

**Subrecipient Agreement between The City of Merced
and Sierra Saving Grace Homeless Project
With funds provided by
Community Development Block Grant
For the Acquisition of Residential Property
For the “Supportive Housing Project” Program**

THIS AGREEMENT, entered this ____ day of _____, 202__, by and between the City of Merced (herein called the “Grantee”) and Sierra Saving Grace Homeless Project (herein called the “Subrecipient”).

WHEREAS, The Grantee has applied for and received funds from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383 under the Community Development Block Grant (CDBG) Program (Grant No. B-21-MC-06-0044; CFDA No. 14-218) and administered by the U.S. Department of Housing and Urban Development (HUD) with a Federal Award Date of October 27, 2021; and,

WHEREAS, Grantee adopted a Five-Year Consolidated Plan on November 16, 2020, which identifies projects for permanent supportive housing for the chronically homeless and extremely low- and low-income households, as essential to the community; and,

WHEREAS, on July 6, 2021, the City Council approved an allocation of \$500,000 of its CDBG funding for acquisition programming, through the program year 2021-2022 Annual Action Plan, to provide funding for purchase of a residential property for the Subrecipient’s “Supportive Housing Project” acquisition with rehabilitation program (herein called the “Program”); and,

WHEREAS, Grantee received an application from Subrecipient which proposes to administer an acquisition with rehabilitation program (“Supportive Housing Project”), by purchasing and rehabilitation/repair of new or existing single-family, duplex, or triplex housing units for use as rental housing for extremely low- or low-income and/or formerly homeless individuals and families within the City of Merced city limits; and,

WHEREAS, Acquisition and Rehabilitation Projects are eligible “Rehabilitation and Preservation” activities for the use of CDBG funds, pursuant to and including 24 CFR 570.202(b)(1), which allows for CDBG funds to be used to finance nonprofit organizations acting as subrecipients, through the use of grants, loans, and other means, to acquire and rehabilitate privately-owned

properties for subsequent residential rental to income-qualifying families and individuals, including those receiving services for permanent supportive housing; and,

WHEREAS, use of CDBG funds for Acquisition and Rehabilitation of properties benefitting extremely low-income, low-income, and formerly homeless individuals and families meets the Goals and Policies found in Chapter 9 (Housing Element) of the Merced Vision 2030 General Plan, adopted on July 18, 2016, by the City Council; and,

WHEREAS, Grantee has determined, and Subrecipient certifies, that the activities and services being provided pursuant to this Agreement furthers the needs of the City, as well as the policy and intent of the City's CDBG Program's goals and objectives as identified in the City's 2020-2024 Consolidated Plan and 2021 Annual Action Plan; and,

WHEREAS, Subrecipient represents that it has the necessary experience, qualifications, willingness, and expertise necessary to provide these services and implement the Program in a manner satisfactory to Grantee, pursuant to the terms and conditions of this Agreement; and,

WHEREAS, Subrecipient shall comply with all applicable CDBG regulations contained in 24 CFR Part 570, including, but not limited to 2 CFR 230 et. seq., cost principles for non-profit organizations; and,

WHEREAS, Subrecipient is a Non-Profit Organization exempt from Federal income tax under Internal Revenue Code (IRC) Section 501(c)(3) with a local primary business address of 25 W. 19th Street/PO Box 1301, Merced, California 95341, and EIN: 27-4663143, and DUNS No. 969818736; and,

WHEREAS, the purpose of this Agreement is to set forth the responsibilities of the Grantee and Subrecipient in accomplishing the objectives of the HUD CDBG programs as set forth in the Housing and Community Development Act of 1974. The CDBG program and funds related thereto are referred to from time to time as the "CDBG Program" or "CDBG Funds"; and,

WHEREAS, the Subrecipient's services will be delivered from Subrecipient's office in Merced, California.

WHEREAS, Grantee agrees to engage the services of Subrecipient, and Subrecipient agrees to perform the services for Grantee hereinafter described, for the compensation, during the term, and otherwise subject to the covenants

and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, the parties hereto agree as follows:

I. SCOPE OF SERVICE

A. Activities

General Statement: With 2021-2022 fiscal year funds, the Subrecipient will be responsible for the acquisition of residential property of 1-4 units located within City of Merced city limits using the assistance of CDBG funds provided by the Grantee and in a manner satisfactory to the Grantee, consistent with any standards required as a condition of providing these funds. Property(ies) purchased will be used solely for residential purposes, to provide housing for individuals and families that meet income eligibility requirements and the intent of the Program.

1. Program Delivery:

The CDBG Allocation of \$500,000, referenced herein above, shall be directed toward the following deliverables:

Activity #1: The Subrecipient will administer and oversee all tasks in connection with the aforesaid program in compliance with all applicable Federal, State, and local rules and regulations governing these funds, and in a manner satisfactory to the Grantee, the primary goal for the Subrecipient will be to house extremely low-income, low-income, or homeless individuals and/or families with children at the property purchased with the funds provided, per the Subrecipient's proposal, as amended and approved by the Grantee. Proper backup documentation for all requested reimbursements and escrow payments shall be provided, and accuracy of all calculations shall be ensured prior to submittal of all invoices.

Activity #2: Subrecipient shall submit required beneficiary documentation, identifying income category qualifications, ethnicity, race, and other pertinent information of all

individuals served by the Program, which HUD will require to document that the activity benefits persons of extremely low-income, low-income, or homeless individuals and/or families with children, as intended. This reporting shall be performed upon occupation by the initial individual/family, upon each new re-occupation by a new individual/family, quarterly, and at each year-end, as appropriate.

