

CITY OF FORT LAUDERDALE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
PARTICIPATION AGREEMENT (FY 2018-2019)

THIS AGREEMENT, entered this 1st day of October, 2018 by and between CITY OF FORT LAUDERDALE, a municipality corporation of the State of Florida, herein after referred to a "City" and

HOUSING OPPORTUNITIES, MORTGAGE ASSISTANCE AND EFFECTIVE NEIGHBORHOOD SOLUTIONS, INC. a non-profit corporation organized under laws of Florida whose usual place of business is **690 Northeast 13th Street, Suite 102 Fort Lauderdale, FL 33304**, herein after referred to as "Participant"

WHEREAS, the City receives Community Development Block Grant ("CDBG") funding from the U.S. Department of Housing and Urban Development ("HUD") to undertake particular activities, including the provision of public services to eligible persons under Title I of the Housing and Community Development Act of 1974, as amended ("HCD Act"). Public Law 93-383 and

WHEREAS, Participant provides CDBG public service programs through its self-sufficiency Program for authorized purposes of eligible persons of the City's established Neighborhood Revitalization Strategy Area(NRSA); and

WHEREAS, the City approved the Annual Action Plan on June 5, 2018 through **CAM #18-0394** and submitted it to HUD; and

WHEREAS, that Plan provided for funding for Participant's program and authorized the proper City Officials to enter into this agreement ("Agreement"); and

WHEREAS, the City wishes to engage the Participant to assist the City in utilizing such funds;

NOW, THEREFORE, it is agreed between the parties hereto that;

I. SCOPE OF SERVICE

A. Activities

The Participant will be responsible for administering the CDBG 2018-2019 Year **Transitional Independent Living (TIL) Self-Sufficiency Program** ("Program"), benefiting the NRSA and its low and moderate income persons ("Project") in a manner satisfactory to the City and consistent with any standards required as a condition of providing these funds. All aspects of the program, including program clients' eligibility, budgets, scopes of services, must be approved by the Housing and Community Development Division ("HCD") prior to the initiation of activities under the project. The Participant understands it must meet and maintain status with the City as a viable Community Based Development Organization (CBDO) and program activities must be carried out according to the requirements of the NRSA, within an identified eligible geographic area of operation within the jurisdiction of the City, lying and being in the NRSA. The Participant has provided the City, through its HCD, with documentation verifying that the Participant is lawfully in possession of all property used for this Program; the Participant will remain so for the term of this Agreement. Such Program will include the following Activities and Scope of Service eligible under the Community Development Block Grant program as provided in **Exhibit A** attached hereto, incorporated herein and of sufficient detail to provide a sound basis for the effective monitoring

of the program and performance. The Scope of Services is to specify at a minimum:

a) The Participant's specific eligibility requirements for participation in the Participant's program; b) The purpose and nature of each service to be offered and where they will be provided; c) The actual tasks to be performed; d) The quantifiable level of service that will be provided for each activity; e) The intended benefits to be received by eligible CDBG clients, and f) The schedule of performance for the work – in terms of overall duration and cumulative units of service per month during the contract period

B. National Objectives

All activities funded with CDGB funds must meet one of the CDBG program's National Objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums or blight; or meet community development needs having a particular urgency, as defined in 24 CFR 570.208. The Participant certifies that the activity(ies) carried out under this Agreement will meet the National Objective of benefiting low and moderate income persons by providing tangible benefits to program and income eligible residents of the NRSA, via services specific to the NRSA, with such tangible benefits more fully described in **Exhibit A**.

C. Levels of Accomplishment – Goals and Performance

The Participant agrees to provide the following levels of program services at the times and schedules described in **Exhibit B**, attached hereto and incorporated herein.

The actual levels of accomplishment must be detailed and provided monthly and may include such measures as percentage of increase in employment, job training centers opened, reduction of percentage of families on public assistance reduced, number of community lending institutions attracted to the neighborhood, formation of a Community Business Association, number of seminars offered to train residents about small business start-ups, and should also include time frames for performance

D. Staffing

Staff Position(s) assigned by Participant and time commitments funded under this agreement to be allocated to each activity are as provided in **Exhibit B**. Staff positions must specify assigned personnel, job duties, job titles and job responsibilities. Additionally, the Participant, if providing a public service generating job creation and/or job retention, will complete and submit **Exhibit C**, as part of the job creation and job retention requirements. The Economic Development activity must meet HUD Public benefit Standards. A written agreement between The City of Fort Lauderdale, HOMES, Inc. and the assisted business, documenting all HUD requirements, is required and must be executed by all parties and approved by HCD

Any changes in the personnel assigned or their general responsibilities under this program / project are subject to the prior written approval of the Manager of Housing and Community Development for the City (hereinafter referred to as "HCD Manager").

E. Performance Monitoring

The City will monitor the performance of the Participant against established goals and performance standards as defined in **Exhibit D** subject to approval and revision by HCD. Participant agrees to develop and maintain tracking systems for each goal and performance

standard that effectively captures the required information. Tracking is to be provided monthly in an electronic format. Payments will not be processed without approved tracking system. Substandard performance as determined by the City will constitute non-compliance with the agreement. If correction of such sub-standard performance is not accomplished or initiated by the Participant within thirty (30) days after being notified by the City, Agreement suspension or termination procedures will be initiated.

F. Deliverables and Outcomes

Participant shall meet the deliverables, outcomes or both and expend funds obtained pursuant to this Agreement in accordance with the provisions herein and the requirements of the NRSA. Additionally, the City requires a monthly update on the Performance Indicators provided in **Exhibit D**. The report is due to HCD by the 10th day of each month.

G. Use of Funds

Participant understands all use of funds must comply with HUD and program requirements. That any use of funds except as described herein requires express prior written approval by the HCD Manager.

H. Neighborhood Revitalization Strategy Area(NRSA)

Participant must be and remain a CBDO as defined in 24 CFR Subpart C, 570.200 - 210 and shall utilize funds to benefit the residents or businesses of the Neighborhood Revitalization Strategy Area of the City of Fort Lauderdale (NRSA), as defined. A description of the strategy for revitalization is attached as **Exhibit E**. The CBDO's specifically identified geographic area of operation as stated in Participant's Articles of Incorporation and By-Laws, must be specifically identified and attached as **Exhibit E**, must be within the existing boundaries of the NRSA. Funds shall be utilized according to the purpose and requirements of the NRSA in compliance with all federal, state and local guidelines and regulations, including, but not limited to, the Code of Federal Regulations: 24 CFR 570.

As part of the reporting requirements as provided in this agreement, Participant shall provide sufficient and acceptable documentation evidencing that all NRSA requirements have been met and the fund were used solely for the provision of approved program benefits for eligible beneficiaries of the NRSA. The Participant is aware of the requirements and responsibilities of the CDBG Program and represents it has the capacity to administer the Program in compliance with all applicable regulations. Failure to satisfactorily demonstrate this or any lack of Program capacity will be seen as an event of default.

I. Calculating and Determining Income Eligibility (as consistent with 24 CFR Part 5, Subpart F (Section 5.609))

City and Participant acknowledge that HUD has two (2) different options that can be used when determining income and certifying the income of applicants. (1) HUD Part 5 definition, and (2) IRS Form 1040 definition

The City and Participant shall use the HUD 24 CFR Part 5 definition of annual income. All verification, documents and information obtained in association with this process must be representations of all pages, must clearly identify the source, the household member, the document's effective date, and must be date stamped by Participant immediately upon receipt. Income calculation, source documentation, eligibility determination, and compliance within the 120-day clock must be provided with each Income Certification. Participant accepts sole responsibility for the valid issuance of an Award Letter to properly income certified applicants.

If, Participant wishes to use the IRS Form 1040 Definition to determine income eligibility, Participant must make a request to and receive prior written approval from the HCD Manager

Participant warrants that in their capacity as a CBDO operating in the NRSA it is the responsibility of the Participant to remain abreast of and comply fully with all program requirements and regulations, and will be required to do so for the life of this contract.

II. TERM AND TIME OF PERFORMANCE

The effective date of this agreement is October 1, 2018

Services of the Participant shall begin on October 1, 2018 and end September 30, 2019. The final invoice must be submitted October 15, 2018 in order for the participant to be eligible for reimbursement.

