34,259	03TD	AD Op. Cost Homeless/Aids
Total	\$1,470,975		

3. Line Items

- A. The following limits apply to the expenditure of funds for general administration. The amount for general administration is the amount requested in the Grantee's application, unless that amount exceeded the CDBG general administration cap of seven and a half percent (7.5%) of the grant request. If the amount requested for general administration exceeded seven and a half percent (7.5%), the Department reduced the general administration request to meet that limitation and re-allocated the excess to activity(ies) implementation. Costs for the annual audit are a general administration expense and are subject to the seven and a half percent (7.5%) limitation.
- B. The Department may approve a request from the Grantee to reallocate funds between the authorized activities and itemized amounts stated in Paragraph 2 above. Changes in the aggregate of ten percent (10%) or less, of the total grant amount between activity categories or line items during the term of this Agreement, and expenditures pursuant thereto, may be made only after the Department's express written approval, but do not require a written amendment to this Agreement.

EXHIBIT B

- C. Unless incorporated in a written amendment to this Agreement, no change greater than ten percent (10%) of the total grant amount between activity categories, or line items, during the term of this Agreement, shall be made. And no change in which the aggregate results in greater than ten percent (10%) of the total grant amount in adjustments between activity categories or line items during the term of this Agreement shall be made. Any such contract amendment must be executed by the Department prior to expenditures pursuant thereto.
- D. If HUD changes an Activity Code(s) identified in Paragraph 2 of this Exhibit, the Grantee shall be notified in writing. Any Activity Code change, directed by HUD, shall not require an amendment to this Agreement.

4. Leverage

The Grantee has committed leveraged funds in its application. These funds must be expended by the termination date of this Agreement. The Grantee will report on the value of other contributions included as leverage to the project activity(ies). Required contributions to be reported on, as described in the Application, are:

SOURCE

Matrix Code	Source Amount	Source Coding
03T	\$ 4,000	P000-Private Goods & Services
03T	\$ 814	P000-Private Goods & Services
03T	\$ 20,000	P000-Private Goods & Services
03C	\$120,000	L400-Local Goods & Services
03C	\$ 30,000	L400-Local Goods & Services
03C	\$ 14,830	L210-Local Fee Waivers
03C	\$ 49,291	L210-Local Fee Waivers
03T	\$ 25,785	L120-Local In-Kind
21A	\$ 2,500	L120-Local In-Kind
Total:	\$287,220	

5. Program Income

If the Grantee has committed Program Income funds in its application, this Program Income and/or any additional Program Income committed to an activity must be spent before any grant funds are drawn down for the activity(ies) for which it was committed. Any Program Income in a local revolving loan account, or revolving loan fund designated for the same activity(ies) as any open grant activity, must also be spent before grant funds are drawn down for the activity(ies). The Grantee shall report Program Income expenditures on the Funds Request Form, the Quarterly Program Income Report, and the Annual Program Income Report. Program Income committed to grant activities:

No Program Income Committed

EXHIBIT B

6. Expenditure of Funds

A. General Administration

Costs for general administration may neither be incurred, nor funds expended until execution of this Agreement by the Department unless the Grantee has received prior written approval from the Department. If such approval is desired before execution of this Agreement by the Department, the Grantee shall make the request for approval in writing, but the Grantee will expend these funds at its own risk.

B. Program Implementation and Activity(ies) Delivery

Costs for program implementation and activity(ies) delivery may neither be incurred nor funds expended until the Grantee has received written approval from the Department that the Special Conditions set forth in Exhibit A, Paragraph 6 are met. If such approval is desired before execution of this Agreement by the Department, the Grantee shall make the request for approval in writing.

C. Grant Administration

The Grantee agrees to administer this Agreement in accordance with the provisions of Section 7098 through and including Section 7124 of Title 25 of the CCR.

7. Expenditure Milestones

The Grantee must meet expenditure milestones set as follows.