Quarterly Reporting of this project shall include:

- Number of occupants per quarter
- Income of each head of household
- Amount paid in rent by each head of household
- Length of stay of each family/occupant
- Total amount remitted to the City of Merced
- Total amount used by Subrecipient for utilities, PG&E, etc.
- Total amount set aside by Subrecipient for maintenance fund

2. Specific Requirements:

- a. Subrecipient shall utilize dollars obtained through other funding sources to support necessary operating costs, in order to ensure the program can become self-sustaining.
- b. Participants shall pay a maximum of 30% of their monthly gross income to support Program costs. Of the entire 30%:
 - 10% will be remitted to the City of Merced;
 - 80% will be used by the Subrecipient to cover utilities, electricity, and administrative costs;
 - 10% will be retained by the Subrecipient in a maintenance account to pay for future repair and replacement costs; and,
 - As per HUD's Rules and Regulations CFR Part 92 - all Program participants will be required to enter into a 1-year lease agreement.
- c. Families are to be screened prior to being approved for the Program to ensure they: 1) meet eligibility requirements, and, 2) will be successful in utilizing their time in the Program to obtain permanent housing. Participants will be encouraged to participate in ongoing supportive services through the Subrecipient. Referrals to other

programs and/or services will be available to assist these individuals and families.

B. National Objectives

All activities funded with CDBG funds must meet at least one of the following CDBG program National Objectives:

1. Activities benefitting low- and moderate-income persons; or,
2. Activities which aid in the prevention or elimination of slums or blight; or,
3. Activities designed to meet community development needs having a particular urgency-

Subrecipient certifies that the activity(ies) carried out under this Agreement will provide a housing benefit for low- and moderate-income (or lower) households, per 24 CFR 270.208(a)(3). The Subrecipient will meet this national objective by providing safe and affordable housing units to low and moderate income (or lower) households to rent, after the purchase and rehabilitation/repair of the existing residential structure(s) on the property using the provided CDBG funds.

Additionally, by rehabilitating and performing necessary repairs, including but not limited to repair/replacement of HVAC and plumbing systems, abatement of any discovered lead-based paint, asbestos, or mold, energy-efficient window replacement, and roof repair/replacement, to the purchased residential structures in order to make them safe and livable for the intended tenants, the proposed activities will also improve the appearance of the property, thereby helping to eliminate any blighting affect the property previously imposed on the immediate neighborhood.

C. Levels of Accomplishment – Goals and Performance Measures

To show a positive outcome, Subrecipient will set attainable goals for the number of individuals to be served by the agreed-upon activities. Quarterly and final year-end reports shall be submitted to the Grantee and include progress updates and outcomes of the Program, including challenges and successes.

For documentation of individuals and families being served by these activities, the Subrecipient agrees to provide the following information for each household assisted:

- Household Size
- Household Income
- Household's Average Median Income

- Is the Head of Household a Female (yes or no)
- Was a Veteran Assisted (yes or no)
- How many in household are Hispanic or Latino
- What is the Race/Ethnicity of the household assisted as defined by HUD? Use the following list for reference:
 - White
 - Black/African American
 - Asian
 - American Indian/Alaskan Native
 - Native Hawaiian/Other Pacific Islander
 - American Indian/Alaskan Native and White
 - Asian and White
 - Black/African American and White
 - American Indian/Alaskan Native and Black/African American
 - Other Multi-Racial

D. Staffing

The Subrecipient shall assign organizational staff as Key Personnel to the program. Upon approval of the agreement, the Subrecipient shall provide the grantee with an organization chart identifying staff members assigned, general program duties and amount of time allocated, in a timely fashion and in the form and content prescribed by Grantee.

Any changes in the Key Personnel assigned or their general responsibilities under this project are subject to the prior approval of the Grantee.

E. Performance Monitoring

The Grantee will monitor the performance of the Subrecipient against goals and performances standards as stated above. Substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the Grantee, suspension or termination procedures applicable to this Agreement will be initiated.

F. Submission of Invoices/Meeting to Review Procedures

The Subrecipient shall meet by phone, virtually, or in person with City of Merced staff prior to commencement of this program to review and discuss, at a minimum: 1) requirements for reimbursement of invoices; and 2) qualifying

expenses. No reimbursement of administrative and indirect costs are permitted with this Program.

Date of Meeting: _____

Housing staff initials: _____

II. PROGRAM DESCRIPTION

Type of Program: Rehabilitation and Preservation of Housing

HUD-CDBG Eligible Activity: Rehabilitation: Acquisition

HUD Matrix Code: 14G

Service Area: City of Merced city limits (City-wide)

Basic Eligibility Citation: 24 CFR 570.202(b)(1), (2), (4), and (7)

National Objective: Low/Mod Housing Benefit (LMH) – 24 CFR 570.208(a)(3):

Activities undertaken to provide or improve permanent residential structures that will be occupied by low/mod income households

Eligible activities associated with this program specifically include, per 24 CFR 570.202(b)(1), (2), (4), and (7), assistance to acquire and rehabilitate residential properties, including costs of labor, materials, repairs directed towards accumulation of deferred maintenance by previous owner(s), replacement of principal fixtures and components of existing structures, energy efficiency improvements (including installation/replacement of windows, insulation, and/or HVAC units), installation of security devices such as smoke detectors and dead bolt locks, renovation through alterations, additions to, or enhancements of existing structures and improvements, initial homeowner warranty, hazard, and flood insurance premiums, and abatement of asbestos or other contaminants.

III. METHOD OF COMPENSATION/SCHEDULE OF PAYMENTS

A. Reimbursement of Total Development Costs

Grantee will provide Subrecipient with financial assistance to purchase and rehabilitate one (1) residential property of 1-4 units to be utilized for the Program, subject to the budget parameters set forth in Paragraph V. In exchange, Subrecipient will execute a Promissory Note, secured by a First Deed of Trust, against the subject housing unit in the full amount of the financial assistance provided by Grantee, subject to the payment terms set forth in Paragraph VI herein. Subrecipient shall be solely responsible for any and all maintenance, repairs, and expenses associated with the subject housing unit.