The participant will forfeit all funds not expended during the terms of this agreement unless otherwise extended in writing by the Housing and Community Development (HCD) Manager based on circumstances not under the Participant's control.

The Participant shall ensure the funds are expended in the following manner :

- Minimum of ¼ of the approved funding is expended by December 30, 2018(\$31,250);
- Minimum of ½ of the approved funding is expended by March 31, 2018(\$62, 500);
- Minimum of ¾ of the approved funding is expended by June 30, 2018(\$93,750);
- All funds are expended by September 30 2019 (\$125, 000), however , the final reimbursement request must be submitted by October 15, 2019

The Department of Housing & Urban Development (HUD) has strict spending deadlines. As a result, the City will impose spending deadlines to ensure all CDBG funds are expended in accordance with HUD rules. Fifty percent (50%) of this CDBG award must be expended and documentation of those eligible costs must be submitted by April 10, 2019. If this minimum expenditure threshold is not met and if documentation is not received by April 10, 2019 the City may terminate this Agreement.

III. BUDGET

The budget sheets for the Program are attached hereto as **Exhibit F**. Any indirect costs charged must be consistent with the conditions of this agreement and of Indirect Cost requirements. All costs charged as part of this agreement must be consistent with 2 CFR 200 and "Cost Principles and Procedures for Non-Profit Organizations as required by OMB Circular A- 122." Participant shall meet the deliverables, outcomes, performance indicators and expend funds obtained pursuant to this Agreement. Participant agrees to provide budget in line item manner, fully describing eligible costs associated with the provision of program benefits. Participant acknowledges budget must be reviewed for compliance and approved by the manager of HCD before Participant can begin submitting reimbursement requests under this Agreement.

IV. PAYMENT

It is expressly agreed and understood that the total amount to be paid by the City under this Agreement shall not exceed **\$125,000.00**. Reimbursements for the payment of eligible expenses shall be made against the line item budget specified in **Exhibit F** herein and in accordance with performance indicators as described above in II - Term and Time of Performance. Expenses for

general administration, if any, shall also be paid against the line item budget specified in **Exhibit F** and in accordance with performance. Payments may be contingent upon certification of the Participant's financial management system in accordance with the standards specified in 24 CFR 84.21.

The CDBG funds shall be released on a reimbursement basis. Participant shall submit monthly invoices to HCD by no later than the tenth day (10TH) of each month. Reimbursement requests must include all HUD required source documentation, which reflects information including but not limited to: beneficiary household eligibility, demographics, Award letter, origin/justification of cost, revitalization accomplished, Participant history of approval of cost, benefits provided to and benefits acknowledged received by eligible CDBG beneficiaries reasonableness, eligible and allocable costs. Participant shall submit mileage logs if reimbursement is sought for eligible vehicle related expenses. Inaccurate submissions that demonstrate lack of capacity or program knowledge will be assessed as an "Event of Default". Participant must have the capacity to do the work and do it in a timely manner. Capacity being defined as but not limited to: Participant's possession of administrative systems and procedures necessary for compliance with Program requirements

If any errors exist in the initial reimbursement/invoice request, HCD staff will provide a written notice detailing the errors. The Participant will have ten (10) calendar days to resubmit the corrected invoice. If corrected invoice is not provided within ten (10) days, the request for reimbursement will no longer be considered and the Participant could thereby forfeit the funds requested in that reimbursement. If the corrected invoice is provided within the ten (10) calendar days and errors still exist, HCD staff will reimburse the portion of the invoice that is correct and the Participant could thereby forfeit the remainder of the funds requested in the invoice. If City has performed in compliance with this section, requests by the Participant for rush or expedited reimbursement shall not be honored, except in the case of unforeseen circumstances or emergency and only upon approval of the HCD Manager. A maximum of three (3) such requests will be allowed during the term of this Agreement.

V. 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. 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 Agreement shall be directed to the following Agreement representatives:

City

Lee R. Feldman
City Manager

As to the **City**
City Manager's Office

Participant

Linda Taylor
Chief Executive Officer

As to the **Participant**
Housing Opportunities, Mortgage

City of Fort Lauderdale
100 North Andrews Avenue
Fort Lauderdale, FL 33301

Assistance, & effective Neighborhood
Solutions, Inc.
690 Northeast 13th Street Suite 102
Fort Lauderdale, FL 33304

VI. GENERAL CONDITION

A. General Compliance

The Participant agrees to comply with all applicable federal, state and local regulations, including 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, except that (1) the Participant does not assume the City's responsibility for ensuring the environmental review is approved by HUD. The Participant also agrees to comply with all other applicable federal, state and local laws, regulations, and policies governing the funds provided under this Agreement. The Participant 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 Participant shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The City shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance, as the Participant is an independent contractor

C. Hold Harmless

Participant shall protect, defend, indemnify and hold harmless the City, its officers, employees and agents, from and against any and all lawsuits, penalties, claims, damages, settlements, judgments, decrees, costs, charges and other expenses or liabilities of every kind, sort or description including, but not limited to, attorneys' fees at both the trial and appellate levels, in connection with or arising, directly or indirectly, out of or resulting from the Participant's acts or omissions in Participant's performance or nonperformance of its obligations and services under this Agreement. Without limiting the foregoing, any and all such claims, relating to personal injury, death, damage to property, defects in material or workmanship, actual or alleged infringement or any patent, trademark, copyright or of any other tangible personal or property right, or any actual or alleged violation of any applicable statute, ordinance, administrative order, rule or regulation or decree of any court, are included in the indemnity.

D. Workers' Compensation

The Participant shall provide proof of Workers' Compensation Insurance coverage for all of its employees involved in the performance of this agreement to HCD.

E. Insurance & Bonding

Participant will obtain, pay for, and keep in force and effect continuously throughout the term of

this Agreement Commercial general liability insurance, in an amount not less than \$1,000,000, for any one person and for any one accident, which coverages shall include property damage, bodily injury and death. A valid Certificate of Insurance shall be provided to the City by the Participant not later than 10 (ten) days after execution of this Agreement. Any such policy shall name the City as an additional insured and shall not be affected by any insurance that the City may carry in its own name.

The Participant shall comply with the bonding and insurance requirements of 24 CFR 84.31 and 84.48, Bonding and Insurance.

F. City of Fort Lauderdale Recognition

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

G. Amendments

The City or Participant 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. Such amendments shall not invalidate this Agreement, nor relieve or release the City or Participant from its obligations under this agreement.

The City 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 City and Participant.

H. Defaults

The following events shall constitute an "Event of Default" pursuant to this Agreement:

1. The Participant fails to perform any covenant or term or condition of this Agreement; or any representation or warranty of the Participant herein or in any other grant documents executed concurrently herewith or made subsequent hereto, shall be found to be inaccurate, untrue or breached.

2. If the Participant or any endorser of the Agreement files a voluntary petition in bankruptcy or shall be adjudicated as bankrupt or insolvent, or shall file any petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, wage earner's plan, assignment for the benefit of creditors, receivership, dissolution or similar relief under any present or future Federal Bankruptcy Act or any other present or future applicable federal, state or other local law, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Participant for all or any part of the properties of Participant; or if within ten (10) days after commencement of any proceeding against the Participant, seeking any

reorganization, arrangement, composition, readjustment, liquidation, dissolution, debtor relief or similar relief under any present or future Federal Bankruptcy Act or any other present or future federal, state or other local law, such proceeding shall not have been dismissed or stayed on appeal; or if, within ten (10) days after the appointment, without the consent or acquiescence of the Participant or of any endorser of the Agreement, of any trustee, receiver, or liquidator of the Participant or any endorser of the Note, or of all or any portion of the Property, such appointment shall not have been vacated or stayed on appeal or otherwise; or if within ten days after the expiration of any such stay, such appointment shall not have been vacated.

3. Participant's breach, violation or failure to perform any of the obligations or any of the covenants and conditions contained herein.

4. Participants failure to perform in accordance with all applicable Federal, State and Local requirements.

Upon the occurrence of any event of default, the City shall issue written notice in accordance with Article V and the City shall cease making disbursements hereunder and, if Participant shall have failed to cure such default within sixty (60) days, declare immediately due and payable, all monies advanced hereunder.

