

**SUPPLEMENTAL AGREEMENT FOR THE USE OF  
2015-2016 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

This Supplemental Agreement (“Agreement”) is entered into this 17<sup>th</sup> day of November, 2015, by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, herein called, "COUNTY," and the CITY OF INDIAN WELLS, herein called "CITY." COUNTY and CITY are collectively referred to as “Parties” and individually as “Party.”

The COUNTY and CITY mutually agree as follows:

1. GENERAL. COUNTY and CITY have executed a Cooperation Agreement, dated July 15, 2015 (“Cooperation Agreement”), whereby CITY elected to participate with COUNTY, which has qualified as an "Urban County" for purposes of receiving Community Development Block Grant (CDBG) funds (“CDBG”), and to assist and undertake essential community development and housing assistance activities pursuant to the Housing and Community Development Act of 1974, Title 1, as amended, Public Law 93-383 hereinafter referred to as "Act." Said Cooperation Agreement, dated July 15, 2015, is incorporated herein by reference and made a part of this Agreement as if each and every provision was set forth herein.

2. PURPOSE. CITY promises and agrees to undertake and assist with the community development activities, within its jurisdiction, by utilizing the sum of \$14,499, CDBG Entitlement Funds, as specifically identified in Exhibits A, attached hereto, and are incorporated herein by this reference, for the following projects (collectively, the “Projects”):

**4.IW.10-15                      ADA Improvement Project,                      \$14,499**

3. TERM OF AGREEMENT. The term of this Agreement for the implementation of the Projects shall be for a period of one (1) year from July 1, 2015 to termination on June 30, 2016. City shall proceed consistent with the completion schedule set forth in Exhibits A, attached hereto and incorporated herein. In the event the Projects are not

1 substantially completed by the time set forth in the applicable completion schedules due to a  
2 force majeure event (See Section 24 below), the COUNTY may consider extending the schedule  
3 for the completion of the project(s). Times of performance for other activities may also be  
4 extended in writing by COUNTY. If substantial progress toward completion in conformance  
5 with the completion schedule, as determined by COUNTY in its discretion, of the projects are  
6 not made during the term of this Supplemental Agreement, COUNTY may suspend or terminate  
7 this Supplemental Agreement pursuant to the termination procedures set forth in the section  
8 titled "Termination," and the entitlement funds associated with the Projects may be  
9 reprogrammed by the COUNTY after appropriate notice is provided to the City.

10 4. DISPOSITION OF FUNDS.

11 A. COUNTY's Board of Supervisors shall determine the final disposition and  
12 distribution of all funds received by COUNTY under the Act consistent with Sections 2 and 3 of  
13 this Supplemental Agreement. COUNTY, through its Economic Development Agency, shall  
14 make payment of the CDBG funds to CITY as set forth in the attached Exhibits A. It is the  
15 CITY's responsibility to monitor all project activities set forth in the attached Exhibits A, and to  
16 ensure compliance with applicable federal regulations and the terms of this Supplemental  
17 Agreement.

18 B. CITY shall comply with timely drawdown of CDBG Entitlement funding  
19 by expeditiously implementing and completing the COUNTY-approved, CDBG-funded Projects.  
20 CITY acknowledges that CITY's drawdown performance directly impacts the COUNTY's  
21 overall program drawdown rate. If the CITY's unobligated CDBG fund balance, as of January  
22 31, 2016, exceeds two-times (200%) the CITY's 2015-2016 CDBG allocation, the COUNTY  
23 may, in its sole discretion, take the necessary administrative actions to reduce the CITY's CDBG  
24 fund balance. Necessary actions include, but are not limited to, reprogramming the excess CDBG  
25 fund balance to other eligible activities as selected by COUNTY. COUNTY may, in its sole and  
26 absolute discretion, authorize CITY in writing, prior to January 31, 2016, to exceed the CDBG  
27 fund balance requirement.

1 C. CITY shall comply with timely drawdown of CDBG funds by submitting  
2 monthly requests for reimbursement or other COUNTY approved reimbursement schedules. All  
3 disbursements of CDBG funds will be on a reimbursement basis and made within thirty (30)  
4 days after the COUNTY has received the CITY's reimbursement request including  
5 documentation supporting expenditures.

6 D. All authorized obligations incurred in the performance of the  
7 Supplemental Agreement for projects eligible under the following CDBG regulations must be  
8 reported in writing to COUNTY no later than by June 15, 2016:

- 9 1. Public Services [24 CFR 570.201 (e)]
- 10 2. Acquisition [24 CFR 570.201 (a)]
- 11 3. Clearance Activities [24 CFR 570.201 (d)]
- 12 4. Interim Assistance [24 CFR 570.201 (f)]
- 13 5. Code Enforcement [24 CFR 570.202 (c)]

14 All other eligible activities under this Supplemental Agreement must be implemented,  
15 completed, and obligations reported in writing to the COUNTY by the CITY no later than the  
16 completion schedules set forth in the attached Exhibits to this Supplemental Agreement. "CFR"  
17 as used herein refers to the Code of Federal Regulations.

18 5. COOPERATION WITH HOUSING ACTIVITIES. CITY shall cooperate with  
19 COUNTY in undertaking essential community development and housing assistance activities,  
20 specifically urban renewal and public assistance housing, and shall assist COUNTY in  
21 implementing and undertaking the goals and strategies identified in the 2014-2019 Five Year  
22 Consolidated Plan, pursuant to 24 CFR Part 91 and other requirements of the Community  
23 Development Block Grant Program.

24 6. LEAD AGENCY FOR COMPLIANCE WITH THE CALIFORNIA  
25 ENVIRONMENTAL QUALITY ACT (CEQA). Pursuant to Section 15051(d) of Title 14 of the  
26 California Administrative Code, the CITY is designated as the lead agency for the projects that  
27 are the subject matter of this Supplemental Agreement.