A. All Program Activities, except set-aside activities:

25%	by	09/30/2009
50%	by	06/30/2010
75%	by	12/31/2010
100%	by	06/30/2011

B. All Project Activities, except set-aside activities:

25%	by	09/30/2009
50%	by	06/30/2010
75%	by	12/31/2010
100%	by	06/30/2011

EXHIBIT B

- C. If the Grantee does not meet the expenditure milestones as set by the Department, per Title 25, CCR, Section 7066 (d) and (e), the Department may disencumber the difference between the milestone and what was expended for the program activity sixty (60) days after the date of the milestone.

8. Method of Payment

The Grantee shall submit all forms to the State Contract Coordinator, at the Department of Housing and Community Development, Community Development Block Grant Program, 1800 Third Street, Room 330, Sacramento, CA 95811, or any other address of which the Grantee has been notified in writing. The Department shall not authorize payments unless it determines that the grant activity(ies) for reimbursement, has been performed in compliance with the terms of this Agreement and its Exhibits.

A. Advances and Reimbursements

1. All Activity(ies): To receive an advance or reimbursement for the grant activity(ies) performed, the Grantee shall submit, on forms provided by the Department, an executed Funds Request form. Reimbursement Fund Requests shall include the level of documentation specified by the Department. For advance of funds Grantee shall include a justification explaining the need for an advance.
2. Lump Sum Draws for Housing Rehabilitation Activity(ies): If the Grantee is using a lump sum draw down payment method for a housing rehabilitation activity, the funds disbursed to the Grantee under a lump sum Fund Request are subject to the expenditure requirements contained in the Federal Regulations, 24 CFR 570.513. Any funds drawn down under a lump sum arrangement must be expended by the termination date of this Agreement.

B. Final Payment Requests

1. Grantees on the advance payment system. The last advance payment request must be submitted to the Department ninety (90) days prior to the termination date of this Agreement.
2. Grantees on the reimbursement payment system. All requests for final reimbursement must be submitted within forty-five (45) days after the termination date of this Agreement.
3. All requests for grant funds not previously requested. If the final request for funds expended during the contract term has not been received by the Department within forty-five (45) days of this Agreement's termination date, the Department may disencumber any funds remaining in the Agreement.

EXHIBIT C

HCD GENERAL TERMS AND CONDITIONS

1. Effective Date, Commencement of Work and Completion Dates

This Agreement is effective upon approval/execution by the State, which is the date stamped by the Department in the lower right hand corner of the Agreement. The Grantee agrees, subject to Exhibit B, Section 6A and 6B, that neither Work shall commence, nor will any costs be incurred to be paid with CDBG funds, prior to the effective date of the Agreement. The Grantee agrees that the Work shall be completed by the termination date specified on the front page of the Agreement (as stated in Exhibit A, Section 3).

2. Sufficiency of Funds and Termination

- A. The Department may terminate this Agreement at any time for cause by giving at least fourteen (14) days written notice to the Grantee. Cause shall consist of violations of any terms and/or special conditions of this Agreement, upon the request of HUD, or withdrawal of the Department's expenditure authority. Upon termination of this Agreement, unless otherwise approved in writing by the Department, any unexpended funds received by the Grantee shall be returned to the Department within fourteen (14) days of the Notice of Termination.
- B. It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of congressional appropriation of funds, for the mutual benefit of both parties in order to avoid program and fiscal delays which would occur if the Agreement were executed after the determination was made.
- C. This Agreement is valid and enforceable only if sufficient current funds are made available to the State by the United States Government for the program Federal fiscal year 2008-2009, for the purposes of this program. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or State Legislature or any statute enacted by the Congress or the State Legislature, which may affect the provisions, terms or funding of this Agreement in any manner.
- D. If Congress does not appropriate sufficient funds for the program, the Department may amend this Agreement to reflect any reduction in funds, or it may terminate this Agreement by giving fourteen (14) days written notice to the Grantee.

3. Meeting National Objectives

All grant activities performed under this Agreement must meet one of the national objectives of the Department's Program, as included in the Application.

EXHIBIT C

The funded activities shall benefit TIG households, as specified in the grant Application, and this benefit must be achieved by the Grant termination date.