In accordance with 24 CFR 85.43, the City may suspend or terminate this Agreement if the Participant 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 Participant 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 Participant to the City 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 City or the Participant, 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 City determines that the remaining portion of the award will not accomplish the purpose for which the award was made, the City may terminate the award in its entirety.

VII. ADMINISTRATIVE REQUIREMENTS

A. Financial

1. Accounting

The Participant agrees to ensure all aspects of its financial management complies with all applicable HUD Integrity Bulletins on Financial Management, regulations and requirements,

including 24 CFR 84.20-28 Subpart C – Post Award Requirements. Furthermore, Participant agrees its Accounting Standards will 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 Participant shall administer its program in conformance with 2 CFR 200 and OMB Circulars A-122, "Cost Principles for Non-Profit Organizations," or A-21, "Cost Principles for Educational Institutions," as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis. Participant shall ensure all costs are reasonable, allowable, and allocable to the CDBG program.

B. Documentation and Record Keeping

1. Record to be maintained

The Participant shall maintain all records required by the federal regulations specified in 24 CFR 570.506, which 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, benefits provided and beneficiary acknowledgement of benefits received, revitalization accomplished;
- 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 Participant's applicants, CDBG beneficiaries and program activities;
- d. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- e. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- f. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21-28; and;
- g. Other records necessary to document compliance with Subpart K of 24 CFR Part 570

The Participant will report to the City on a monthly basis throughout the term of this Agreement of all services provided, the eligible beneficiaries of those services, and acknowledgement of receipt of said services as verified by the beneficiaries. The Participant will be responsible for maintaining all records necessary to document compliance especially with the provisions of 24 CFR Part 570 as now in effect, and as may be amended from time to time.

2. Retention

The records shall be available for inspection by the City or HUD representative during all normal business hours. The Participant shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of four (4) years commencing from the date of submission of the City of Fort Lauderdale's Consolidated Annual Performance and Evaluation Report (CAPER). 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 (4) year period whichever occurs later.

As used in this Agreement, records shall include but not be limited to e-mails, memorandums, correspondence, accounting documents, receipts, invoices, minutes of meetings, surveys and any and all other documents or data either electronic, paper or both, associated in any way to the administration and implementation of this Agreement and the receipt and disbursement of the federal funds provided in this Agreement.

All records as described in this Agreement are and shall remain the property of the City whether this Agreement is in effect or not. Participant shall provide such documents to City within ten (10) days of City's written request at no cost or expense to City.

3. Client Data

The Participant shall maintain all client data demonstrating eligibility for Participant program and CDBG program. Such data shall include, but not be limited to, client name, address, household income, income level or other basis for determining eligibility, and description with acknowledgement of service(s) provided and acknowledged as received. Such information shall be provided with each reimbursement request or made available to City monitors or their designees for review upon request.

4. Disclosure

The Participant understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City's or Participant's responsibilities with respect to services provided under this Agreement, may be prohibited by state or federal law unless prior written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian. Participant is responsible for identifying and following any state or federal law that may be applicable to disclosure

5. Close-outs

The Participant's obligation to the City shall not end until all closeout requirements are completed. Activities during this closeout 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 City), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the Participant has control over CDBG funds, including program income.

6. Audits and Inspections

The Participant shall arrange for an annual audit of its operations and financial management systems, in accordance with 24 CFR Part 84.26 and applicable 2 CFR 200. The Participant shall pay for this audit at its own expense. The audit provided shall specifically indicate compliance or non-compliance with HUD regulations and the CDBG program. This audit shall be initiated within forty-five.

(45) days of the end of Participant's fiscal year in which fiscal year Participant received funds pursuant to this Agreement. The Participant shall provide a copy of the final audit report to the City within thirty (30) days of receipt, but not later than six (6) months after the end of the audit period.

The Participant shall comply with the requirements and standards of OMB Circular Nos. A-110, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other non-Profit Organizations"; and A-122, "Cost Principles for Non-Profit Organizations"; and A-133 "Audits of States, Local Governments and Non-Profit organizations" that applies to agencies expending \$750,000 or more in federal funds in the last fiscal year and requires that such agencies have a single audit. A "single audit" refers to an agency-wide audit, as opposed to a program specific audit. The Participant shall arrange for an annual audit of its operations and financial management systems, in accordance with 24 CFR Part 84.26 and 2 CFR 200.

If the Participant's total federal income does not meet the requirements of the federal regulations, the Participant shall arrange for an annual audit of its operations and financial management systems, and the audit shall include specific compliance testing of the CDBG Program. The Participant shall pay for this audit at its own expense. The audit shall indicate compliance or non-compliance with HUD regulations. This audit shall be initiated within forty-five (45) days of the end of Participant's fiscal year in which fiscal year Participant received funds pursuant to this Agreement. The Participant shall provide a copy of the final audit report to the City within thirty (30) days of receipt, but not later than six (6) months after the end of the audit period.

The City shall review the Participant's audit report and will require the Participant to implement corrective action noted in the audit. The City shall have the right to review any and all of the Participant's records regarding use of the funds disbursed hereunder.

If as a result of an audit or monitoring by the City and/or the Department of Housing & Urban Development's (HUD) Community Planning Division (CPD) or Office of Inspector General (OIG) or any other governing agency, results in a finding or ruling that the Participant provided funding of an ineligible activity or unallowable expense, the City shall be entitled to recover immediately upon demand from the Participant or any party joining in or consenting to this Agreement, all ineligible or unallowable sums paid by the City to Participant pursuant to this Agreement

All Participant records with respect to any matters covered by this Agreement shall be made available to the City, 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 Participant within thirty (30) days after receipt by the Participant. Failure of the Participant to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments and termination of the Agreement. The Participant hereby agrees to have an annual agency audit conducted in accordance with current City policy concerning Participant audits and OMB Circular A- 133.

C. Reporting and Payment Procedures

I. Program Income

The Participant shall report all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this Agreement. The use of program income by the Participant shall comply with the requirements set forth at 24 CFR

570.504. By way of further limitations, the Participant may use such income during the

Agreement period for activities permitted under this Agreement 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 City at the end of the Agreement 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 City.

2. Indirect Costs

The Participant shall report all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this Agreement. The use of program income by the Participant shall comply with the requirements set forth at 24 CFR 570.504. By way of further limitations, the Participant may use such income during the Agreement period for activities permitted under this Agreement 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 City at the end of the Agreement 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 City.

3. Payment Procedure/ Financial Assistance

The City will pay to the Participant funds available under this Agreement based upon the sufficiency of information submitted by the Participant and consistent with any approved budget and City policy concerning payments. Costs must be reasonable, allowable and only in proportion to the amount allocable to the CDBG program. Payments will be made for eligible expenses actually incurred and outlaid by the Participant and shall not exceed actual cash requirements. Payments must be supported by valid invoices and source documentation, all of which must be clearly identifiable with the payment amount requested. Payments will be adjusted by the City in accordance with advance funds provided (if any) and program income balances available in Participant accounts. In addition, the City, in its sole discretion reserves the right to liquidate funds available under this Agreement for costs incurred by the City on behalf of the Participant.

4. Progress Reports

The Participant shall submit regular (at a minimum quarterly) Progress Reports to the City in the form, content, and frequency as required by the City. The Progress Reports will include an update of the performance indicators, the number of CDBG eligible clients served each month, any successes and concerns experienced throughout the reporting timeframe with verification of the actual tangible program benefits received by each CDBG beneficiary.

D. Procurement

1. Compliance

The Participant agrees to adhere to 2 CFR 200 and 24 CFR Part 84 with regard to the purchase of all equipment and furnishings. Procurement of all items shall be conducted through open competition that may include price or rate quotations or sealed bids from at least two or more qualified sources or responsive bidders. Sole source procurement shall be used only in instances where items to be purchased are not available through open competition.

Participant must ensure the integrity of its purchasing decisions with CDBG funds by maintaining records to detail the significant history of the procurement, documenting the results

and decisions behind purchases. Participant also agrees to use local businesses and contract with small, minority and/or women-owned businesses to the maximum extent feasible. The background, need and details of every purchasing decision must be documented. Solicitations must clearly explain all requirements that the bidder/offeror must fulfill in order for his or her bid/offer to be evaluated. Solicitations must be based on a clear and accurate description of the material, product, or service to be procured, and cannot contain features which unduly restrict competition.