B. Relocation Assistance

There are no funds budgeted for relocation assistance expenses. Any relocation assistance request will need to be a separate request to the City of Merced. Relocation assistance must be provided in accordance with 24 CFR 570.606 and 49 CFR part 24.

C. Program Management Expenses

There are no CDBG funds budgeted for Program Management. All Program management costs are the responsibility of the Subrecipient.

D. Affordability Provisions [24 CFR 570. 208(a)(3)]

For activities benefiting very low- to moderate- income persons, the Subrecipient must adopt and make public the grantee's standards for determining, for rental housing assisted under the program, that the rents of units occupied by very low- to moderate-income persons are "affordable."

E. Davis-Bacon requirements and other Labor Standards [24 CFR 570.603]

These statutes require the payment of prevailing wages for CDBG-assisted construction work, including construction or rehabilitation of residential property containing eight units or more, in excess of Two-Thousand Dollars (\$2,000). The Contract Work Hours and Safety Standards Act also apply to such activities.

F. Historic Preservation [16 U.S.C. 470 et seq. and 36 CFR Part 800]

These requirements mandate (a) consultation with specified agencies having responsibility for historic preservation to identify properties listed (or eligible for inclusion) in the National Register of Historic Places that may be subject to adverse effects by the proposed CDBG activities, and (b) compliance with procedures or other requirements to avoid or mitigate such adverse effects. The Subrecipient will address all potential historical preservation requirements through the environmental process.

G. National Flood Insurance Program [24 CFR 570.605]

If a community has had notice for more than a year that an area has been identified by FEMA as having special flood hazards, CDBG funds cannot be spent for acquisition or construction purposes within that area unless the community is participating in the National Flood Insurance Program and such

insurance has been purchased for the properties in question.

H. Relocation, Real Property Acquisition, and One-For-One Housing Replacement [24 CFR 570.606]

The acquisition of real property for a CDBG-assisted project and the displacement of any person (family, individual, business, non-profit organization, or farm) as a direct result of acquisition, rehabilitation, demolition, or conversion for a CDBG-assisted project must comply with 24 CFR 670.606 and 49 CFR part 24. The Subrecipient must also conduct its CDBG activities so as to minimize displacement; and, if displacement occurs, the displaced persons or entities must be provided assistance consistent with the Uniform Relocation Act, as amended, or Section 104(d), as applicable. In addition, there must be a one-for-one replacement of any occupied (or vacant, occupiable) low- and moderate-income dwelling that is demolished or converted to another use in connection with a CDBG-funded activity.

I. Lead-based Paint [24 CFR 570.608 and 24 CFR Part 35]

There is a general prohibition against the use of any lead-based paint in connection with any CDBG activities involving construction or rehabilitation of residential structures. Regardless of whether the structure was constructed prior to 1978, the tenants or purchasers must be notified of the hazards of lead-based paint poisoning; and, depending on the level of Federal assistance made available to the structure, paint inspection, risk assessment, treatment, and/or abatement must be provided. Subrecipient shall sign and date an affidavit to be retained with official records asserting they complied with this requirement.

Additionally, immediately after abatement of any lead-based paint found during the initial testing, the property shall be tested again, and documentation shall be submitted to Grantee within a reasonable timeframe showing clearance and compliance with this requirement.

J. Program Income [24 CFR 570.500; 570.503(a), (b)(3) and (b)(7); and 570.504]

Grantee must approve (a) whether a Subrecipient will be allowed to retain and use program income, and (b) for what activities the program income may be used. The use of such program income must be in compliance with all other applicable program requirements and, upon the expiration of the Subrecipient Agreement, or at the end of each fiscal year, whichever occurs first. Any program income on hand or subsequently received by the Subrecipient must

be returned to the Grantee.

IV. TERM OF PERFORMANCE

Services of the Subrecipient shall commence on the date this Agreement is fully approved and executed. The Subrecipient shall have until June 30, 2022, to expend the funds budgeted for this activity, as set forth in Section V. If the funds are not expended by June 30, 2022, this Agreement shall terminate and become null and void. If some or all of the funds are expended, this Agreement shall continue to be in effect until Subrecipient pays Grantee the full amount expended under this Agreement.

V. BUDGET

<u>Line Item</u>	<u>Amount:</u>
<u>Acquisition & Rehab (CDBG)</u>	<u>\$500,000</u>
TOTAL	\$500,000

No Indirect Costs are eligible for this program and all fees charged through the acquisition process shall be in compliance with the conditions of Section IX, paragraph C.2 of this Agreement. In addition, the Grantee may require a more detailed budget breakdown than the one contained herein, and the Subrecipient shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the Grantee. Any amendments to the budget must be approved in writing by both the Grantee and the Subrecipient.

Prior to receipt of payment and close of escrow, the subrecipient shall submit to Grantee the following:

1. Final Settlement Statement from the Title Company;
2. Completed NEPA document(s) for all activities that are HUD-assisted, in total or in part, to ensure compliance with NEPA and Part 58 regulations - City staff to assist;
3. A recorded notice of affordability;
4. A recorded deed of trust showing the Note;
5. An appraisal for the property being reimbursed; and,
6. Lead Test and Clearance Certificate

VI. PAYMENT

The Promissory Note, secured by a First Deed of Trust on the subject property shall be paid as follows: Subrecipient shall submit quarterly reports as set forth in

Paragraph I, Subsection B. Subrecipient shall pay to Grantee ten percent (10%) of the total income collected from Participants in the Program with respect to the subject housing unit, on a quarterly basis, for the previous quarter (October 31, January 31, April 30, and July 31). Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 24 CFR 84.21.

Each quarterly payment by Subrecipient shall be applied to the principal balance owed under the Promissory Note, secured by a First Deed of Trust. No interest shall accrue on the principal balance. The total amount paid to Grantee shall not exceed the total amount provided to the Subrecipient for acquisition and rehabilitation of the subject housing unit(s).