4. Inspections of Grant Activity

- A. The Department reserves the right to inspect any grant activity performed hereunder to see that the grant activity is being and has been performed in accordance with the applicable Federal, State and/or local requirements, and this Agreement.
- B. The Grantee agrees to require that all grant activity found by such inspections not to conform to the applicable requirements be corrected, and to withhold payment to its contractor or subcontractor, respectively, until it is so corrected.

5. Insurance

The Grantee shall have and maintain in full force and effect, during the term of this Agreement, such forms of insurance at such levels as may be determined by the Grantee and the Department to be necessary for specific components of the grant activity(ies) described in Exhibit A.

6. Contractors and Subcontractors

- A. The Grantee shall not enter into any Agreement, written or oral, with any contractor without the prior determination of the contractor's eligibility. A contractor or subcontractor is not eligible to receive grant funds if the contractor is not licensed in good standing with the State of California, or is listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible contractors.
- B. The Agreement between the Grantee and any contractor shall require the contractor and its subcontractors, if any, to:
 - 1. Perform the grant activity(ies) in accordance with Federal, State and local housing and building codes, as are applicable.
 - 2. Comply with the applicable State and Federal requirements described in Exhibits D and E of this Agreement which pertain to, among other things, labor standards, non discrimination, Americans with Disabilities Act, Equal Employment Opportunity, and Drug-Free Workplace.

EXHIBIT C

3. Maintain at least the minimum State-required Workers' Compensation Insurance for those employees who will perform the grant activity(ies) or any part of it.
4. Maintain, if so required by law, unemployment insurance, disability insurance and liability insurance, in an amount to be determined by the Department, which is reasonable to compensate any person, firm, or corporation, who may be injured or damaged by the contractor, or any subcontractor in performing the grant activity(ies) or any part of it.
5. Retain all books, records, accounts, documentation, and all other materials relevant to this Agreement for a period of five (5) years from date of termination of this Agreement, or five (5) years from the conclusion or resolution of any and all audits or litigation relevant to this Agreement, and any amendments, whichever is later.
6. Permit the State, Federal government, the Bureau of State Audits, the Department and/or their representatives, upon reasonable notice, unrestricted access to any or all books, records, accounts, documentation, and all other materials relevant to the Agreement for the purpose of monitoring, auditing, or otherwise examining said materials.

7. Periodic Reporting Requirements

During the term of this Agreement, the Grantee must submit the following reports by the dates identified, respectively, or as otherwise required at the discretion of the Department. The Grantee's performance under this Agreement will be based in part on whether it has submitted the reports on a timely basis.

- A. Financial and Accomplishment Report (FAR)-semi-annual: Submit by January 31st and July 31st during the term of the Agreement.
- B. Annual Grantee Performance Report (GPR): Submit by July 31st starting with covering the contract effective date to subsequent June 30th, and for each State fiscal term of the Agreement.
- C. Section 3 Report: Submit with the annual GPR by July 31st for each State Fiscal Year.
- D. Wage Compliance Reports: Semi-annual Wage Compliance Reports are to be submitted by October 31st and April 30th during the entire construction period. The final Wage Compliance Report is to be submitted thirty (30) days after construction is completed.
- E. Quarterly Program Income Report: Submit on or before January 31st, April 30th, and October 31st, of each year during the term of the Agreement.

EXHIBIT C

- F. Annual Program Income Report: Submit by July 31st of each year regardless of whether or not the Grantee has any open grants.
- G. Funds Request Form: Submit a Funds Requests Form as funds are needed.
- H. Any other reports that may be required as a Special Condition of this Agreement.

8. **Monitoring Requirements**

The Department shall perform a program and/or fiscal monitoring of the grant activity(ies). The Grantee will be required to resolve any monitoring findings to CDBG's satisfaction by the deadlines set by the Department. If findings are not adequately resolved in a timely manner, the Department may deduct points from the Grantee's performance score.