Awards are to be made to the bidder/ Proposer whose bid/offer is responsive to the solicitation and is most advantageous when price and any other pertinent factors are considered. Any and all bids may be rejected when it is in the best interest to do so. Participant must ensure that award is only made to responsible contractors/vendors possessing the ability to perform successfully under the terms and conditions of the proposed procurement.

Participant must ensure that award is not made to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension" (24 CFR 85.35)

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

2. OMB Standards

Unless specified otherwise within this Agreement, the Participant shall procure all materials, property, or services in accordance with the requirements of 24 CFR 84.40-48 and all applicable federal regulations and OMB Circulars.

3. Travel

The Participant shall obtain prior written approval from the City for any travel outside the tri-county area with funds provided under this Agreement.

E. Property /Furnishings/ Equipment /Supplies- Use and Reversion of Assets

The Participant agrees that any property, equipment, furnishings, and supplies purchased with funds obtained through this Agreement, shall be continuously well maintained and kept in good condition and repair in their useful life. All of these property, equipment, furnishings, and supplies shall be kept in a secure location to prevent loss, damage, or theft. All property, equipment, furnishings and supplies acquired by the Participant using CDBG funds shall become the property of the City upon the dissolution of Participant or upon Participant's failure to maintain its eligibility to participate in the CDBG program.

Participant agrees to maintain an accurate asset tracking system detailing property records that include a description of the equipment and furnishings purchased with CDBG funds, listing the location and general condition of said property, and a serial or other identification number. Such records shall also include the source of the property, who holds title, the acquisition date, the cost of the property, and the percentage of federal participation in the cost of the property. Such records shall be provided to the City on a monthly basis throughout the term of this Agreement. The report should be year-to-date property records log, which will show items purchased using CDBG funds from

the start of this Agreement.

The Participant agrees that all equipment and furnishings purchased with funds obtained through this Agreement shall be subject to a physical inventory. The results of said inventory must be reconciled with any existing property records on an annual basis. Any equipment not identified during the inventory or that is otherwise not accounted for during the annual reconciliation shall be subject to reimbursement to the City.

Participant agrees that the equipment, supplies, and furnishings obtained as a result of this Agreement shall not be sold, transferred, or otherwise disposed of, without the prior written consent of the City.

Participant agrees when property is no longer needed and it cannot be used to assist eligible persons, if the value of the property is less than \$5,000, participant may dispose of the property and retain the proceeds as miscellaneous revenue.

When property is no longer needed and it cannot be used to assist eligible persons, if the value of the property is more than \$5,000, disposition instructions should be requested from the City. If the City does not provide instructions in 120 days or has no use for the property, the Participant may dispose of the property provided the CDBG account is reimbursed by applying to the sales price or fair market value of the property an amount equal to the percentage of the original acquisition price of the property.

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 24 CFR Part 84, 24 CFR 570 and 2 CFR 200, as applicable, which include but are not limited to the following:

1. The Participant shall transfer to the City 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 of Agreement.
2. Real property under the Participant'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 *CPR* 570.208 until five (5) years after expiration of this Agreement (or such longer period of time as the City deems appropriate). If the Participant fails to use CDBG-assisted real property in a manner that meets a CDBG National Objective for the prescribed period of time, the Participant shall pay the City 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 City. The Participant 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 City 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 Participant for activities under this Agreement shall be (a) transferred to the City for the CDBG program or (b) retained after compensating the City (an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment).

VIII. PERSONNEL AND PARTICIPANTS

A. Civil Rights

1. Compliance

The Participant 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 and the ADA Amendments Act of 2008 (ADAAA), the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086

The City fully supports the goals of the ADA, ADAAA and Section 504 and will not support Participant discrimination based on disability in any aspect of the employment relationship or in the administration of agency programs. Further, no qualified individual or child with a disability shall be restricted or excluded from equal opportunity for participation, or denied benefits, services or access to City programs and activities.

Each Participant is hereby required to identify its Section 504/ADA Coordinator and provide a notice to all its employees, outlining the roles and responsibilities of this person, and how to contact this person.

2. Language Access Plan and Limited English Proficiency

It is the policy of the City of Fort Lauderdale to ensure that each Participant take reasonable \ steps to provide meaningful access to its programs and activities, including persons with Limited English Proficiency (LEP). Each agency shall develop a Language Access Plan (LAP) that will serve the needs of the clients they serve (*including a TTY/TTD machine and providing program related documents in other languages, upon request*). The Participants LAP policy shall ensure that its staff will communicate effectively with LEP individuals will have access to important programs and information. The Participant shall comply with all federal requirements in providing free meaningful access to its programs and activities for all clients that is inclusive of LEP persons.

3. Nondiscrimination

The Participant 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.

4. Affirmative Action.

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

5. Women and Minority owned Business

Federal regulations require the Participant to use its best efforts to utilize local business firms, minority owned firms, women-owned firms or labor surplus area firms the maximum practicable opportunity to participate in the performance of its CDBG-funded activities (24 CFR 85.36(E) OR 84.44(8)). As used in this Agreement, 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 African-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Participant may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.

6. Notification

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

7. Equal Opportunity and Affirmative Action

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

E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

8. Sub-agreement Provisions

The Participant will include the provisions of Paragraphs VIII.A, Civil Rights, and VIII.A.3, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own sub-recipients or subcontractors.

9. Fair Housing and Equal Opportunity

The fair Housing Act of 1988 (42 U.S.C 3601-3620). In accordance with the Fair Housing Act, it is required that Participant administer all programs and activities related to housing and community development in a manner to affirmatively further the policies of the Fair Housing Act. Implementing regulations can be found at 24 CFR Part 100.

10. Section

The Participant 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) ("Act"), which prohibits discrimination against the individuals with disabilities or handicaps in any federally assisted program. The City shall provide the Participant with any guidelines necessary for compliance with that

portion of the regulations in force during the term of this Agreement.

11. Age Discrimination

Section 109 of the Act further provides that any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified handicapped person as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall also apply to any program or activity funded in whole or in part with funds made available pursuant to the Act. Regulations implementing the Age Discrimination Act are contained in 24 CFR Part 146 and the regulations implementing section 504 are contained in 24 CFR Part 8

12. Drug-Free Workplace

The Drug-Free Workplace Act of 1988 (42 U.S.C. 701), which requires grantees (including individuals) of federal agencies, as a prior condition of being awarded a grant, to certify that they will provide drug-free workplaces. Each potential recipient must certify that it will comply with drug-free workplace requirements in accordance with the Act and with HUD's regulations provided at 48 CFR Part 23.500, et seq.

13. Debarment and Suspension

E.O. 12549 and 12689, "Debarment and Suspension," as set forth at 24 CFR Part 24. This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principal employees. Participant is to obtain and provide to HCD a Data Universal Numbering System (DUNS) number and register with System for Award Management (SAM). Once registered with SAM, Participant must maintain an "Active" status.

B. Employment Restrictions

1. Prohibited Activities

The Participant 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 Participant agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Agreement 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 Participant agrees to comply with the Copeland Anti-kickback 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 Participant shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the City for review upon request.

The Participant agrees that, except with respect to the rehabilitation or construction of residential property containing less than eight (8) units, all contractors engaged under

Agreements in excess of \$2,000.00 for construction, renovation or repair work financed in whole or in part with assistance provided under this Agreement, shall comply with federal requirements adopted by the City pertaining to such Agreements 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 Participant of its obligation, if any, to require payment of the higher wage. The Participant shall cause or require to be inserted in full, in all such Agreements subject to such regulations, provisions meeting the requirements of this paragraph.

3. Section 3 Clause

a. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

b. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

c. The Participant agrees to send to each labor organization or representative of workers with which the Participant has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin

d. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

e. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135

f. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted

contracts.

g. 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 Agreement, shall be a condition of the federal financial assistance provided under this Agreement and binding upon the City, the Participant and any of the Participant's participants and sub-contractors. Failure to fulfill these requirements shall subject the City, the Participant and any of the Participant's participants and sub-contractors, their successors and assigns to those sanctions specified by the Agreement through which federal assistance is provided. The Participant certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

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

C. Conduct

1. Assignability

The Participant shall not assign or transfer any interest in this Agreement without the prior written consent of the City thereto; provided, however, that claims for money due or to become due to the Participant from the City under this Agreement 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 City.