The full amount due under the Promissory Note, less any quarterly payments made by Subrecipient, shall be due and payable immediately upon the sale or refinance of the subject housing unit(s).

VII. NOTICES

Notices required by this Agreement shall be in writing and delivered via mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date of delivery or sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

Grantee

Kim Nutt
Housing Program Supervisor
City of Merced
678 W. 18th Street
Merced, CA 95340
(209) 385-6863

Subrecipient

Joe Carroll, Chairman
Sierra Saving Grace Homeless Project
25 W. 19th Street
PO Box 1301
Merced, CA 95340
(209) 769-6932

VIII. GENERAL CONDITIONS

A. General Compliance

The Subrecipient agrees to comply with the requirements of Title 24 of the Code

of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (CDBG)) including subpart K of these regulations, Parts 91 and 92 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grant Program (CDBG)), including subpart K of these regulations, except that (1) the Subrecipient does not assume the recipient's environmental responsibilities described in 24 CFR 570.604; and, (2) the Subrecipient does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR Part 52. The Subrecipient also agrees to comply with all other applicable Federal, state and local laws, regulations, and policies governing the funds provided under this contract. The Subrecipient further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. “Independent Contractor”

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties.

The Subrecipient shall at all times remain an “independent contractor” with respect to the services to be performed under this Agreement. The Grantee shall be exempt from payment of all Unemployment Compensation, FICA, retirement¹, life and/or medical insurance², and Workers' Compensation Insurance, as the Subrecipient is an independent contractor.

C. Indemnity/Hold Harmless

Except as to the sole negligence or willful misconduct of the City, the Subrecipient shall agree to indemnify, protect, defend (with counsel selected by the City), save, and hold the City, its officers, employees, agents, and volunteers harmless from any and all claims, suits, charges, judgements, actions, damages, or whatsoever that arise out of the Subrecipient's performance or nonperformance of the services or subject matter called for in this Agreement. This indemnification provision shall apply to any acts or omissions, willful misconduct, or negligent conduct, whether active or passive, on the part of the Subrecipient or of Subrecipient's employees, subcontractors, or agents. Subrecipient understands and agrees that it shall

¹Unless the services under this Agreement are provided by a former City employee who is now retired and Grantee is otherwise obligated to pay for the same.

²Unless the services under this Agreement are provided by a former City employee who is now retired and Grantee is otherwise obligated to pay for the same.

defend the City from any claim even if it appears to be without merit. Subrecipient shall also defend, indemnify, and hold the City harmless from any loss, damage, or cost incurred because of any claim by any person or entity, regarding Subrecipient has failed to meet any requirements of HUD. Parties agree that this Section shall survive the expiration or early termination of the Agreement.

D. Insurance & Bonding

The Subrecipient shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the Grantee. The Subrecipient shall comply with the bonding and insurance requirements of 24 CFR 84.31 and 84.48, Bonding and Insurance.

Prior to the City's execution of this Agreement, Subrecipient shall provide copies of insurance policies or original certificates and additional insured endorsements evidencing the coverage required by this Agreement and shall thereafter maintain during the term of this Agreement, such insurance policies and coverages in the types, limits, forms, and ratings as required herein. The rating and required insurance policies and coverages may be modified in writing by the City, or a designee, unless such modification is prohibited by law. The City, and its officers, agents, employees, and volunteers shall be named as additional insureds under all Subrecipient's insurance policies for work done by and on behalf of the named insured for the City of Merced.

Any insurance policy or coverage provided by Subrecipient or subcontractors as required by this Agreement shall be deemed inadequate and a material breach of this Agreement, unless such policy or coverage is issued by insurance companies authorized to transact insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or higher.

1. Limitations. These minimum amounts of coverage shall not constitute any limitation or cap on Subrecipient's indemnification obligations.
2. Cancellation. The policies shall not be canceled unless thirty (30) days prior written notification of intended cancellation has been given to the City by certified or registered mail, postage prepaid.
3. Adequacy. City, its officers, employees, and agents make no representation that the types or limits of insurance specified to be carried by Subrecipient

pursuant to this Agreement are adequate to protect Subrecipient. If Subrecipient believes that any required insurance coverage is inadequate, Subrecipient will obtain such additional insurance coverage, as Subrecipient deems adequate, at Subrecipient's sole expense.

4. Workers' Compensation Insurance. By executing this Agreement, Subrecipient represents that Subrecipient is aware of and will comply with Section 3700 of the California Labor Code requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. Subrecipient shall carry the insurance or provide for self-insurance required by California law to protect said Subrecipient from claims under the Workers' Compensation Act for all of its employees involved in the performance of this Agreement. Prior to the City's execution of this Agreement, Subrecipient shall file with City either (1) a certificate of insurance showing that such insurance is in effect, or that Subrecipient is self-insured for such coverage, or (2) a certified statement that Subrecipient has no employees, and acknowledging that if Subrecipient does employ any person, the necessary certificate of insurance will immediately be filed with the City. Any certificate filed with the City shall provide that the City will be given at least ten (10) days prior written notice before modification or cancellation thereof. The policy shall be endorsed to waive the insurer's subrogation rights against the City.
5. Commercial General Liability. Prior to the City's execution of this Agreement, Subrecipient shall obtain, and shall thereafter maintain during the term of this Agreement, commercial general liability insurance as required to insure Subrecipient against damages for personal injury, including accidental death, as well as from claims for property damage, which may arise from or which may concern operations by anyone directly or indirectly employed by, connected with, or acting for or on behalf of Subrecipient.

Subrecipient's commercial general liability insurance policy shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products completed operations liability, independent contractor's liability, personal injury liability, and contractual liability) in an amount not less than \$1,000,000 per occurrence and a general aggregate limit in the amount of not less than \$2,000,000.