9. **Grant Closing Requirements**

- A. The Grantee must submit the following within forty-five (45) days after the termination date of this Agreement:
 - 1. The Final FAR. The period of this report is the final period of this Agreement.
 - 2. The Final Funds Request, if any, for final reimbursement.
- B. The Grantee must submit the following within ninety (90) days after the termination date of this Agreement:
 - 1. The Final GPR;
 - 2. Closeout Certification Letter;
 - 3. All unexpended Funds: Received by the Grantee but not expended must be accounted for and returned in a check made payable to the Department of Housing and Community Development, Attn: CDBG Fiscal Unit
 - 4. Closeout FAR: The period of this report is from the Start Date of the Agreement to the End Date of this Agreement;
 - 5. Final Audit Report: The Grantee must submit a final audit report to the State Controller's Office (SCO) pursuant to the requirements of Federal Office of Management and Budget (OMB) Circular A-133; and,
 - 6. Evidence, satisfactory to the Department, of compliance with any other Special Conditions of this Agreement.

EXHIBIT C

10. Obligations of Grantee with Respect to Certain Third Party Relationships

The Grantee shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the program with respect to which assistance is being provided under this Agreement to the Grantee. The Grantee shall comply with all lawful requirements of the Department necessary to ensure that the program, with respect to which assistance is being provided under this Agreement to the Grantee, is carried out in accordance with the Department's Assurance and Certifications, including those with respect to the assumption of environmental responsibilities of the Department under Section 104(h) of the Housing and Community Development Act of 1974.

11. Signs

If the Grantee places signs stating that the Department is providing financing, it shall indicate in a typeface and size commensurate with the Department's funding portion of the project that the Department is a source of financing through the CDBG Program.

12. Audit/Retention and Inspection of Records

- A. The Grantee must have intact, auditable fiscal records at all times. If the Grantee is found to have missing audit reports from the SCO during the term of this Agreement, the Grantee will be required to submit a plan to the State, with task deadlines, for submitting the audit to the SCO. If the deadlines are not met, the Grantee may be subject to termination of this Agreement and disencumbrance of the funds awarded. The Grantee's audit completion plan is subject to prior review and approval by the Department.
- B. Grantee agrees that the Department will have the right to review, obtain, and copy all records pertaining to performance of this Agreement. Grantee agrees to provide the Department with any relevant information requested and shall permit the Department access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with Public Contract Code Section (PCC) 10115 et seq., Government Code Section (GC) 8546.7 and 2 CCR 1896.60 et seq. Grantee further agrees to maintain such records for a period of five (5) years after final payment under the Agreement. Grantee shall comply with the caveats and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in PCC 10115.10.
- C. An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department by the Grantee. Expenditures for grant activity(ies) not described in Exhibit B shall be deemed authorized if the performance of such grant activity(ies) is approved in writing by the Department prior to the commencement of such grant activity(ies).

EXHIBIT C

- D. Absent fraud or mistake on the part of the Department, the determination by the Department of the allowability of any expenditure shall be final.
- E. Pursuant to OMB Circular A-133, the Grantee shall perform an annual audit at the close of each fiscal year in which this Agreement is in effect. Audit costs for this Agreement are a general administration expense and are subject to the general administration expenditure limits associated with this Agreement. The costs of the CDBG-related portion of the audit may be charged to the program in accordance with Public Law 98-502, OMB Circular A-133 and Section 7122 of Title 25 CCR.
- F. Notwithstanding the foregoing, the Department will not reimburse the Grantee for any audit cost incurred after the termination date of this Agreement.
1. The audit shall be performed by a qualified State, Department, local or independent auditor. The agreement/contract for audit shall include a clause which permits access by the Department to the independent auditor's working papers.
 2. If there are audit findings, the Grantee must submit a detailed response to the Department for each audit finding. The Department will review the response and, if it agrees with the response, the audit process ends and the Department will notify the Grantee in writing. If the Department is not in agreement, the Grantee will be contacted in writing and informed what corrective actions must be taken. This action may include the repayment of disallowed costs or other remediation.
 3. The Department shall not approve reimbursement for any expenditures for the audit, prior to receiving an acceptable audit report.
 4. If so directed by the Department upon termination of this Agreement, the Grantee shall cause all records, accounts, documentation and all other materials relevant to the grant activity(ies) to be delivered to the Department as depository.
- 13. Conflict of Interest of Members, Officers, or Employees of Contractors, Members of Local Governing Body, or other Public Officials**

No member, officer, or employee of the Grantee, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercise any functions or responsibilities with respect to the program during his/her tenure or for one (1) year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for grant activities to be performed in connection with the program assisted under this Agreement. The Grantee shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this section.