2. Sub-contracts

a. Approvals

The Participant shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the written consent of the City prior to the execution of such agreement. All such agreements shall be approved by the City prior to execution.

b. Monitoring

The Participant will monitor all subcontracted services on a regular basis (at least once annually) to assure Agreement 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 Participant shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

d. Selection Process

No employee, officer, or agent of the Participant shall participate in the selection, award, or administration of a contract supported by CDBG funds if a real or apparent conflict of interest would be involved. The Participant shall take such actions 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. See also (4) Conflict of Interest below. Executed copies of all sub contracts shall be forwarded to the City along with documentation concerning the selection process.

3. Hatch Act

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

4. Conflict of Interest

The Participant agrees to abide by the provisions of 24 CFR 84.42 and 570.611, along with HUD Office of Inspector General's Conflicts of Interest Integrity Bulletin, attached as **Exhibit G**, which include (but are not limited to) the following:

- a. The participant shall maintain a written code of standards of conduct that shall govern the performance of its officers , employees or agents engaged in the award and administration of agreement supported by federal funds.
- b. No employee, officer or agent of the Participant 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. Such a conflict would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-Agreements. The requirement applies for such persons during their tenure and for a period of one year after leaving the organization. It is applicable to the procurement of supplies, equipment, construction, and services; acquisition and disposition of real property; provision of assistance to individuals, businesses or other private entities for all eligible activities at 24 CFR 570.201-204; and provision of loans to individuals, businesses, and other private entities. The Code of Federal Regulations at 24 CFR 570.611, Conflict of Interest. In the procurement of supplies, equipment, construction, and services by Participant, the conflict of interest provisions in 24 CFR 84.42 shall apply. The Participant shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts.

- 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 Agreement, or have a financial interest in any Agreement, 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 City, the Participant, or any designated public agency.

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5. Lobbying

The Participants hereby certifies that:

- a. The Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) applies if the procurement contract amount is in excess of \$100,000. Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier up to the recipient.
- b. No federal appropriated funds have been paid or will be paid , by or on behalf of Participant, 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 agreement, 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 agreement, grant, loan, or cooperative agreement
- c. 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 agreement, grant, loan, or cooperative agreement, Participant will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
- d. Participant will require that the language of this certification will be included in the award documents for all sub-awards at all tiers (including subcontracts, sub grants, and agreements under grants, loans, and cooperative agreements) and that all Participants shall certify and disclose accordingly; and
- e. 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 agreement results in any copyrightable material or inventions, the city 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 Participant agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.2000), such as worship, religious instruction, or proselytization.

IX. ENVIRONMENTAL CONDITIONS

A. Air and Water

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

- All applicable standards, orders or regulations issued pursuant to the Clean Air Act, 42 U.S.C., 7401, *et seq.*
- Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *ci 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 hereunder.
- The Clean Air Act (42 U.S.C. 7401 *et seq.*) and the Federal Water Pollution Control Act (33 U.S.C. 1251 *et seq.*), as amended, if the grant amount is in excess of \$100,000
- Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended

Violations shall be reported to the office of Housing and Urban Development (HUD) and the regional office of the Environmental Protection Agency (EPA) .

B. Flood Disaster Protection

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Participant 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)

X. SERVABILITY

If any provisions of this Agreement are held invalid, the remainder of this agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effective.

XI. SECTION HEADINGS AND SUBHEADINGS

In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Participant 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).

XII. TERMINATION OF AGREEMENT

No waiver by the City of any breach of any provision of this Agreement shall be deemed to be a waiver of any other provision or be construed to be a modification of the terms of this Agreement.

This Agreement may be terminated under 24 CFR 84.61 or for convenience if so determined by the City.

The Participant shall not incur new expenses for equipment or furnishings after receiving notice of the cancellation of this Agreement and shall cancel as many outstanding obligations for ordered items as possible.

XIII. WAIVER

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

XIV. ENTIRE AGREEMENT

This Agreement along with attachments shall constitute the entire Agreement between City and Participant; 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 City and the Participant with respect to this Agreement. No prior written, prior or contemporaneous oral promises or representations shall be binding. This Agreement shall not be amended except by written instrument signed by both parties.

XV. AUTHORISED SIGNATORY

The City Manager is authorized to execute this Agreement on behalf of the City.

XVI. E-VERIFY

Participant agrees for itself to use and will include in its agreements with its sub-grantees and its subcontractors performing work or providing services pursuant to and during the term of this Agreement, a requirement to use and comply with the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all new employees hired by the Participant, sub-grantees and subcontractors.

XVII. HUD FUNDING

This Agreement is contingent upon HUD approving the City's 2018/2019 Action Plan as approved by the City Commission on June 5, 2018 and upon HUD funds being made available to the City.

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IN WITNESS WHEREOF, the parties hereto have set their hands and seals the 23RD day of

January 2018

WITNESSES:

T. Schwing
Witness Print Name

[Signature]
Witness Signature

PARTICIPANT

Housing Opportunities, Mortgage Assistance & Effective Neighborhood Solutions, Inc, a Florida not for Profit Corporation.

BY: [Signature]

Linda Taylor, Chief Executive Officer

ATTEST:

Secretary

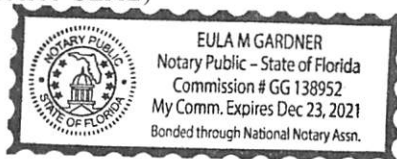
(CORPORATE SEAL)

STATE OF FLORIDA:

COUNTY OF BROWARD:

The foregoing instrument was acknowledge before me this 23RD day of January 2018 by Linda Taylor, Chief Executive Office of Housing Opportunities, Mortgage Assistance & Effective Neighborhood Solutions, Inc, who is ☒ personally known to me or ☐ as presented to me _____ as identification .

(NOTARY SEAL)



[Signature]
Signature of Notary

EULA M GARDNER
Name of Notary (Typed, Printed or Stamped)

Commission Expires: Dec 23, 2021

Commission Number: GG138952

CITY

WITNESS:


CITY OF FORT LAUDERDALE

By


Christopher J. Lagerbloom, City Manager

Date

021819


Kerry ARTURS
[Witness type/print name]

(CORPORATE SEAL)

ATTEST:

By


Jeffrey A. Modarelli, City Clerk

Approved as to form:

Alain E. Boileau, City Attorney

By


Lynn Solomon, Assistant City Attorney

THE CITY OF LOS ANGELES
OFFICE OF THE COMPTROLLER
GENERAL ACCOUNTS

FILE NO.

COMMITTEE REPORT
ON THE ACCOUNTS OF THE
COMPTROLLER



REPORT OF THE COMPTROLLER
ON THE ACCOUNTS OF THE

COMPTROLLER
GENERAL ACCOUNTS

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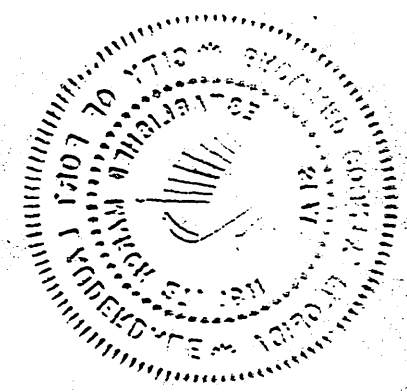


Exhibit A

Scope of Services

The purpose of the TIL Program and the over-arching goal of H.O.M.E.S., Inc. is to provide guidance and a stable base from which this extremely at-risk population of adults, aged out of foster or relative care, can live independently, learn to handle adult responsibilities, effectively enter the world of work, attend school, and overcome obstacles that are preventing them from moving toward learning essential life skills. The ultimate goal is to assist these adults become independent contributing members of the community and provide a decent life for themselves and in some instances their children (which helps in breaking the cycle of neglect, abuse and/or abandonment they experienced as children in the system).

Components of our Program include school placement and oversight, job coaching, paid internships; job placement assistance; financial literacy education classes; monthly passes for those without a car; group counseling; individual staff mentoring and help with a host of issues. These young people are provided with quality day care referrals at reduced rates and furnished apartments for up to 21 youth and their small children at rental rates well below market value.