1           7.     HOLD HARMLESS AND INDEMNIFICATION. In contemplation of the  
2 provisions of Section 895.2 of the California Government Code imposing certain tort liability  
3 jointly upon public entities solely by reason of such entities being parties to an agreement as  
4 defined by Section 895 of the Code, the Parties hereto, pursuant to the authorization contained in  
5 Section 895.4 and 895.6 of the Code, agree that each Party shall be liable for any damages  
6 including, but not limited to, claims, demands, losses, liabilities, costs and expenses including  
7 reasonable attorneys' fees, resulting from the negligent or wrongful acts or omissions of their  
8 employees or agents in the performance of this Agreement, and each Party shall indemnify,  
9 defend and hold harmless the other Parties from such claims, demands, damages, losses or  
10 liabilities for their negligence

11           8.     INSURANCE. Without limiting or diminishing the CITY obligation to  
12 indemnify or hold the COUNTY harmless, CITY shall procure and maintain or cause to be  
13 maintained, at its sole cost and expense, the following insurance coverage's during the term of  
14 this Agreement.

15           a.     Workers' Compensation:

16           If the CITY has employees as defined by the State of California, the CITY shall  
17 maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of  
18 the State of California. Policy shall include Employers' Liability (Coverage B) including  
19 Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy  
20 shall be endorsed to waive subrogation in favor of the County of Riverside.

21           b.     Commercial General Liability:

22           Commercial General Liability insurance coverage, including but not limited to,  
23 premises liability, contractual liability, products and completed operations liability, personal and  
24 advertising injury, and cross liability coverage, covering claims which may arise from or out of  
25 CITY'S performance of its obligations hereunder. Policy shall name the County of Riverside as  
26 Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence  
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1 combined single limit. If such insurance contains a general aggregate limit, it shall apply  
2 separately to this agreement or be no less than two (2) times the occurrence limit.

3 c. Vehicle Liability:

4 If vehicles or mobile equipment are used in the performance of the obligations  
5 under this Agreement, then CITY shall maintain liability insurance for all owned, non-owned or  
6 hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single  
7 limit. If such insurance contains a general aggregate limit, it shall apply separately to this  
8 agreement or be no less than two (2) times the occurrence limit. Policy shall name the County of  
9 Riverside as Additional Insured.

10 d. General Insurance Provisions - All lines:

11 (i). Any insurance carrier providing insurance coverage hereunder  
12 shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII  
13 (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the  
14 County's Risk Manager waives a requirement for a particular insurer such waiver is only valid  
15 for that specific insurer and only for one policy term.

16 (ii). The CITY'S insurance carrier(s) must declare its insurance  
17 self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such  
18 retentions shall have the prior written consent of the County Risk Manager before the  
19 commencement of operations under this Agreement. Upon notification of self-insured retention  
20 unacceptable to the COUNTY, and at the election of the Country's Risk Manager, CITY'S  
21 carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement  
22 with the COUNTY, or 2) procure a bond which guarantees payment of losses and related  
23 investigations, claims administration, and defense costs and expenses.

24 (iii). CITY shall cause CITY'S insurance carrier(s) to furnish the  
25 County of Riverside with either 1) a properly executed original Certificate(s) of Insurance and  
26 certified original copies of Endorsements effecting coverage as required herein, and 2) if  
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1 requested to do so orally or in writing by the County Risk Manager, provide original Certified  
2 copies of policies including all Endorsements and all attachments thereto, showing such  
3 insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall  
4 contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given  
5 to the County of Riverside prior to any material modification, cancellation, expiration or  
6 reduction in coverage of such insurance. In the event of a material modification, cancellation,  
7 expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County  
8 of Riverside receives, prior to such effective date, another properly executed original Certificate  
9 of Insurance and original copies of endorsements or certified original policies, including all  
10 endorsements and attachments thereto evidencing coverage's set forth herein and the insurance  
11 required herein is in full force and effect. *CITY shall not commence operations until the*  
12 *COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of*  
13 *endorsements and if requested, certified original policies of insurance including all*  
14 *endorsements and any and all other attachments as required in this Section. An individual*  
15 *authorized by the insurance carrier to do so on its behalf shall sign the original endorsements*  
16 *for each policy and the Certificate of Insurance.*

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18 (iv). It is understood and agreed to by the parties hereto that the CITY'S  
19 insurance shall be construed as primary insurance, and the COUNTY'S insurance and/or  
20 deductibles and/or self-insured retention's or self-insured programs shall not be construed as  
21 contributory.

22 (v). If, during the term of this Agreement or any extension thereof,  
23 there is a material change in the scope of services; or, there is a material change in the equipment  
24 to be used in the performance of the scope of or, the term of this Agreement, including any  
25 extensions thereof, exceeds five (5) years, the COUNTY reserves the right to adjust the types of  
26 insurance required under this Agreement and the monetary limits of liability for the insurance  
27 coverage's currently required herein, if; in the County Risk Manager's reasonable judgment, the  
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1 amount or type of insurance carried by the CITY has become inadequate.

2 (vi). CITY shall pass down the insurance obligations contained herein  
3 to all tiers of subcontractors working under this Agreement.

4 (vii). The insurance requirements contained in this Agreement may be  
5 met with a program(s) of self-insurance acceptable to the COUNTY.

6 (viii). CITY agrees to notify COUNTY of any claim by a third party or  
7 any incident or event that may give rise to a claim arising from the performance of this  
8 Agreement.

9 9. RECORDS AND INSPECTIONS.

10 A. CITY shall establish and maintain financial, programmatic, statistical, and  
11 other supporting records of its operations and financial activities in accordance with the **Uniform**  
12 **Administrative Requirements, Cost Principles, and Audit Requirements for Federal**  
13 **Awards** (2 CFR Part 200.333), and 24 CFR Part 84 and 85, as amended, as they relate to the  
14 acceptance and use of federal funds under this Agreement. Said records shall be retained for a  
15 period of three (3) years from the date that the activity or program funded with the CDBG Grant  
16 is closed out by the COUNTY and reported as complete in the Comprehensive Annual  
17 Performance and Evaluation Report (CAPER). Exceptions to the three (3) year retention period  
18 requirement, pursuant to 2 CFR 200.333 include the following:

19 i. if any litigation, claim, or audit is started prior to the expiration of  
20 the three year period;

21 ii. when the CITY is notified in writing by the COUNTY, HUD, or  
22 other Federal agency to extend the retention period;

23 iii. records for real property and equipment acquired with CDBG  
24 funds must be retained for three (3) years after final disposition;

25 iv. when the records are transferred by the CITY to the COUNTY,  
26 HUD, or other Federal agency, the three (3) year period is not applicable.