EXHIBIT C

14. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Grantee of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

15. Litigation

- A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.
- B. The Grantee shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

16. Lead-Based Paint Hazards

Activity(ies) performed with assistance provided under this Agreement are subject to lead-based paint hazard regulations contained in Title 8 and Title 17 of the CCR and 24 CFR Part 35. Any grants or loans made by the Grantee with assistance provided under this Agreement shall be made subject to the provisions for the elimination or mitigation of lead-based paint hazards under these Regulations. The Grantee shall be responsible for the notifications, inspections, and clearance certifications required under these Regulations.

17. Prevailing Wages

- A. Where funds provided through this Agreement are used for construction work, or in support of construction work, the Grantee shall ensure that the requirements of Chapter 1 (commencing with Section 1720) of Part 7 of the Labor Code (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.

EXHIBIT C

- B. For the purposes of this requirement "construction work" includes, but is not limited to rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part, through this Agreement. All construction work shall be done through the use of a written contract with a properly licensed contractor incorporating these requirements (the "construction contract"). Where the construction contract will be between the Grantee and a licensed building contractor, Grantee shall serve as the "awarding body" as that term is defined in the Labor Code. Where Contractor will provide funds to a third party that will enter into the construction contract with a licensed building contractor, the third party shall serve as the "awarding body." Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid.

18. Compliance with State and Federal Laws and Regulations

- A. The Grantee agrees to comply with all State laws and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Grantee, its subgrantees, contractors or subcontractors, and the grant activity, and any other State provisions as set forth in Exhibit D.
- B. The Grantee agrees to comply with all Federal laws and regulations applicable to the CDBG Program and to the grant activity(ies), and with any other Federal provisions as set forth in Exhibit E.

EXHIBIT D

State of California
General Terms and Conditions

1. Approval

This Agreement is of no force and effect until signed by both parties.

2. Amendment

No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

3. Assignment

This Agreement is not assignable by the Grantee, either in whole or in part, without the consent of the State in the form of a formal written amendment.

4. Indemnification

Grantee agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers and any other person, firm or corporation furnishing or supplying work services, materials or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Grantee in the performance of this Agreement.

5. Disputes

Contractor shall continue with the responsibilities under this Agreement during any dispute.

6. Termination for Cause

The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided.

7. Independent Contractor

Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.

EXHIBIT D

8. Non-Discrimination Clause

- A. During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.
- B. Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

9. Timeliness

Time is of the essence in this Agreement.

10. Governing Law

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

11. Child Support Compliance Act

If this Agreement is in excess of \$100,000, by executing this Agreement, Contractor acknowledges and agrees to the following:

- A. Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable State and Federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family Code; and

EXHIBIT D

- B. Grantee, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

12. Severability

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

13. Drug-Free Workplace Requirements

Contractor shall comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code Section 8350 et seq.) and shall provide a drug-free workplace by taking the following actions:

- A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- B. Establish a Drug-Free Awareness Program to inform employees about: (1) the dangers of drug abuse in the workplace; (2) the Contractor's policy of maintaining a drug-free workplace; (3) any available counseling, rehabilitation and employee assistance programs; and (4) penalties that may be imposed upon employees for drug abuse violations.
- C. Every employee who works on the proposed contract will: (1) receive a copy of the Contractor's drug-free workplace policy statement; and (2) agree to abide by the terms of the Contractor's statement as a condition of employment under this agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Government Code Section 8350 et seq.)