Exhibit B

Time and Schedule

The Participant shall ensure the funds are expended in the following manner :

- Minimum of $\frac{1}{4}$ of the approved funding is expended by December 30, 2018(\$31,250);
- Minimum of $\frac{1}{2}$ of the approved funding is expended by March 31, 2018(\$62, 500);
- Minimum of $\frac{3}{4}$ of the approved funding is expended by June 30, 2018(\$93,750);
- All funds are expended by September 30 2019 (\$125,000) however, any final reimbursement request must be submitted by October 15, 2019

The Department of Housing & Urban Development (HUD) has strict spending deadlines. As a result, the City will impose spending deadlines to ensure all CDBG funds are expended in accordance with HUD rules. Fifty percent (50%) of this CDBG award must be expended and documentation of those eligible costs must be submitted by April 10, 2019. If this minimum expenditure threshold is not met and if documentation is not received by April 10, 2019 the City may terminate this Agreement.

Exhibit C

Job Creation and/or Retention (Not applicable to this Project)

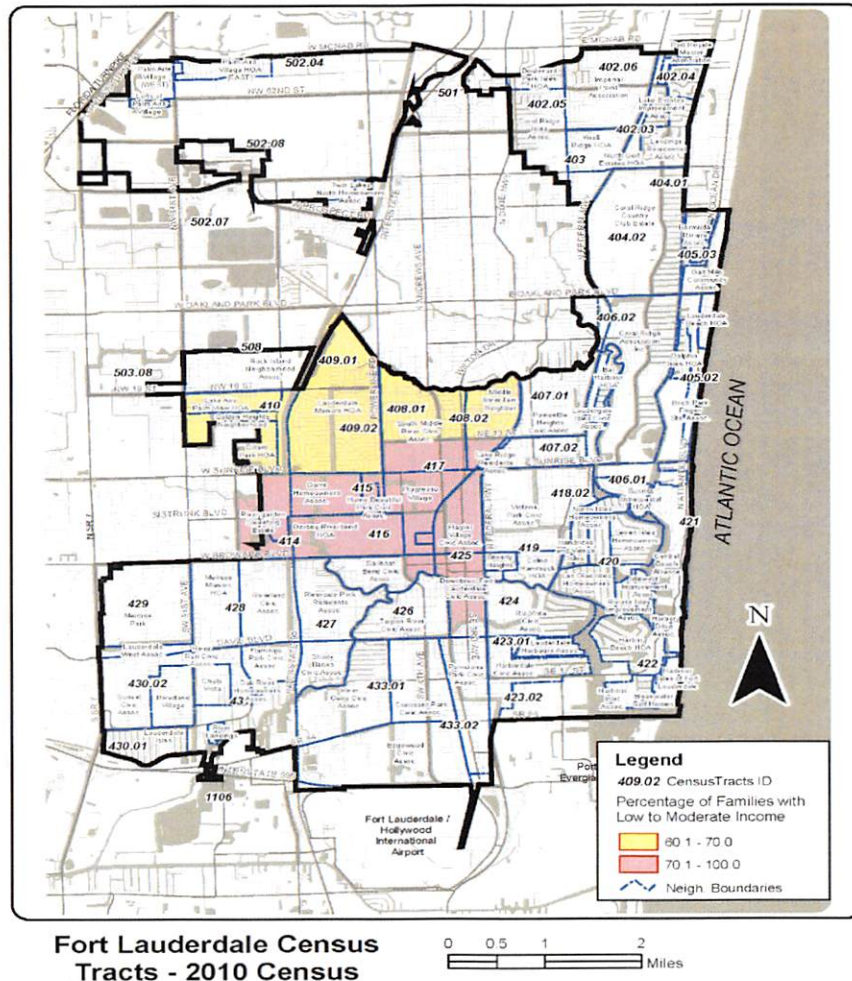
Exhibit D

Goals and Performance

Goal	EVALUATION METHOD	COMPLETION DATE	REPORTING MECHANISM
Twenty five (25) Youth will be recruited to participate in the Program Orientation with 16 selected to participate in the program	Referral from Life Coach or partnering agency, Personal Interview, Intake Assessment, program eligibility forms and drug screening.	10/30/18	Youth file folder with supporting documents
100% of the 16 Youth will complete the Employability & Career Assessment to determine their capacity and developing career goals	Assessment tools to be purchased from Best Practice Models	11/5/18	Completed Assessment Tools
100% of the 16 youth will complete a Resume and Interview Prep	Completed Resume and mock Interviews with community partners	1/31/19	Resume and Interview Notes complete a Completed forms and interview notes
80% of these youth will a minimum of three (3) interviews	Job search forms	2/1/19 - 3/1/19	Completed forms and Interview notes
80% of the 16 Youth will successfully complete an internship earning \$10.00 per hour	Placement with a company or organization through the internship program	4/30/19	Pay stubs
100% of participants will complete a monthly budget	Budget guide form	Ongoing	Completed Budget Guide
Three to five local business will be assisted through the on the job training by participating in the internship program	MOU executed between employer and H.O.M.E.S., Inc. for the internship placement	8/30/19	Completed Survey from the employer
Three to five jobs will be created through the internship program	Letter from employer of job offer after the internship program	8/30/19	Letter of hire or written notice from the employer.

Exhibit E

NRSA Area



Path: P:\13_DSD_CDBG_Census_Tracts\ArcMap\CDBG_Tracts8x11mxd.mxd

Exhibit F

Line Item Budget

Section #9: **BUDGET SHEETS**FY 2018/2019
BUDGET ITEMIZATION SUMMARY DETAIL

DETAILED COST LINE ITEM	DIRECT	DETAILS (Please provide a detailed description of each reasonable, eligible and allocable Line Item cost associated with the program to be submitted to HCD for reimbursement)	CDBG COST	ALL OTHER COSTS	TOTAL BUDGET COST of LINE ITEM	CDBG % OF COST
Salaries		Listed Staff member salaries, not including benefits: K. Barry 25% \$16,149; L. Taylor 45% \$43,902; R. Amir Campos 50% \$29,604; R. Boyton 4% \$1,937.70; M. Lundgren 50% \$18,408;	\$ 110,000.00	\$198,422.00	\$308,422.00	36%
Benefits		Benefits such as Medical Insurance premium, Disability insurance, Life Insurance for the above staff members	\$0.00	\$ 32,003.00	\$32,003.00	0%
Program Space		50% Suites 101-103, Rental Units Mortgage (50% of Office Space)	\$ 12,000.00	\$113,100.00	\$ 125,100.00	9.5%
Audit Program		Youth Self Sufficiency Program Portion	\$ 3,000.00	\$ 7,000.00	\$ 10,000.00	30%
Internship		Youth Self Sufficiency Internships (Children's Service Council 19 Interns for 14 weeks)	\$0.00	\$ 33,000.00	\$ 33,000.00	0%
Rent Subsidies		Youth Self Sufficiency Program Rent Subsidies	\$ 0.00	\$ 90,000.00	\$ 90,000.00	0%
Insurance		General Liability, Workers Comp & Wind Coverage for TIL Bldgs)	\$ 0.00	\$ 14,100.00	\$ 14,100.00	0%
Youth Nutritional and Fit Program		Classes provided to educate youth and community in healthy eating and staying fit	\$ 0.00	\$12,500.00	\$12,500.00	0%
Youth Apartment Furnishing		Furnishing Expenses	\$ 0.00	\$ 7,500.00	\$ 7,500.00	0%
Youth Emergency Funds		Emergency Funds	\$ 0.00	\$10,000.00	\$10,000.00	0%