Said policies shall be in the usual form of commercial general and automobile liability insurance policies but shall include the following provisions:

- a. Subcontractors' Insurance. Subrecipient shall require all of its subcontractors to carry insurance, in an amount sufficient to cover the risk of injury, damage or loss, which may be caused by the subcontractors' scope of work and activities provided in furtherance of this Agreement, including, but without limitation, the following coverages: Workers' Compensation, Commercial General Liability, Errors and Omissions, and Automobile liability. Upon the City's request, Subrecipient shall provide the City with satisfactory evidence that subcontractors have obtained insurance policies and coverages required by this section.
- b. Commercial Automobile Insurance. Subrecipient is required to provide commercial automobile liability insurance for this Agreement with the exception being those subrecipients that do not require the use of an automobile to meet program requirements as detailed in the Scope of Work.

If Subrecipient requires the use of an automobile or must drive to meet program requirements in the Scope of Work, Subrecipient must submit insurance certificates acceptable to the City that meet the following requirement(s): Subrecipient's automobile liability policy shall cover both bodily injury and property damage in an amount not less than \$1,000,000 per occurrence and an aggregate limit of not less than \$1,000,000. All of Subrecipient's automobile and/or commercial general liability insurance policies shall cover all vehicles used in connection with Subrecipient's performance of this Agreement, which vehicles shall include, but are not limited to, Subrecipient owned vehicles, Subrecipient leased vehicles, Subrecipient's employee vehicles, non-Subrecipient owned vehicles, and hired vehicles.

6. Cyber Liability Insurance. Subrecipient shall maintain during the term of this Agreement, cyber liability insurance with limits of \$1,000,000 per occurrence or claim and \$1,000,000 aggregate, or such other coverage, sufficiently broad to respond to the duties and obligations as is undertaken by Subrecipient under this Agreement, including, but not be limited to, claims involving invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion, and network security.
7. Property-Related Insurance: Subrecipient shall purchase and maintain fire, flood (if in a flood zone), and liability insurance prior to escrow closing for the acquired and rehabilitated property in an amount sufficient, at a minimum, to cover the estimated replacement value of the structure and other

buildings, based on the estimated market value of the structure and property at the time rehabilitation/repair/improvement activities are completed, in order to protect all HUD-assisted assets acquired by the program and ensure the continuance of program objectives. This insurance shall be maintained on the property for as long as the property is owned by the Subrecipient.

E. Grantee Recognition

The Subrecipient shall insure recognition of the role of the Grantee in providing services through this Agreement. All activities, facilities, and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, the Subrecipient will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

F. Amendments

The Grantee or Subrecipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of each organization, and approved by the Grantee's governing body. Such amendments shall not invalidate this Agreement, nor relieve or release the Grantee or Subrecipient from its obligations under this Agreement.

The Grantee may, in its discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both Grantee and Subrecipient.

G. Suspension or Termination

In accordance with 24 CFR 85.43, the Grantee may suspend or terminate this Agreement if the Subrecipient materially fails to comply with any terms of this Agreement, which include (but are not limited to) the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
2. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement;

3. Ineffective or improper use of funds provided under this Agreement; or,
4. Submission by the Subrecipient to the Grantee reports that are incorrect or incomplete in any material respect.

In accordance with 24 CFR 85.44, this Agreement may also be terminated for convenience by either the Grantee or the Subrecipient, in whole or in part, by setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if in the case of a partial termination, the Grantee determines that the remaining portion of the award will not accomplish the purpose for which the award was made, the Grantee may terminate the award in its entirety.

H. Inconsistent or Conflicting Terms in Agreement and Exhibits

In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control. Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

I. Ambiguities

This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

J. Venue

This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this agreement shall be held exclusively in a state court in the County of Merced.

K. Authority to Execute

The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

L. Counterparts

This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

IX. ADMINISTRATIVE REQUIREMENTS

A. Financial Management

1. Accounting Standards

The Subrecipient agrees to comply with 2 CFR part 200 and 24 CFR 84.21–28 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

2. Cost Principles

The Subrecipient shall administer its program in conformance with OMB Circulars 2 CFR part 200, Subpart E – Cost Principles, as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis. Misuse of program funds is a federal offense and is subject to reimbursement and immediate cancellation of this Agreement.

B. Documentation and Record Keeping

1. Records to be Maintained

The Subrecipient shall maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

- a. Records providing a full description of each activity undertaken;

- b. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- c. Records required to determine the eligibility of activities;
- d. Records which demonstrate compliance with 24 CFR 570.503(b)(7) or 570.505 regarding any change of use of real property acquired or improved with CDBG assistance;
- e. Records which demonstrate compliance with the requirements in 24 CFR 570.606 regarding acquisition, displacement, relocation, and replacement housing;
- f. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- g. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21–28;
- h. Other records necessary to document compliance with Subpart K of 24 CFR Part 570; and,
- i. If the services of other businesses within the City of Merced are used in the implementation of this program and reimbursement for those services is requested, business license records of such businesses shall be provided. Subrecipient may contact either the Finance Department or Housing Division to verify current business license status.

2. Retention

The Subrecipient shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of four (4) years. The retention period begins on the date of the submission of the Grantee's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the four-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the four-year period, whichever occurs later.

3. Client Data

The Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and

description of service provided. Such information shall be made available to Grantee monitors or their designees for review upon request.

4. Disclosure

The Subrecipient understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the Grantee's or Subrecipient's responsibilities with respect to services provided under this contract, is prohibited by the applicable State or Federal laws unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

5. Close-outs

The Subrecipient's obligation to the Grantee shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Grantee), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Subrecipient has control over CDBG funds, including program income.