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1           B.       CITY shall obtain an external audit in accordance with the **Uniform**  
2 **Administrative Requirements, Cost Principles, and Audit Requirements for Federal**  
3 **Awards** (2 CFR Part 200.500) and HUD's single audit regulations (24 CFR Part 44.6). Audits  
4 shall usually be performed annually but not less frequently than every two years. Nonprofit  
5 institutions and government agencies that expend less than \$750,000 a year in Federal awards are  
6 exempt from Federal audit requirements, but records must be available for review by appropriate  
7 officials of the Federal grantor agency or subgranting entity. The audit report shall be submitted  
8 to the COUNTY within 180 days after the end of the COUNTY'S fiscal year.

9           C.       CITY shall maintain a separate account for the CITY'S CDBG Entitlement  
10 funds received as set forth in Exhibits A, attached hereto.

11           D.       Pursuant to 2 CFR 200.336, CITY shall, during the normal business hours,  
12 make available to COUNTY, the U.S. Department of Housing and Urban Development (HUD),  
13 or other authorized representative, for the examination and copying, all of its records and other  
14 materials with respect to matters covered by this Agreement and provide reasonable access to  
15 CITY staff for the purpose of interview and discussion related to the records and documents.

16           E.       CITY shall not retain any program income as defined in Section 570.500  
17 of Title 24 of the Code of Federal Regulations. Said program income shall be used only for the  
18 activities that are the subject of this Agreement. Further, all provisions of this Agreement shall  
19 apply to such activities.

20           F.       The CITY shall ensure that at least fifty-one percent (51%) of the persons  
21 benefiting from all CDBG-funded activities or projects designated as serving limited clientele  
22 [570.208(a)(2)(i)] are of low and moderate-income and meet the applicable household income  
23 guidelines. The CITY shall provide the required income certification and direct benefit  
24 documentation, in writing, to the COUNTY pursuant to the reporting requirement of each  
25 activity as set forth in Exhibits A, attached hereto. In the event that CITY engages the services of  
26 a sub-contractor to implement CDBG-funded activities, the CITY must collect, in writing, all  
27 required income certification and direct benefit documentation from subcontractors prior to  
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1 submittal to the COUNTY pursuant to the reporting requirement of each activity as set forth in  
2 Exhibits A, attached hereto.

3 10. COMPLIANCE WITH LAWS. CITY shall comply with all applicable federal,  
4 state, and local laws, regulations, and ordinances and any amendments thereto and the federal  
5 regulations and guidelines now or hereafter enacted pursuant to the Act. More particularly, CITY  
6 is to comply with those regulations found in the **Uniform Administrative Requirements, Cost**  
7 **Principles, and Audit Requirements for Federal Awards** (2 CFR Part 200), and 24 CFR Part  
8 84 and 85, as amended, or any subsequent replacement. CITY is to abide by the provisions of the  
9 Community Development Block Grant Manual, prepared by COUNTY and cited in the above-  
10 mentioned Cooperation Agreement. CITY shall comply, if applicable, with Section 3 of the  
11 Housing & Urban Development Act of 1968, as amended, attached hereto as Exhibit "S" and  
12 incorporated herein by this reference. CITY shall also comply with the provisions of 24 CFR  
13 Part 570.200 (j), attached hereto as Exhibit "R," and incorporated herein by this reference,  
14 pertaining to inherently religious activities.

15 11. INDEPENDENT CONTRACTOR. The CITY is, for purposes relating to this  
16 Supplemental Agreement, an independent contractor and shall not be deemed an employee of the  
17 COUNTY. It is expressly understood and agreed that the CITY (including its employees, agents  
18 and subcontractor's) shall in no event be entitled to any benefits to which the COUNTY  
19 employees are entitled, including but not limited to overtime, any retirement benefits, worker's  
20 compensation benefits, and injury leave or other leave benefits. There shall be no employer-  
21 employee relationship between the parties; and the CITY shall hold the COUNTY harmless from  
22 any and all claims that may be made against the COUNTY based upon any contention by a third  
23 party that an employer-employee relationship exists by reason of this Supplemental Agreement.  
24 It is further understood and agreed by the parties that the CITY in the performance of this  
25 Supplemental Agreement is subject to the control or direction of the COUNTY merely as to the  
26 results to be accomplished and not as to the means and methods for accomplishing the results.

27 12. TERMINATION.  
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1           A.     CITY. CITY may not terminate this Agreement except upon express  
2 written consent of COUNTY, pursuant to CFR Part 200.339 (a)(3).

3           B.     COUNTY. Notwithstanding the provisions of Paragraph 12a, COUNTY  
4 may suspend or terminate this Supplemental Agreement upon a ten (10) day written notice to  
5 CITY of action being taken and the reason for such action including, but not limited to, the  
6 following reasons:

7                     (1)     In the event CITY fails to perform the covenants herein contained  
8 at such times and in such manner as provided in this Supplemental Agreement; and

9                     (2)     In the event there is a conflict with any federal, state or local law,  
10 ordinance, regulation or rule rendering any of the provisions of this Supplemental Agreement  
11 invalid or untenable; or

12                    (3)     In the event the funding from the Department of Housing and  
13 Urban Development referred to in Sections 1 and 2 above is terminated or otherwise becomes  
14 unavailable.

15           C.     This Agreement may be terminated and/or funding suspended, in whole or  
16 in part, for cause in accordance with the **Uniform Administrative Requirements, Cost**  
17 **Principles, and Audit Requirements for Federal Awards** (2 CFR Part 200.339). Cause shall  
18 be based on the failure of the CITY to materially comply with either the terms or conditions of  
19 this Agreement. Upon suspension of funding, the CITY agrees not to incur any costs related  
20 thereto, or connected with, any area of conflict from which the COUNTY has determined that  
21 suspension of funds is necessary. CITY acknowledges that failure to comply with Federal  
22 statutes, regulations, or the terms and conditions of this Agreement may be considered by the  
23 COUNTY in evaluating future CDBG and non-CDBG funding applications submitted by CITY.

24           D.     Upon suspension or termination of this Supplemental Agreement, CITY  
25 shall return any unencumbered funds which it has been provided by COUNTY. In accepting said  
26 funds, COUNTY does not waive any claim or cause of action it may have against CITY for  
27 breach of this Supplemental Agreement.