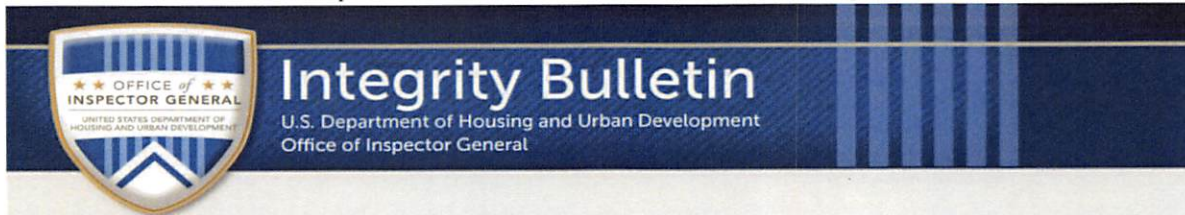


Youth Bus Passes	Monthly Bus Passes for Youth	\$ 0.00	\$ 7,500.00	\$ 7,500.00	0%
Youth Special Occasions	Thanksgiving Dinner, Christmas Party, Family Fish Fry, Birthday Cakes	\$ 0.00	\$ 1,500.00	\$ 1,500.00	0%
Youth Apartment Utilities	Water, Sewer, Garbage & Pest Control	\$ 0.00	\$21,000.00	\$21,000.00	0%
Youth Apartment Maint & Repairs	Maintenance and repairs	\$ 0.00	\$10,000.00	\$ 10,000.00	0%
Staff Training & Travel	Staff Training & Travel	\$ 0.00	\$ 2,500.00	\$ 2,500.00	0%
Copier/Telephone	Copier & Copies Telephone, Fax, Internet for Youth Program	\$ 0.00	\$ 9,500.00	\$ 9,500.00	0%
Supplies	Program Supplies	\$ 0.00	\$ 3,500.00	\$ 3,500.00	0%
Admin	Expenses for Youth Program	\$ 0.00	\$ 6,000.00	\$ 6,000.00	0%
TOTAL		\$ 128,000.00	\$ 602,828.00	\$727,128.00	

Exhibit G

Inspector General's Conflicts of Interest Integrity Bulletin

Office of Inspector General's Conflicts of Interest Integrity Bulletin



"In government contracting, we can't afford the luxury of mistakes. You must be aware of what is going on and what you can do to protect both the government and yourself."

— Federal Acquisition Institute

Procurement & Contracting: Five Ground Rules for Grantees and Subrecipients

Purpose

Goods and services must be procured in an effective manner and in compliance with Federal, State, and local laws. These laws exist to ensure that funds are awarded through fair and open competition and are spent on eligible and reasonably priced goods and services. Although the majority of grantees and subrecipients comply with these rules and regulations, we are issuing this bulletin to assist you in identifying potential weaknesses in procurement and contracting procedures. Weak or nonexistent procurement policies and management oversight can entice some employees to manipulate contracts to their personal benefit and can result in costly, wasteful, or unenforceable contracts. However, the very act of monitoring procurements and contracts has a deterrent effect on fraud and poor management and thereby enhances the integrity of the program.

While the information contained in this bulletin does not supersede previously issued guidance currently in effect, it should serve as a useful tool in highlighting important requirements and establishing self-assessments of your procurement and contracting activities.

Background



Federal grants are covered either by a new common rule at 2 CFR (Code of Federal Regulations) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, or the previous version at 24 CFR Parts 84 and 85 (for grants made before December 14, 2014). Grantees are also required to follow applicable State or local laws on procurement, depending on their location. If there are inconsistencies among Federal, State, or local laws, the strictest of the requirements applies.

Although the administrative procedures concerning procurement may vary, there are several major requirements that should be met consistently. While reviewers must concentrate on administrative compliance, they also should be alert to indications of fraud and abuse. When indications of irregularity are uncovered, additional assessment of the situation may be needed. It is prudent for elected officials and executives to be alert to any controversies or complaints regarding these activities and the staff responsible for them.

Ensure That Five Ground Rules Are in Place

A primary duty of elected officials and executives in regard to procurement and contracts is to ensure that policies and procedures are in place and comply with all Federal, State, and local requirements. Ask any business leader what is the greatest challenge in these times, and the most likely answer will be "to manage costs." Procurement and contracting are key areas in which grantees can control costs. Generally, elected officials approve the procurement policy, and executives are responsible for executing the policy and ensuring that it is followed. Regardless of whether the executive administers procurement directly, delegates it to other officials or subrecipients, or contracts out the procurement process, the grantee is ultimately responsible. You should ensure that checks and balances are in place to detect and prevent violations of procurement rules and procedures. In other words, internal controls and a quality control system should be in place so you can have assurances that rules are followed. While you must follow all requirements, you will position yourself well for meeting other rules by ensuring that five basics are in place.

1. Maintain Separation of Duties

The most direct way to prevent fraud is to eliminate the opportunity.

The person(s) delegated to do the ordering should be different from the person(s) receiving and accepting the goods and the person(s) paying for the order. When this is not possible due to the limited size of staff or when the process is decentralized, as in the case of an outstationed project manager, additional rules should be used, such as limiting dollar authorizations and periodic reviews by an independent individual. The grantee should ensure that only designated individuals have the authority to make binding contracts. If you have a small staff, you must devise a method for independent oversight. The rule of thumb should be that if an employee touches the money, mail, or goods purchased, he or she should not touch the books.

Example of Inadequate Separation of Duties

- An audit found that all Community Development Block Grant (CDBG)-related mail, including vendor invoices, was opened by a finance director. The director also was responsible for cash receipts and reconciling bank statements. Because this violated the separation of duties principle, the director should have had someone else who didn't have access to the financial records, be responsible for opening and logging in the mail. In addition, bank reconciliations should be done by an employee who is not responsible for cash receipts.

2. Provide Competencies and Training

A best practice for grantees is to have a knowledgeable entity review their procurement policies and procedures to ensure that they meet HUD and Office of Management and Budget requirements. In addition, contracting staff should be sufficiently trained to perform its duties and meet its responsibilities.

Many Federal and State contracting officers have strict training requirements, but these requirements may not always flow down to the local grantee or subrecipient level. Many of the grantee's expenditures go through this process, making it a high-risk area requiring competent and ethical staff that performs at a high level.



For this reason, it is up to the grantee to ensure that a standard is in place and that anyone hired to conduct procurement activities has appropriate training and experience. The grantee should also provide continuing training in procurement and contracting to ensure that its staff keeps up to date on procurement requirements, such as the new 2 CFR Part 200. Training is available from many State agencies, the National Procurement Institute, the Public Contract Institute, or private firms, but it must be tailored to Federal grant requirements.

Example of Poor Policies or Training

- City council members approved a construction contract for \$782,215 for the rehabilitation of 28 residential streets. A month later, the council members approved a change order that increased the contract from \$782,215 to more than \$2.1 million, which allowed the contractor to perform additional construction work on 16 more residential streets. Regulations required that the city make available preaward review procurement documents, such as proposals or invitations for bids, independent cost estimates, etc., when a proposed contract modification changed the scope of a contract or increased the contract amount by more than \$100,000. Although the city obtained approval from council members for the material change order, there was no documentation to show that it performed a cost or price analysis as required by 24 CFR 85.36(f)(1). This condition occurred because the city had policies and procedures that were separate from its implemented program procedures, which did not consider applicable HUD rules and regulations to ensure proper documentation of its program-funded procurement actions. The grantee should have used the HUD-required procurement rules.

3. Insist on Good Record Keeping



Grantees should ensure that policies and procedures are comprehensive regarding the level of documentation to be maintained on procurements and contracts. While outside parties or subrecipients may conduct the procurements, the grantee is responsible for ensuring that all original records are available and readily accessible for audit or other reviews.

While it is not required, you may want to consider requiring that periodic reports on procurement activities be reviewed by management to ensure transparency and integrity in the process. Reviewing these reports may disclose conflicts of interest or other abuses. Reports to consider obtaining are

- A **spend map**, a periodic plan for what is to be bought. Understand what (and how) you and your subrecipient spend.
- A **contracts register** of vendors, contractors, and subcontractors by date and type of procurement (micropurchases, small purchases, requests for proposals, and sole-source and competitive bids), funding source, and amount of the contract, along with a brief description.
- A **Summary of change orders** by contract.
- A report that **cross-checks** vendor addresses and phone numbers with those of employees.
- A report of any **purchases lacking invoices**.

Examples of Poor Record Keeping

- During an audit, a city did not provide complete file documentation for its procurement and expenditure transactions, resulting in many requests for missing documents. After the audit fieldwork ended, the city provided more than 18,000 pages of documentation to support its procurements and expenditures. A

3

review comparing the work activity logs, provided as support for payments for a drainage cleaning contractor, to the contractor's invoices found that the work activity logs were not complete. The city will need to work with HUD to review the records and determine whether they support the procurements and costs claimed. The grantee should have ensured that it received and maintained all necessary support. In labor hour contracts, the city needed to ensure that it received signed time and attendance reports and that those reports indicated which hours were for which approved activities.