6. Audits & Inspections

All Subrecipient records with respect to any matters covered by this Agreement shall be made available to the Grantee, grantor agency, and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Subrecipient within 30 days after receipt by the Subrecipient. Failure of the Subrecipient to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. The Subrecipient hereby agrees to have an annual agency audit conducted in accordance with current Grantee policy concerning Subrecipient audits and Uniform Guidance. Organization agrees to provide City at Organization's cost, a certified audit performance by an accredited certified public account, of all funds received or utilized by Organization,

including the distribution of CDBG Funds for fiscal year 2021/2022, to be delivered to City by March 31, 2023.

C. Reporting and Payment Procedures

1. Program Income

The Subrecipient shall report quarterly all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this contract. The use of program income by the Subrecipient shall comply with the requirements set forth at 24 CFR 570.504. By way of further limitations, the Subrecipient may use such income during the contract period for activities permitted under this contract and shall reduce requests for additional funds by the amount of any such program income balances on hand. All unexpended program income shall be returned to the Grantee at the end of the contract period. Any interest earned on cash advances from the U.S. Treasury and from funds held in a revolving fund account is not program income and shall be remitted promptly to the Grantee.

2. Indirect Costs

If indirect costs are charged, the Subrecipient will develop an indirect cost allocation plan for determining the appropriate Subrecipient's share of administrative costs and shall submit such plan to the Grantee for approval, in a form specified by the Grantee.

3. Payment Procedures

The Grantee will pay to the Subrecipient funds available under this Agreement based upon information submitted by the Subrecipient and consistent with any approved budget and Grantee policy concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Subrecipient, and not to exceed actual cash requirements. Payments will be adjusted by the Grantee in accordance with advance fund and program income balances available in Subrecipient accounts. In addition, the Grantee reserves the right to liquidate funds available under this contract for costs incurred by the Grantee on behalf of the Subrecipient.

4. Progress Reports

The Subrecipient shall submit regular Progress Reports to the Grantee. These progress reports shall be submitted to the Grantee on a quarterly basis and shall include:

- a. Number of occupants per quarter/Total Served;
- b. Income of all occupants in household;
- c. Amount paid for primary mortgage by household;
- d. Household Demographics per HUD guidelines; and,
- e. Total amount remitted to the City of Merced/Monthly financial statements as justification for program payments

D. Procurement

1. Compliance

The Subrecipient shall comply with current Grantee policy concerning the purchase of equipment and shall maintain inventory records of all non-expendable personal property as defined by such policy as may be procured with funds provided herein. All program assets (unexpended program income, property, equipment, etc.) shall revert to the Grantee upon termination of this Agreement.

2. Office of Management and Budget Standards

Unless specified otherwise within this agreement, the Subrecipient shall procure all materials, property, or services in accordance with the requirements of 24 CFR 84.40–48.

3. Travel

The Subrecipient shall obtain written approval from the Grantee for any travel outside the city limits of Merced with funds provided under this Agreement.

E. Use and Reversion of Assets

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 2 CFR part 200, 24 CFR Part 84 and 24 CFR 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

1. The Subrecipient shall transfer to the Grantee any CDBG funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.
2. Real property under the Subrecipient's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of \$25,000 shall be used to meet one of the CDBG National Objectives pursuant to 24 CFR 570.208 until five (5) years after expiration of this Agreement [If the Subrecipient fails to use CDBG -assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Subrecipient shall pay the Grantee an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non- CDBG funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to the Grantee. The Subrecipient may retain real property acquired or improved under this Agreement after the expiration of the five-year period [or such longer period of time as the Grantee deems appropriate].
3. In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Subrecipient for activities under this Agreement shall be (a) transferred to the Grantee for the CDBG program or (b) retained after compensating the Grantee [an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment].

X. RELOCATION, REAL PROPERTY ACQUISITION, AND ONE-FOR-ONE HOUSING REPLACEMENT

The Subrecipient agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570.606(c) governing the Residential Anti-displacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in 24 CFR 570.606(d) governing optional relocation policies. (The Subrecipient shall provide relocation assistance to displaced persons as defined by 24 CFR 570.606(b)(2) that are displaced as a direct result of acquisition, rehabilitation, demolition, or conversion for a CDBG-assisted project. The Subrecipient also agrees to comply with applicable Grantee ordinances, resolutions and policies concerning

the displacement of persons from their residences.)

XI. PERSONNEL & PARTICIPANT CONDITIONS

A. Civil Rights

1. Compliance

The Subrecipient agrees to comply with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086. Subrecipient also agrees to comply with the provisions of the California Fair Employment and Housing Act (California Government Code Section 12900 et seq.) and the Unruh Civil Rights Act (California Civil Code Section 12101 et seq.).

2. Nondiscrimination

The Subrecipient agrees to comply with the non-discrimination in employment and contracting opportunities laws, regulations, and executive orders referenced in 24 CFR 570.607, as revised by Executive Order 13279. The applicable non-discrimination provisions in Section 109 of the HCDA are still applicable.

3. Land Covenants

This contract is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and 24 CFR 570.601 and 570.602. In regards to the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this contract, the Subrecipient shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the Grantee and the United States are beneficiaries of and entitled to enforce such covenants. The Subrecipient, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary

to enforce such covenant, and will not itself so discriminate.

4. Section 504

The Subrecipient agrees to comply with all Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against the individuals with disabilities or handicaps in any Federally assisted program. The Grantee shall provide the Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this Agreement.

B. Affirmative Action

1. Approved Plan

The Subrecipient agrees that it shall be committed to carry out pursuant to the Grantee's specifications an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966. The Grantee shall provide Affirmative Action guidelines to the Subrecipient to assist in the formulation of such program. The Subrecipient shall submit a plan for an Affirmative Action Program for approval prior to the award of funds.