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1 E. Reversion of Assets

2 1. Upon expiration or termination of this Supplemental Agreement,  
3 the CITY shall transfer to the COUNTY any CDBG funds on hand at the time of expiration of  
4 the Supplemental Agreement as well as any accounts receivable held by CITY which are  
5 attributable to the use of CDBG funds awarded pursuant to this Supplemental Agreement.

6 2. Any real property under the CITY'S control that was acquired or  
7 improved in whole or in part with CDBG funds (including CDBG funds provided to the CITY in  
8 the form of a loan) in excess of \$25,000 is either:

9 (i) Used to meet one of the National Objectives pursuant to 24  
10 CFR Part 570.208 until five years after expiration of this agreement, or for such longer period of  
11 time as determined to be appropriate by the COUNTY; or

12 (ii) Not used in accordance with Clause (i) above, in which  
13 event the CITY shall pay the COUNTY an amount equal to the current market value of the  
14 property less any portion of the value attributable to expenditures of non-CDBG funds for the  
15 acquisition of, or improvement to, the property.

16 13. NONDISCRIMINATION. CITY shall abide by 24 CFR 570.601 and 570.602 of  
17 Title 24 of the Code of Federal Regulations which requires that no person in the United States  
18 shall on the grounds of race, color, national origin, or sex, be excluded from participation in, be  
19 denied the benefits of, or be subjected to discrimination under any program or activity funded in  
20 whole or in part with Community Development funds. CITY shall abide by and include in any  
21 subcontracts to perform work under this Supplemental Agreement, the following clause:

22 "During the performance of this Supplemental Agreement, CITY and its subcontractors  
23 shall not unlawfully discriminate against any employee or applicant for employment  
24 because of race, religion, color, national origin, ancestry, physical handicap, medical  
25 condition, marital status, age (over 40) or sex. CITY and subcontractors shall insure that  
26 the evaluation and treatment of their employees and applicants for employment are free  
27 of such discrimination. CITY and subcontractors shall comply with the provisions of the  
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1 Fair Employment and Housing Act (Government Code, Section 12900 et seq.). The  
2 applicable regulations of the Fair Employment and Housing Commission implementing  
3 Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the  
4 California Administrative Code are incorporated into this Agreement by reference and  
5 made a part hereof as if set forth in full. CITY and its subcontractors shall give written  
6 notice of their obligations under this clause to labor organizations with which they have a  
7 collective bargaining or other agreement."

8 14. PROHIBITION AGAINST CONFLICTS OF INTEREST

9 A. CITY and its assigns, employees, agents, consultants, officers and elected  
10 and appointed officials shall become familiar with and shall comply with the **Uniform**  
11 **Administrative Requirements, Cost Principles, and Audit Requirements for Federal**  
12 **Awards** (2 CFR Part 200) and the CDBG regulations prohibiting conflicts of interest contained  
13 in 24 CFR 570.611, a copy of which is attached hereto as Exhibit "CI" and incorporated herein  
14 by this reference.

15 B. CITY understands and agrees that no waiver of exception can be granted  
16 to the prohibition against conflict of interest except upon written approval of HUD pursuant to  
17 24 CFR 570.611 (d). Any request by CITY for an exception shall first be reviewed by COUNTY  
18 to determine whether such request is appropriate for submission to HUD in the COUNTY'S sole  
19 and absolute discretion. In determining whether such request is appropriate for submission to  
20 HUD, COUNTY will consider the factors listed in 24 CFR 570.611 (e).

21 C. Prior to the distribution of any CDBG funding under this Supplemental  
22 Agreement, CITY shall provide COUNTY, in writing, a list of all employees, agents,  
23 consultants, officers and elected and appointed officials who are in a position to participate in a  
24 decision making process, exercise any functions or responsibilities, or gain inside information  
25 with respect to the CDBG activities funded under this Agreement. CITY shall also promptly  
26 disclose to COUNTY any potential conflict, including even the appearance of conflict that may  
27 arise with respect to the CDBG activities funded under this Supplemental Agreement.

1 E. Any violation of this Section 14 shall be deemed a material breach of this  
2 Supplemental Agreement, and the Supplemental Agreement shall be immediately terminated by  
3 the COUNTY.

4 15. PROJECT ELIGIBILITY. As to CITY or its claimants, COUNTY shall bear no  
5 liability for any later determination by the United States Government, the U.S. Department of  
6 Housing and Urban Development, or any other person or entity that CITY is or is not eligible  
7 under 24 CFR Part 570 to receive CDBG entitlement funds from the COUNTY.

8 16. USE OF PROPERTY. Whenever federal CDBG funds or program income are  
9 used, in whole or in part, for the purchase of equipment or personal property, the property shall  
10 not be transferred from its originally funded use, by CITY or the CITY'S subcontractor  
11 implementing the CDBG-funded activity, for a period of five (5) years from the close-out date of  
12 the grant from which CDBG assistance was provided. The CITY shall maintain a current  
13 inventory for COUNTY monitoring and review.

14 17. EMPLOYMENT OPPORTUNITIES TO BE CAUSED BY PROJECT. CITY  
15 agrees to notify in writing, and to cause any subcontractor implementing CDBG-funded Projects  
16 to notify, in writing, the Riverside County Workforce Development Center of any and all job  
17 openings that are caused by the CDBG-funded Projects under this Supplemental Agreement.

18 18. PUBLICITY. Any publicity generated by CITY for the Projects funded pursuant  
19 to this Supplemental Agreement will make reference to the contribution of the COUNTY, the  
20 Economic Development Agency, and the Community Development Block Grant Program in  
21 making the project possible.

22 19. PROGRAM MONITORING AND EVALUATION. CITY and its subcontractors  
23 shall be monitored and evaluated in terms of its effectiveness and timely compliance with the  
24 provisions of this Supplemental Agreement and the effective and efficient achievement of the  
25 CDBG National Objectives as set forth in Exhibits A, attached hereto. Quarterly reports shall be  
26 due on the last day of the month immediately following the end of the quarter being reported.  
27 The quarterly written reports shall include, but shall not be limited to, the following data  
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1 elements:

2           A. Title of program, listing of components, description of  
3 activities/operations.

4           B. The projected goals, indicated numerically, and also the goals achieved  
5 (for each report period). In addition, identify by percentage and description, the progress  
6 achieved towards meeting the specified goals and identify any problems encountered in meeting  
7 goals.