- An audit of a State found that it did not require its contractor to bill by the detailed tasks listed in its \$144 million CDBG Disaster Recovery-funded contract. Since the State allowed the contractor to bill by position and total hours worked, it could not determine what tasks the contractor had completed or whether it had overpaid the contractor for any task. The State should have required the contractor to bill by task.

4. Maximize Competition

Ensuring that procurements are conducted and contracts are awarded in a way that obtains the most competition will serve the agency well. If you encounter any of the issues listed below, you should dig deeper to ensure that procurements are being made properly:



- Use of sole-source contracts,
- Insufficient price or rate quotes from qualified sources,
- Lack of independent cost estimates or cost analyses,
- A failure to rotate vendors on lower priced purchases,
- The use of unreasonably narrow or specific qualification criteria or bid specifications,
- Short timeframes for responding to offers,
- An insufficient number of responsive bidders,
- Overuse of change orders,
- Failure to check government debarment lists,
- Overuse of small purchase contracts,
- Lack of outreach to women and minority business enterprises, and
- An excessive number of small purchase contracts close to the small purchase dollar limit.

Example of Poor Procurement Practices

- An Authority's procurement process for its HOME Investment Partnerships Program had significant problems. The Authority awarded 27 contracts valued at \$1.8 million to 10 contractors during the audit period. The Authority:
 - Accepted faxed bids in the procurement process for four clients. There were two contracts awarded based on a faxed bid. The related payments totaling \$114,014 were unsupported. Regulations at 24 CFR 85.36(d)(2)(ii)(C) state that if sealed bids are used, all bids will be publicly opened at the time and place prescribed in the invitation for bids. The grantee's program manual required sealed bids.

- Executed a contract for services when different sealed bids were submitted on the same day from the same contractor for the same project, which resulted in an unsupported payment of \$8,000. There was no documentation explaining why the bid awarded was greater than the lowest bid submitted. Regulations at 24 CFR 85.36(d)(2)(ii)(D) state that a contract will be awarded to the lowest responsive and responsible bidder.
- Paid contractors before inspection and project completion contrary to the Authority's management plan requirements. The Authority's management plan states that the Authority must ensure that work is inspected before making payment to contractors.
- Did not ensure that the amount of the bid submitted by the contractor equaled the accepted bid amount on the bid summary. The bid form submitted by the contractor listed a bid in both numerical and written form, and the Authority accepted the numerical bid amount. The Authority's bid form states that bid amounts must be stated in both words and figures and that in case of a discrepancy, words will govern.
- Accepted bids for demolition services when the demolition method was not known at the time the bids were received. Since the demolition method was not known, the Authority could not have determined an accurate cost estimate. Regulations at 24 CFR 85.36(f) state that subgrantees must perform a cost or price analysis in connection with every procurement action. Grantees must make independent estimates before receiving bids or proposals. It was determined later that the demolition work was not done on several units, although the grantee paid for the work.

5. Uphold Ethics and Bar Conflicts of Interest

HUD requires that a written code of standards be included in the procurement policy, and many State and local conflict-of-interest laws also have requirements. Ensure that your guiding principles bar those in positions of trust from personally gaining from transactions and that the process is fair to all seeking to do business with the grantee or subrecipients.



A common problem is the lack of understanding of what "appearances of conflicts" entails. Too often, managers believe that indirect or noncash gifts are not considered a conflict of interest. Examples are vendor or contractor donations to employee fund-raising drives, event tickets, meals, or giveaway gifts like a Thanksgiving turkey or iPad drawing given to an employee-affiliated organization. These gifts could be considered potential conflicts of interest so it's best to be wary of accepting anything of value from a contractor. If you are unsure whether it is legal or creates an appearance of a conflict, seek expert advice.

As a grantee, you have an obligation to not only avoid conflicts of interest yourself, but also to be alert and question real or apparent conflicts by any others, including subrecipients. Conflict-of-interest restrictions also extend to immediate family members, business partners, or organizations where they may be employed or seeking employment.

Ethics also entails maintaining integrity through strong financial controls to avoid embezzlement and theft of assets. During fiscal years 2011 to 2015, the Office of Inspector General (OIG) investigated and obtained 239 convictions of grantee staff members or contractors.

Examples of Ethical Violations

- A grantee, through its subrecipient, administered its CDBG revolving Economic Development Loan programs, including a commercial loan program. A commercial loan of \$200,000 was made at a 2 percent interest rate to relocate several manufacturing businesses into one central location. There was a potential conflict of interest as the loan was made to a local for-profit corporation, the president of which was also on the board of directors of the subrecipient that made and administered the loan on behalf of the city. HUD regulations prohibit participation in the administration of a contract if there is a real or apparent conflict of interest. The grantee should have been aware of and monitor for conflicts of interest between a subrecipient and entities that it supported with grant funds.
- Following an OIG investigation, a former CDBG grant administrator was sentenced to 36 months' probation and ordered to pay restitution to HUD in the amount of \$116,064. Over a 4-year period, the defendant received a salary from a city department as the grant administrator and also formed a company and was its executive director. The defendant awarded several CDBG contracts to this company. He collected a salary from the city as a grant administrator and also collected a salary as the executive director of his company, which was paid using CDBG funds.

In Summary – Stay Alert

Most procurement and contracting problems come to light through complaints, protests, and alertness to unusual circumstances. Be sensitive to any findings on the procurement process by your independent public auditor. Also, be vigilant for any controversies or complaints regarding these activities and the staff members responsible for them. You should understand the types of purchases that are not allowed or exceed needs. Remember, even allowable costs can be disallowed if they are unreasonable or not for an eligible or allowed purpose. While there are many schemes and poor practices in the procurement and contracting areas, following the above basics will give you and your agency an advantage in preventing and detecting fraud and avoiding repayment of funds. If you are in doubt about a situation, don't ignore it. Get advice from your counsel, HUD office, or other experts.

**Serious allegations of fraud should be reported to your local
HUD Office of Inspector General or to the HUD OIG hotline at**

<http://www.hudoig.gov/report-fraud>.



COMMISSION AGENDA ITEM
DOCUMENT ROUTING FORM

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2/19/19

Today's Date: 2/15/19

DOCUMENT TITLE: CDBG Program Participation Agreement (2018-2019)– Housing Opportunities, Mortgage Assistance and Effective Neighborhood Solutions, Inc.

COMM. MTG. DATE: 6/5/18 CAM #: 18-0394 ITEM #: PH-1 CAM attached: ☐ YES ☒ NO

Routing Origin: CAO Router Name/Ext: Shaniece Louis / Ext. 5036

CIP FUNDED: ☐ YES ☒ NO

Capital Investment / Community Improvement Projects defined as having a life of at least 10 years and a cost of at least \$50,000 and shall mean improvements to real property (land, buildings, or fixtures) that add value and/or extend useful life, including major repairs such as roof replacement, etc. Term "Real Property" include: land, real estate, realty, or real.

2) City Attorney's Office # of originals attached: 3 Approved as to Form: ☒ YES ☐ NO

Date to CCO: 2/15/19

LS
Initials

3) City Clerk's Office: # of originals: 3 Routed to: Kerry Arthur/CMO/X5013 Date: 2/15/19

4) City Manager's Office: CMO LOG #: Feb-61 Date received from CCO: 2/15/19

Assigned to CHRIS LAGERBLOOM ☒ LINDA LOGAN-SHORT ☐ RHODA MAE KERR ☐
CHRIS LAGERBLOOM as CRA Executive Director ☐

☐ APPROVED FOR CHRIS LAGERBLOOM'S SIGNATURE ☐ N/A FOR C. LAGERBLOOM TO SIGN

PER ACM: L.L-SHORT (Initial/Date) R. KERR (Initial/Date) ☐

PENDING APPROVAL (See comments below)

Comments/Questions: _____

Forward 3 originals to ☐ Mayor ☒ CCO Date: 2/18/19

5) Mayor/CRA Chairman: Please sign as indicated. Forward _____ originals to CCO for attestation/City seal (as applicable) Date: _____

INSTRUCTIONS TO CLERK'S OFFICE

City Clerk: Retains 1 original and forwards 2 original(s) to: Simone Flores / HCD / Ext. 4516
Name/Dept/Ext)

Attach _____ certified Reso # _____ ☐ YES ☐ NO Original Route form to CAO

****Please email Shaniece Louis a copy of the executed documents****