EXHIBIT D

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California:

14. Conflict of Interest

Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

A. Current State Employees (Public Contracts Code Section 10410):

- 1. No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular State employment.**

No officer or employee shall contract on his or her own behalf as an independent Contractor with any State agency to provide goods or services.

B. Former State Employees (Public Contracts Code Section 10411):

- 1. For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency.**
- 2. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving State service.**

- C. If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Public Contracts Code Section 10420).**

EXHIBIT D

- D. Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Public Contracts Code section 10430 (e))

15. Labor Code/Workers' Compensation

Contractor needs to be aware of the provisions which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code section 3700)

16. Americans With Disabilities Act

Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

17. Contractor Name Change

An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change, the State will process the amendment.

18. Corporate Qualifications to Do Business in California

- A. If Contractor is a corporation, the State may verify that the Contractor is currently qualified to do business in California in order to ensure that all obligations due to the State are fulfilled.
- B. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the State not be subject to the franchise tax.
- C. Both domestic and foreign corporations (those incorporated outside California) must be in good standing in order to be qualified to do business in California. If Contractor is a corporation, the State will determine whether Contractor is in good standing by contacting the Office of the Secretary of State.

EXHIBIT D

19. Resolution

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

20. Air or Water Pollution Violation

Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of the provisions of Federal law relating to air or water pollution.

21. Payee Data Record Form Std. 204

This form must be completed by all contractors that are not another State agency or other government entity.

22. National Labor Relations Board Certification

If Contractor is receiving Federal funds under this Agreement, Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Not applicable to public entities.)

EXHIBIT E

SPECIAL TERMS AND CONDITIONS

1. Anti-Lobbying Certification

The Grantee shall require that the language of this certification be included in all contracts or subcontracts entered into in connection with this grant activity(ies) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and no more than \$100,000 for such failure.

"The undersigned certifies, to the best of his or her knowledge or belief, that:

- A. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
- B. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions."

2. Bonus or Commission, Prohibition Against Payments of

The assistance provided under this agreement shall not be used in the payment of any bonus or commission for the purpose of:

- A. Obtaining the Department's approval of the application for such assistance, or
- B. The Department's approval of the applications for additional assistance, or

EXHIBIT E

- C. Any other approval or concurrence of the Department required under this Agreement, Title I of the Housing and Community Development Act of 1974, or the State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

3. **Citizen Participation**

The Grantee is subject to the requirements concerning citizen participation contained in Federal regulations at 24 CFR 570.486, Local Government Requirements.

4 **Clean Air and Water Acts**

This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 USC 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251 et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR Part 15, as amended from time to time.

5. **Conflict of Interest of Certain Federal Officials**

No member of or delegate to the Congress of the United States, and no resident commissioner, shall be admitted to any share or part of this agreement or to any benefit to arise from the same.

6. **Environmental Requirements**

The Grantee shall comply with the provisions of the National Environmental Policy Act (NEPA) by following the procedures contained in 24 CFR Part 58.

7. **Equal Opportunity**

- A. The Civil Rights, Housing and Community Development, and Age Discrimination Acts Assurances

During the performance of this agreement, the Grantee assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, religion, familial status, or religious preference, under any grant activity funded by this Agreement, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, the Age Discrimination Act of 1975, the Fair Housing Amendment Act of 1988, and all implementing regulations.

EXHIBIT E

B. Rehabilitation Act of 1973 and the "504 Coordinator"

The Grantee further agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR Part 8, including, but not limited to, for Grantees with fifteen (15) or more permanent full or part time employees, the local designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator."