8           C. If the CDBG-funded activity meets a National Objective under 24 CFR  
9 570.208 (a)(2)(i), CITY will report the following:

10                   1) Total number of direct beneficiaries (clientele served) with  
11 household incomes at:

- 12                               • Above 80% MHI
- 13                               • Between 50% and 80% MHI (Low-Income)
- 14                               • Between 30% and 50% MHI (Very Low-Income)
- 15                               • Less than 30% MHI (Extremely Low-Income)

16                   2) Total number and percent (%) of the clientele served that have  
17 household incomes at or below 80% MHI

18                   3) Racial ethnicity of clientele

19                   4) Number of Female-Headed Households

20           D. CITY shall report, in writing, and cause its subcontractors to report, in  
21 writing, beneficiary statistics monthly to the Economic Development Agency (EDA) on the pre-  
22 approved *Direct Benefit Form* and *Self-Certification Form* (certifying income, family size, and  
23 racial ethnicity) as required by HUD. Updated forms are to be provided to CITY by EDA should  
24 HUD implement changes during the term of this Supplemental Agreement. CITY and  
25 subcontractors will collect and provide all necessary data required by HUD pertaining to the  
26 Specific Outcome Indicators as identified in HUD's Community Planning and Development  
27 (CPD) Outcome Performance Measurement System.

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1           20.    SOURCE OF FUNDING. CITY acknowledges that the source of funding  
2 pursuant to this Supplemental Agreement is Community Development Block Grant funds  
3 (CFDA 14.218), and the Grant Award Number is B-15-UC-06-0506.

4           21.    ENTIRE AGREEMENT. This Supplemental Agreement, including any  
5 attachments or exhibits hereto constitutes the entire Supplemental Agreement of the parties with  
6 respect to its subject matter and supersedes all prior and contemporaneous representations,  
7 proposals, discussions and communications, whether oral or in writing. No oral understanding or  
8 agreement not incorporated herein shall be binding on any of the parties hereto. Each of the  
9 attachments and exhibits attached hereto is incorporated herein by this reference.

10          22.    MINISTERIAL ACTS. The Assistant County Executive Officer/EDA or  
11 designee(s) are authorized to take such ministerial actions as may be necessary or appropriate to  
12 implement the terms, provisions, and conditions of this Supplemental Agreement as it may be  
13 amended from time-to-time by COUNTY.

14          23.    PRIOR AUTHORIZATION. CITY shall obtain COUNTY's written approval  
15 from the COUNTY'S Economic Development Agency prior to implementing the following  
16 "high risk" activities funded with CDBG assistance:

- 17                   A.    Construction of public facilities (project plans and specifications);
- 18                   B.    Acquisition of real property;
- 19                   C.    Historic Preservation;
- 20                   D.    Relocation; and
- 21                   F.    Economic Development

22          24.    FORCE MAJEURE.

23           A.    Performance by either party hereunder shall not be deemed to be in default  
24 where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods,  
25 earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine  
26 restrictions, freight embargoes, lack of transportation, governmental restrictions or priority,  
27 litigation, unusually severe weather, inability to secure necessary labor, material or tools, delays  
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1 of any contractor, sub-contractor or supplier, acts of the other party, acts or failure to act of a  
2 public or governmental agency or entity, or any causes beyond the control or without the fault of  
3 the party claiming an extension of time to perform.

4 B. An extension of time for any such cause (a "Force Majeure Delay") shall  
5 be for the period of the enforced delay and shall commence to run from the time of the  
6 commencement of the cause, if notice by the party claiming such extension is sent to the other  
7 party within thirty (30) calendar days of knowledge of the commencement of the cause.  
8 Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure  
9 Delay unless and until the party claiming such delay and interference delivers to the other party  
10 written notice describing the event, its cause, when and how such party obtained knowledge, the  
11 date the event commenced, and the estimated delay resulting therefrom. Any party claiming a  
12 Force Majeure Delay shall deliver such written notice within thirty (30) calendar days after it  
13 obtains knowledge of the event.

14 25. JURISDICTION AND VENUE: Any action at law or in equity arising under this  
15 Supplemental Agreement or brought by a party hereto for the purpose of enforcing, construing or  
16 determining the validity of any provision of this Supplemental Agreement shall be filed in the  
17 consolidated Courts of Riverside County, State of California, and the parties hereto waive all  
18 provisions of law providing for the filing, removal or change of venue to any other court or  
19 jurisdiction

20 26. SEVERABILITY. Each paragraph and provision of this Supplemental  
21 Agreement is severable from each other provision, and if any provision or part thereof is  
22 declared invalid, the remaining provisions shall remain in full force and effect.

23 27. WAIVER. Failure by a party to insist upon the strict performance of any of the  
24 provisions of this Supplemental Agreement by the other party, or the failure by a party to  
25 exercise its rights upon the default of the other party, shall not constitute a waiver of such party's  
26 rights to insist and demand strict compliance by the other party with the terms of this  
27 Supplemental Agreement thereafter.

1           28. NOTICES. Each notice, request, demand, consent, approval or other  
2 communication (hereinafter in this Section referred to collectively as “notices” and referred to  
3 singly as a “notice”) which the CITY or COUNTY is required or permitted to give to the other  
4 party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and  
5 sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so  
6 delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal  
7 Express (or other similar national overnight courier) designating early morning delivery (any  
8 notice so delivered shall be deemed to have been received on the next Business Day following  
9 receipt by the courier); or (c) sent by United States registered or certified mail, return receipt  
10 requested, postage prepaid, at a post office regularly maintained by the United States Postal  
11 Service (any notice so sent shall be deemed to have been received two days after mailing in the  
12 United States), addressed to the respective parties as follows:

<u>COUNTY</u>	<u>CITY</u>
<u>Assistant County Executive Officer/EDA</u>	<u>Warren Morelion</u>
<u>Economic Development Agency</u>	<u>City of Indian Wells</u>
<u>P.O. Box 1180</u>	<u>44950 El Dorado Drive</u>
<u>Riverside, CA 92502</u>	<u>Indian Wells, CA 92210</u>

18  
19           29. LOBBYING. CITY certifies to the best of its knowledge and belief, that:  
20           a. No federally-appropriated funds have been paid or will be paid, by or on  
21 behalf of the CITY, to any person for influencing or attempting to influence an officer or  
22 employee of any agency, a member of Congress, an officer or employee of Congress, or an  
23 employee of a member of Congress in connection with the awarding of any federal contract, the  
24 making of any federal grant, the making of any federal loan, the entering into of any cooperative  
25 agreement, and the extension, continuation, renewal, amendment, or modification of any federal  
26 contract, grant, loan, or cooperative agreement.