2. Women and Minority-Owned Businesses (W/MBE)

The Subrecipient will use its best efforts to afford small businesses, minority business enterprises, and women's business enterprises the maximum practicable opportunity to participate in the performance of this contract. As used in this contract, the terms "small business" means a business that meets the criteria set forth in section 3(a) of the Small Business Act, as amended (15 U.S.C. 632), and "minority and women's business enterprise" means a business at least fifty-one (51) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro- Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian- Americans, and American Indians. The Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

3. Access to Records

The Subrecipient shall furnish and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the Grantee, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

4. Notifications

The Subrecipient will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or worker's representative of the Subrecipient's commitments hereunder, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

5. Equal Employment Opportunity and Affirmative Action (EEO/AA) Statement

The Subrecipient will, in all solicitations or advertisements for employees placed by or on behalf of the Subrecipient, state that it is an Equal Opportunity or Affirmative Action employer.

6. Subcontract Provisions

The Subrecipient will include the provisions of Paragraphs X.A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subrecipients or subcontractors.

C. Employment Restrictions

1. Prohibited Activity

The Subrecipient is prohibited from using funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

2. Labor Standards

The Subrecipient agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) and all other applicable Federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The Subrecipient agrees to comply with the Copeland Anti- Kick Back Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The Subrecipient shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Grantee for review upon request.

The Subrecipient agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this contract, shall comply with Federal requirements adopted by the Grantee pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 governing the payment of wages and ratio of apprentices and trainees to journey workers; provided that, if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve the Subrecipient of its obligation, if any, to require payment of the higher wage. The Subrecipient shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

3. “Section 3” Clause

a. Compliance

Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this contract, shall be a condition of the Federal financial assistance provided under this contract and binding upon the Grantee, the Subrecipient and any of the Subrecipient’s subrecipients and subcontractors. Failure to fulfill these requirements shall subject the

Grantee, the Subrecipient and any of the Subrecipient's subrecipients and subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. The Subrecipient certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

The Subrecipient further agrees to comply with these "Section 3" requirements and to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located."

The Subrecipient further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to business concerns that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the CDBG-funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

The Subrecipient certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

b. Notifications

The Subrecipient agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

c. Subcontracts

The Subrecipient will include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the subcontractor is in violation of regulations issued by the grantor agency. The Subrecipient will not subcontract with any entity where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR Part 135 and will not let any subcontract unless the entity has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

D. Conduct

1. Assignability

The Subrecipient shall not assign or transfer any interest in this Agreement without the prior written consent of the Grantee thereto; provided, however, that claims for money due or to become due to the Subrecipient from the Grantee under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the Grantee.

2. Subcontracts

a. Approvals

The Subrecipient shall not enter into any subcontracts with any agency or individual in the performance of this contract without the written consent of the Grantee prior to the execution of such agreement.

b. Monitoring

The Subrecipient will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to correct areas of noncompliance.

c. Content

The Subrecipient shall cause all of the provisions of this contract in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

d. Selection Process

The Subrecipient shall undertake to ensure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the Grantee along with documentation concerning the selection process.

3. Hatch Act

The Subrecipient agrees that no funds provided, nor personnel employed under this Agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

4. Conflict of Interest

The Subrecipient agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which include (but are not limited to) the following:

- a. The Subrecipient shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.
- b. No employee, officer or agent of the Subrecipient shall participate in the selection, or in the award, or administration of, a contract supported by Federal funds if a conflict of interest, real or apparent,

would be involved.

- c. No covered persons who exercise or have exercised any functions or responsibilities with respect to CDBG assisted activities, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, or have a financial interest in any contract, subcontract, or agreement with respect to the CDBG assisted activity, or with respect to the proceeds from the CDBG assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for a period of one (1) year thereafter. For purposes of this paragraph, a “covered person” includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the Grantee, the Subrecipient, or any designated public agency.

5. Lobbying

The Subrecipient hereby certifies 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; and
- c. It will require that the language of paragraph (d) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans,

and cooperative agreements) and that all Subrecipients shall certify and disclose accordingly:

- d. Lobbying Certification: 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 section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

6. Copyright

If this contract results in any copyrightable material or inventions, the Grantee and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for governmental purposes.

7. Religious Activities

The Subrecipient agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization.

XII. ENVIRONMENTAL CONDITIONS

- A. Subrecipient shall confirm with the grantee regarding all project specific locations. The Grantee is considered the responsible entity for the community and is responsible for ensuring all required environmental documents are completed prior to disbursement of federal funds into a project, including acquisition of property.

1. Air and Water

The Subrecipient agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

- Clean Air Act, 42 U.S.C. , 7401, *et seq.*;
- Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines

issued thereunder;

- Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

2. Flood Disaster Protection

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Subrecipient shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

3. Lead-Based Paint

The Subrecipient agrees that any construction or rehabilitation of residential structures with assistance provided under this Agreement shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, Subpart B. Such regulations pertain to all CDBG assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and the advisability and availability of blood lead level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures may be undertaken. The regulations further require that, depending on the amount of Federal funds applied to a property, paint testing, risk assessment, treatment and/or abatement may be conducted. After any necessary abatement, the affected structure(s) shall be re-tested, and clearance certification documentation shall be forwarded to the Grantee.

4. Historic Preservation

The Subrecipient agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR Part 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this

agreement. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

XIII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby, and all other parts of this Agreement shall nevertheless be in full force and effect.