C. The Training, Employment, and Contracting Opportunities for Business and Lower- Income Persons Assurance of Compliance

1. The grant activity(ies) to be performed under this agreement is on a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the HUD Act of 1968, as amended, 12 U.S.C. 1701u. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in 24 CFR 135.34(a)(2).
2. The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement. The parties to this Agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
3. The Grantee will include these Section 3 clauses in every contract and subcontract for work in connection with the grant activity(ies) and will, at the direction of the Department, take appropriate action pursuant to the contract or subcontract upon a finding that the Grantee or any contractor or subcontractor is in violation of regulations issued by the Secretary of HUD, 24 CFR Part 135 and, will not let any contract unless the Grantee or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

EXHIBIT E

4. Compliance with the provisions of Section 3, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement shall be a condition of the Federal financial assistance provided to the grant activity(ies), binding upon the Grantee, its successors, and assigns. Failure to fulfill these requirements shall subject the Grantee, its contractors and subcontractors, its successors, and assigns to those sanctions specified by the Agreement through which federal assistance is provided, and to such sanctions as are specified by 24 CFR Part 135.

- D. Assurance of Compliance with Requirements Placed on Construction Contracts of \$10,000 or more

The Grantee hereby agrees to place in every contract and subcontract for construction exceeding \$10,000 the Notice of Requirement for Affirmative Action to ensure Equal Employment Opportunity (Executive Order 11246), the Standard Equal Employment Opportunity, and the Construction Contract Specifications. The Grantee furthermore agrees to insert the appropriate Goals and Timetables issued by the U.S. Department of Labor in such contracts and subcontracts.

8. Flood Disaster Protection

This Agreement is subject to the requirements of the Flood Disaster Protection Act of 1973 (P.L. 93-234). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under Section 3(a) of said Act, for use in an area identified by the Secretary as having special flood hazards which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to Section 201(d) of said Act.

The use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program shall be subject to the mandatory purchase of flood insurance requirements of Section 102(a) of said Act.

Any contract or Agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain certain provisions. These provisions will apply if such land is located in an area identified by the Secretary as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq.

EXHIBIT E

These provisions shall obligate the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under Section 102(s) of the Flood Disaster Protection Act of 1973. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

9. **Labor Standards--Federal Labor Standards Provisions**

The Grantee shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of:

Davis-Bacon Act (40 U.S.C. 3141-3148) requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Department of Labor and are issued in the form of federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over \$2,000.

"Anti-Kickback Act of 1986" (41 U.S.C. 51-58) prohibits any person from (1) providing, attempting to provide, or offering to provide any kickback; (2) soliciting, accepting, or attempting to accept any kickback; or (3) including directly or indirectly, the amount of any kickback prohibited by clause (1) or (2) in the contract price charged by a subcontractor to a prime contractor or a higher tier subcontractor or in the contract price charged by a prime contractor to the United States.

Contract Work Hours and Safety Standards Act - CWHSSA (40 U.S.C. 3702) requires that workers receive "overtime" compensation at a rate of one to one-half (1-1/2) times their regular hourly wage after they have worked forty (40) hours in one week.

Title 29, Code of Federal Regulations, Subtitle A, Parts 1, 3 and 5 are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

10. **Procurement**

The Grantee shall comply with the procurement provisions in 24 CFR Part 85.36, Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.

EXHIBIT E

11. Program Income

"Program Income" means gross income earned by the Grantee from grant-funded activities and is subject to CDBG regulatory requirements pursuant to 24 CFR 570.489 (e), Program Administrative Requirements, Program Income. These regulations include the requirement that the Grantee record receipt and expenditure of program income as part of the financial transactions of the grant activity(ies).

12. Non Performance

Prior to closing out this Agreement, the Department shall review the actual national objective and/or public benefit achievements of the Grantee. In the event that the national objective and/or public benefit requirements are not met, the Department may, in its sole discretion, impose any or all of the following remedies: recapture of part or all of the program income; reimbursement of part or all of the grant amount; and/or exclusion of the Grantee from further CDBG funding for a period of time to be determined by the Department.

13. Relocation, Displacement, and Acquisition

The provisions of the Uniform Relocation Act, as amended, 49 CFR Part 24, and Section 104(d) of the Housing and Community Development Act of 1974 shall be followed where any acquisition of real property is carried out by the Grantee and assisted in whole or in part by funds allocated by CDBG.

14. Uniform Administrative Requirements

The Grantee shall comply with applicable uniform administrative requirements as described in 24 CFR Section 570.502, including cited sections of 24 CFR part 85.