27           b. If any funds other than federally-appropriated funds have been paid or will  
28

1 be paid to any person for influencing or attempting to influence an officer or employee of any  
2 agency, a member of Congress, an officer or employee of Congress, or an employee of a member  
3 of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the  
4 CITY shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in  
5 accordance with its instructions.

6 c. CITY shall require that the language of this certification be included in the  
7 award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts  
8 under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and  
9 disclose accordingly. This certification is a material representation of fact upon which reliance  
10 was placed when this transaction was made or entered into.

11 30. INTERPRETATION AND GOVERNING LAW. This Supplemental Agreement  
12 and any dispute arising hereunder shall be governed by and interpreted in accordance with the  
13 laws of the State of California. This Supplemental Agreement shall be construed as a whole  
14 according to its fair language and common meaning to achieve the objectives and purposes of the  
15 parties hereto, and the rule of construction to the effect that ambiguities are to be resolved  
16 against the drafting party shall not be employed in interpreting this Supplemental Agreement, all  
17 parties having been represented by counsel in the negotiation and preparation hereof.

18 31. AUTHORITY TO EXECUTE. The persons executing this Supplemental  
19 Agreement or exhibits attached hereto on behalf of the parties to this Supplemental Agreement  
20 hereby warrant and represent that they have the authority to execute this Supplemental  
21 Agreement and warrant and represent that they have the authority to bind the respective parties  
22 to this Supplemental Agreement to the performance of its obligations hereunder.

23 32. EFFECTIVE DATE. The effective date of this Supplemental Agreement is the  
24 date the parties sign the Supplemental Agreement. If the parties sign the Supplemental  
25 Agreement on more than one date, then the last date the Supplemental Agreement is signed by a  
26 party shall be the effective date.

27 33. COUNTERPARTS. This Supplemental Agreement may be signed by the  
28

1 different parties hereto in counterparts, each of which shall be an original but all of which  
2 together shall constitute one and the same agreement.

3 34. LETTER TO PROCEED. CITY shall not initiate nor incur expenses for the  
4 CDBG-funded Projects or activities covered under the terms of this Supplemental Agreement as  
5 set forth in Exhibits A attached hereto, prior to receiving written authorization from COUNTY to  
6 proceed.

7 35. ASSIGNMENT. The CITY shall not make any assignment or transfer in any form  
8 with respect to this Supplemental Agreement, without prior written approval of the COUNTY.

9 36. MODIFICATION OF AGREEMENT. This Supplemental Agreement may be  
10 modified or amended only by a writing signed by the duly authorized and empowered  
11 representative of COUNTY and CITY respectively.

12  
13  
14 Remainder of Page Intentionally Blank

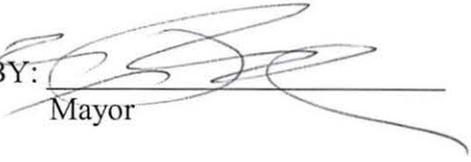
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1 IN WITNESS WHEREOF, the COUNTY and the CITY have executed this Agreement as  
2 of the dates set forth below.

3  
4 COUNTY OF RIVERSIDE,  
5 a political subdivision of the  
6 State of California

CITY OF INDIAN WELLS,  
a municipal corporation

7 BY:   
8 Suzanne Holland, Assistant County  
Executive Officer/EDA

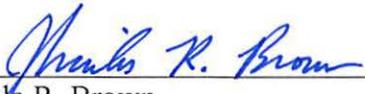
BY:   
Mayor

9  
10 Date: 11/17/15

Date: 10-27-15

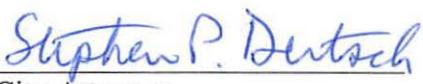
11  
12 APPROVED AS TO FORM:  
13 Gregory P. Priamos, County Counsel

ATTEST:

14  
15 By:   
16 Jhaila R. Brown,  
Deputy County Counsel

BY:   
City Clerk

17 APPROVED AS TO FORM:

18  
19 BY:   
20 City Attorney

**SUPPLEMENTAL AGREEMENT  
SCOPE OF WORK  
(NON-PUBLIC SERVICE)**

**I. GENERAL INFORMATION**

CITY NAME: City of Indian Wells DUNS #: 4949442

ADDRESS: 44-950 El Dorado Drive  
Indian Wells, CA 92210

PROGRAM CONTACTS: Warren Morelion, Program Manager

PHONE: (760) 776-0229 FAX: (760) 346-0407

E-MAIL: wmorelion@indianwells.com

PROJECT NAME: ADA Improvement Project

PROJECT LOCATION: City-owned properties and facilities (City-wide);  
Locations To Be Determined

LEVEL OF ENVIRONMENTAL CLEARANCE: Categorical Exclusion 24 CFR 58.35

CDBG ELIGIBILITY CODE: 570.201 (c) Public Facilities

PROJECT FUNDING SUMMARY: **\$14,499**

Project to be administered by County (EDA) on behalf of City: YES  NO

**II. SCOPE OF SERVICE**

**A. Activities**

City will be responsible for administering a **2015-2016** Community Development Block Grant for the **ADA Improvement Project** in a manner satisfactory to the County of Riverside and consistent with any standards required as a condition of providing these funds. Such program will include the following activities eligible under the Community Development Block Grant program:

Activity #1 *The City of Indian Wells will utilize CDBG funds to construct ADA Improvements at city-owned properties and facilities. CDBG funds will be used for design, construction, materials, staff salaries, and other direct project expenses.*

**B. National Objective**

All activities funded with CDBG funds must comply with one of more of the CDBG program's National Objective Criteria as required under 24 CFR 570.200(a)(2). City certifies that the activity(ies) carried out under this Agreement will meet the following National Objective:

National Objective Criteria: 570.208 (a) (2) (i) (A)

CFR Reference: Low Mod Limited Clientele Presumed

**C. Levels of Accomplishment – Goals and Performance Measures**

The City agrees to implement and complete the following activity(ies):

Activity #1 Prepare design and specifications for facility improvements.