XIV. SECTION HEADINGS AND SUBHEADINGS

The section headings and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

XV. WAIVER

The Grantee's failure to act with respect to a breach by the Subrecipient does not waive its right to act with respect to subsequent or similar breaches. The failure of the Grantee to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

XVI. ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the Grantee and the Subrecipient for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the Grantee and the Subrecipient with respect to this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

GRANTEE
CITY OF MERCED

A California Charter Municipal Corporation

BY: _____
City Manager

ATTEST:
Stephanie R. Dietz, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: Kimberly C. Madry 12/15/21
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

SUBRECIPIENT:
Sierra Saving Grace Homeless Project

BY: Kristin Bizzack
(Signature)

Kristin Bizzack
(Typed Name)

Its: Executive Director
(Title)

Taxpayer I.D. No.: 27-4663143

Address: PO Box 1301
25 W.19th Street
Merced, CA 95340
TELEPHONE: 209-626-5660 (Office)
Email: kbizzack@sierrasavinggrace.org

EXHIBIT A

Scope of Services / Implementation Plan / Project Narrative
Sierra Saving Grace Homeless Project
Rehabilitation and Acquisition Program
FY 2021-2022

Services and Activities Provided

- Assist homeless families with children with a permanent supportive housing unit(s)
- Purchase a new or existing single-family home or duplex/triplex for the program
- Rehabilitate/repair any safety deficiencies in the home before renting

Project Narrative:

The purpose of this project is to acquire a duplex or single family dwelling that will house up to 5 individuals that are currently living on the streets in Merced. With a housing first objective, SSGHP will be able to help transform the individuals from homelessness to productive citizens.

SSGHP has requested this funding to provide affordable housing to our targeted clientele, homeless individuals. The current rental market in Merced has a vacancy rate of 1%, and is a challenge for SSGHP dedicated case managers to find suitable housing for our clientele. The zero interest loan thru the CDBG Home Loan will allow SSG to purchase a duplex or single family dwelling and offer the client a rent that is affordable. Some of our clients who live on the streets have a minimum income and cannot afford the rent now being charged by the local apartment owners. SSGHP can purchase real property and offer to our clients a reasonable rate for rent. Example: A client has an income of \$700.00 dollars a month, SSG can offer the purchase unit at 30% of monthly income which will amount to \$210.00 a month for rent. This an affordable rent to our most vulnerable clients.

SSGHP has used this CDBG Home Loan program for the last 3 years and have found it to be very successful. Our housed clients are now safe, growing in self esteem, and trying to become productive citizens.

Our goal at SSGHP is to allow our housed clients to remain in the purchase unit until they become self sufficient in maintaining their own finances and move out of our program.

About SSGHP

SSGHP is a permanent housing program addressing a population of chronically homeless, disabled individuals who have very little chance of surviving on the street. It is governed by a Board of Directors including representatives from local churches, leaders form community organizations, and concerned citizens. In addition, we have collaborative efforts with other nonprofit and government agencies that make up our Merced County CoC.

The SSGHP surrounds participants with intensive case management developed to support the transition to permanent housing and working toward independent living. SSGHP is built primarily around SHP HUD Grant funding which supplies rent and utility and case management money. SSG is the lessor on the scattered site units with the homeless individual as the tenant authorized to live in the unit. We have identified a pool of property owners that are willing to work with our homeless individuals. This has been a difficult task because of the enigma that is tied to this population.

Once the property is purchased, we will move our qualified (meaning they meet the chronic homeless, disabled criteria) homeless individual in, we begin intensive case management with them. This process is completed by developing individual Service Plans for each participant that includes measurable goals that they must work towards in order to stay housed in our program. Case management is completed in their units in order to monitor the condition of property, ensuring no drug activity, monitoring medical conditions, prescription drug usage, nutrition, hygiene and many other required elements of their individual program.

Services included in their plans include: medical benefits, meals, job search, legal aid, ongoing health care, transportation, laundry needs, household furnishing, social services, food, clothing, etc.

With help of our collaboration within the community, churches, and volunteers and funding of this application for CDBG funds, we are confident that we can provide a successful program to help end homelessness in Merced City/County. We are focused on the City of Merced's Consolidated Plan and we are an important agency that can help our City be successful in improving the poverty conditions of many of our community residents.

Implementation Plan:

#	Task/Activity	Description	Completion Date
1	Identify property to be acquired located in the eligible areas	Network with local realtors for property that will allow SSGHP to attain their goals	Est. 8/1/2021
2	Complete visual inspection of property to identify possible repairs if needed, using the aid of certified home inspectors and pest inspection/agents	Negotiate with property owner to complete needed repairs before the close of escrow	Approx. 60 days before close of escrow
3	Property to be approved by the City of Merced Housing Dept	The location of property and all necessary repairs to be submitted to the City of Merced Housing Dept; ensure compliance with HUD requirements	Approx. 45 days
4	Close escrow on selected property	Coordinate with a local title company to assist in the escrow process and close escrow on the property; complete transfer of ownership to SSG	By 6/1/2022
5	Complete repairs, if necessary, so the property is ready for occupancy	Work with local license contractor to complete all repairs if necessary	Approx. 60 days
6	Work with the Coordinated Entry participants to identify the neediest person or family to occupy the property	Work with local Continuum of Care and/or local Veteran Administration for eligible individual or family	30 days
7	Furnish unit through community donations and move in tenant	Move in client using SSGHP volunteers	As needed

EXHIBIT B

Budget for Rehabilitation and Acquisition Program
Sierra Saving Grace Homeless Project
FY 2021-2022

AGENCY: Sierra Saving Grace Homeless Project
PROJECT NAME: Supportive Housing Project

MISCELLANEOUS PROJECT COSTS:

Administrative Costs	<u>0.00</u>
Supplies	_____
Postage	_____
Consultant Services	_____
Maintenance/Repair	_____
Publications/Printing	_____
Transportation/Travel Required for Business	_____
Rent (portion allocated to this program)	_____
Equipment Rental	_____
Insurance	<u>480.00</u>
Utilities	<u>1332.00</u>
Telephone	_____
Other Expenses (Specify):	<u>1100.00</u>
<div style="border: 1px solid black; padding: 2px;">Home Warranty</div>	

CIP REQUESTS ONLY:

Lead-based paint assessment/abatement	_____
Construction/Renovation	_____
Consultant/Professional Services	_____
Construction Management	_____
Other Expenses (Specify):	_____
<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	

TOTAL CDBG PROJECT BUDGET: **\$ 0.00**