Activity #2 Implement and complete construction activities.

**CPD OUTCOME PERFORMANCE MEASUREMENT**

**Objectives (select one):**  Creating Suitable Living Environments  
 Providing Decent Affordable Housing  
 Creating Economic Opportunities

**Outcome (select one):**  Availability/Accessibility  
 Affordability  
 Sustainability (promoting livable or viable communities)

**D. City Capacity**

By executing this Supplemental Agreement, the City certifies that it has the appropriate number of trained and knowledgeable staff, adequate facilities, proper equipment, required licensing and permitting, and sufficient amount of financial resources necessary to implement and carry out the activities funded with CDBG funds.

City will immediately notify County of any significant changes in organizational management, assigned staff, change in facilities, loss or change in matching funds, or any other event that could potentially impact the City or subrecipient's performance under this Agreement. Any changes in the above items are subject to the prior approval of the County.

**E. Performance Monitoring**

The County of Riverside will monitor the performance of the City and its subrecipients against goals and performance standards as stated above. Substandard performance as determined by the

County will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the City within a reasonable period of time after being notified by the County, contract suspension or termination procedures will be initiated.

**F. Program Budget**

It is expressly agreed and understood that the total amount to be paid by the County under this Agreement shall not exceed **\$14,499**. Drawdowns for the payment of eligible expenses shall be made against the line item budgets specified in this Section and in accordance with performance. Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (2 CFR Part 200), and 24 CFR Part 84 and 85, as amended.

The County may require a more detailed budget breakdown than the one contained herein, and the City shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the County. Any amendments to the budget must be approved in writing by both the County and City.

Line Item	CDBG Granted Funds	Total of Non-CDBG Funds	Total Activity/Project Budget	Notes
Design/Engineering Costs	\$14,499	\$15,501	\$30,000	
Project Administration Costs				
Construction Costs				
Acquisition Costs				
Relocations Costs				
Capital Equipment Costs				
Code Enforcement				
Clearance				
Interim Assistance				
Indirect Costs:				
<b>TOTAL CDBG BUDGET</b>				<b>\$14,499</b>

**G. Total Amount of Non- CDBG Leveraging**

TYPE	SOURCE	AMOUNT	SOURCE	AMOUNT	SOURCE	AMOUNT	TOTAL
FEDERAL							
STATE/LOCAL	City of IW Gen. Fund	\$15,501					\$15,501
PRIVATE							
OTHER							

**TOTAL: \$15,501**

**III. ADMINISTRATIVE REQUIREMENTS**

A. Accounting Standards

The City agrees to comply with the **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (2 CFR Part 200), and 24 CFR Part 84 and 85, as amended, and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

B. Cost Principles

The City shall administer its program in conformance with the **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (2 CFR Part 200), and 24 CFR Part 84 and 85, as amended. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

C. Documentation and Record Keeping

1. Records to be Maintained

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

- I Records providing a full description of each activity undertaken;
- ii. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- iii. Records required to determine the eligibility of activities;
- iv. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- v. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- vi. Financial records as required by 24 CFR 570.502, and 2 CFR 200; and
- vii. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

## 2. Records Retention

The City shall retain all CDBG-related financial records, supporting documents, contracts, and agreements for a period of three (3). The retention period begins on the date of the submission of the County's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported for the final time. The City will retain all National Objective documentation, including low-moderate income certification, ethnicity, other pertinent data for a period of five (5) years after submission of the County's annual performance and evaluation report to HUD. 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 five-year period, then such records must be retained until completion of the actions and resolution of all issues.

## 3. Client Data

The City shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to County monitors or their designees for review upon request.

## 4. Disclosure

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

## 5. Close-outs

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

## 6. Audits & Inspections

All City records with respect to any matters covered by this Agreement shall be made available to the County, HUD, and the Controller 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 City within 30 days after receipt by the City. Failure of the City to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. The City hereby agrees to have an annual agency audit conducted in accordance with current County policy concerning subrecipient audits and **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200.500)** and HUD's single audit regulations (24 CFR Part 44.6).

**IV. PROJECT IMPLEMENTATION AND SCHEDULE**

Unless pre-approved by County, City will perform and complete the activities described in Section II in conformance with the schedule of tasks and milestones listed below:

<u>Tasks / Milestone</u>	<u>Start Date</u>	<u>Completion Date</u>
Complete Online Training	September 2015	October 2015
Implement Project Activities	Upon Notification from EDA	
Execute Supplemental Agreement & Notice to Incur Cost	October 2015	November 2015

<u>Tasks / Milestone</u>	<u>Start Date</u>	<u>Completion Date</u>
Submit Quarterly Performance Reports to County		October 15, 2015 January 15, 2016 April 15, 2016 July 8, 2016

County Monitoring of City Program/Performance To be determined by Program Manager

**Specific Project Activities**

1. City executes Sponsor’s Agreement; receives authorization to incur cost letter
2. City prepares final construction/equipment documents (incorporating Special Federal Provisions) for EDA review and approval
3. EDA authorizes City to advertise for bids
4. EDA reviews and approves bidding process
5. City awards construction/equipment contract
6. City and EDA conduct “pre-construction meeting”
7. EDA authorizes City to issue “Notice to Proceed”

**City Submits Reimbursement Requests**

Monthly Submittal

Other Schedule

No later than May 15, 2016

CDBG-funded Project Complete April 30, 2016

City Submits Monthly Direct Benefit Reports N/A

**V. SPECIAL CONDITIONS /PERFORMANCE REQUIREMENTS**

City is not to proceed with bidding or contracting, for design or construction services, prior to contacting the County to obtain Special Federal Provisions for bidding and contract procurement. EDA must review and approve (in writing) all construction bid documents prior to notice inviting bids.

**EXHIBIT CI**

Prohibition Against Conflicts of Interest

Page 1 of 4

§ 570.611 Conflict of interest.

(a) Applicability.

(1) In the procurement of supplies, equipment, construction, and services by recipients, and by subrecipients (including those specified at § 570.204(c), the conflict of interest provisions in **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (2 CFR Part 200.318), and 24 CFR Part 84 and 85, as amended, shall apply.

(2) Subrecipient must maintain written standards of conduct covering conflict of interest and governing the performance of its employees engaged in the selection and award of contracts.

(3) In all cases not governed by **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (2 CFR Part 200.318), and 24 CFR Part 84 and 85, as amended, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient, by its subrecipients, or to individuals, businesses and other private entities under eligible activities which authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202, or grants, loans and other assistance to businesses, individuals and other private entities pursuant to § 570-203, § 570.204 or § 570.455).

(b) Conflicts prohibited. Except for the use of CDBG funds to pay salaries and other related administrative or personnel costs, the general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part 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 personal or financial interest or benefit from a CDBG assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such interest or benefit during, or at any time after, such person's tenure.

(c) Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or subrecipients which are receiving funds under this part.

## EXHIBIT CI

### Prohibition Against Conflicts of Interest

Page 2 of 4

(d) Exceptions: threshold requirements. Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project. An exception may be considered only after the recipient has provided the following:

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the recipient's attorney that the interest for which the exception is sought would not Violate State or local law.

(e) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d) of this section, HUD shall consider the cumulative effect of the following factors, where applicable:

(1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(2) Whether an opportunity was provided for open competitive bidding or negotiation;

(3) Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(4) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;

(5) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

(6) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(7) Any other relevant considerations.

## Exhibit CI

Prohibition Against Conflicts of Interest  
Page 3 of 4

Community Development Block Grant  
Policy Manual  
I.D. # A-11  
(pg. 1 of 2)

TOPIC: CONFLICT OF INTEREST CODED  
RIVERSIDE COUNTY  
ECONOMIC DEVELOPMENT AGENCY

DATE: June 2015

This Conflict of Interest Code is written to comply with the **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** (2 CFR Part 200.318), and 24 CFR Part 84 and 85, as amended. These regulations require that grantees and sub-grantees to maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

1) No employee, officer or agent of the grantee shall participate in the selection, in the award or in the administration of a contract supported by Federal Funds if a conflict of interest, real or apparent, would be involved.

2) Such a conflict will arise when:

- i) The employee, officer or agent;
- ii) Any member of the immediate family;
- iii) His/Her partners, or;
- iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.

3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.

4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:

- i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
- ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.

**EXHIBIT CI**

Prohibition Against Conflicts of Interest  
Page 4 of 4

Community Development Block Grant  
Policy Manual  
I.D. # A-11  
(pg. 2 of 2)

TOPIC: CONFLICT OF INTEREST CODE  
RIVERSIDE COUNTY  
ECONOMIC DEVELOPMENT AGENCY

DATE: June 2015

- iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
  - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
  - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of Section 4, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.

## EXHIBIT "R"

### CONSTITUTIONAL PROHIBITION

Page 1 of 2

In accordance with First Amendment Church/State Principles, as a general rule, CDBG/ESG assistance may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities. The following restrictions and limitations therefore apply to the use of CDBG/ESG funds.

(1) CDBG/ESG funds may not be used for the acquisition of property or the construction or rehabilitation (including historic preservation and removal of architectural barriers) of structures to be used for religious purposes or which will otherwise promote religious interests. This limitation includes the acquisition of property for ownership by primarily religious entities and the construction or rehabilitation (including historic preservation and removal of architectural barriers) of structures owned by such entities (except as permitted under paragraph (j) (2) of this section with respect to rehabilitation and under paragraph (j) (4) of this section with respect to repairs undertaken in connection with public services) regardless of the use to be made of the property or structure. Property owned by primarily religious entities may be acquired with CDBG/ESG funds at no more than fair market value for a non-religious use.

(2) CDBG/ESG funds may be used to rehabilitate buildings owned by primarily religious entities to be used for a wholly secular purpose under the following conditions:

(i) The building (or portion thereof) that is to be improved with the CDBG/ESG assistance has been leased to an existing or newly-established wholly secular entity (which may be an entity established by the religious entity);

(ii) The CDBG/ESG assistance is provided to the lessee (and not the lessor) to make the improvements;

(iii) The leased premises will be used exclusively for secular purposes available to persons regardless of religion;

(iv) The lease payments do not exceed the fair market rent of the premises as they were before the improvements are made;

(v) The portion of the cost of any improvements that also serve a non-leased part of the building will be allocated to and paid for by the lessor;

(vi) The lessor enters into a binding agreement that unless the lessee, or a qualified successor lessee, retains the use of the leased premises for a wholly secular purpose for at least the useful life of the improvements, the lessor will pay to the lessee an amount equal to the residual value of the improvements;

## EXHIBIT "R"

CONSTITUTIONAL PROHIBITION

Page 2 of 2

(vii) The lessee must remit the amount received from the lessor under subparagraph (2)(vi) of this section to the recipient or subrecipient from which the CDBG/ESG funds were derived.

The lessee can also enter into a management contract authorizing the lessor religious entity to use the building for its intended secular purpose, e.g., homeless shelter, provision of public services. In such case,

the religious entity must agree in the management contract to carry out the secular purpose in a manner free from religious influences in accordance with the principles set forth in paragraph (j)(3) of this section.

(3) As a general rule, CDBG/ESG funds may be used for eligible public services to be provided through a primarily religious entity, where the religious entity enters into an agreement with the recipient or subrecipient from which the CDBG/ESG funds are derived that, in connection with the provision of such services:

(i) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion.

(ii) It will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion;

(iii) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services;

(iv) The portion of a facility used to provide the public services shall contain no religious symbols or decorations, other than those permanently affixed to or part of the structure.

(4) Where the public services provided under paragraph (j)(3) of this section are carried out on property owned by the primarily religious entity, CDBG/ESG funds may also be used for minor repairs to such property which are directly related to carrying out the public services where the cost constitutes in dollar terms only an incidental portion of the CDBG/ESG expenditure for the public services.

**EXHIBIT "S"**

Page 1 of 2

Economic Opportunities for Section 3 Residents and Section 3 Business Concerns

Sec. 135.38 Section 3 clause.

All section 3 covered contracts shall include the following clause (referred to as the 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 contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor 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.

**EXHIBIT "S"**

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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. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).