

SUBRECIPIENT AGREEMENT
BETWEEN THE CITY OF LAKE CHARLES
AND
THE LOUISIANA HOUSING CORPORATION

THIS SUBRECIPIENT AGREEMENT is entered as of the 12 day of June, 2024 by and between the CITY OF LAKE CHARLES (“*Grantee*” or “*City*”) and LOUISIANA HOUSING CORPORATION, a public body corporate and politic and an instrumentality of the State of Louisiana (“*Subrecipient*” or “*LHC*”).

I. RECITALS

WHEREAS, LHC is currently providing CDBG-DR Funds to qualified borrowers, in accordance with the CDBG Piggyback Program under the Louisiana Master Action Plan for the Utilization of Community Development Block Grant Funds in response to the 2020 and 2021 Federal Declarations (“*Laura/Delta Disaster Declarations*”) in Louisiana to address long-term housing needs in parishes, including Calcasieu Parish, associated with the Laura/Delta Disaster Declarations; and

WHEREAS, the LHC adopted that certain 2022-2023 Qualified Allocation Plan on July 14, 2021, (“*QAP*”) and issued that certain Notice of Funding Availability and Program Implementation Guidelines for Multifamily Piggyback/CDBG-DR Loan Funding 2022 Piggyback Resilience Initiative – Mixed Income (PRIME-2) on August 22, 2022 (“*PRIME-2 NOFA*”), allowing LHC CDBG-DR Funds to be used for Gap Financing Loans, as described in the QAP and the PRIME-2 NOFA, for residential rental properties qualified for the allocation or the allowance of housing tax credit (“*LIHTCs*”) pursuant to the provisions of Section 42 of the Internal revenue Code of 1986, as amended (“*Code*”); and

WHEREAS, pursuant to Public Law (P.L.) 117-43 and the Federal Register Notice dated February 3, 2022, at 87 FR 6364, including FEMA DR-4606-LA, the U.S. Department of Housing and Urban Development (“*HUD*”) awarded the City \$10,776,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funds to the Grantee for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) and described in the Grantee’s Action Plan (“*City Action Plan*”); and

WHEREAS, on January 18, 2023, the City was notified of an additional direct HUD allocation in the amount of \$7,042,000 through Notice 88 FR 3198 under Public Laws 117-43 and 117-180, so that the Grantee was awarded a total of \$17,818,000 (“*City CDBG-DR Funds*”) in direct CDBG-DR and MIT allocation attributable to the foregoing major disasters; and

WHEREAS, the City initiated a Gap Financing Loan Program (“*City GAP Housing Program*”) with the purpose of providing funds for the restoration, rehabilitation, replacement, construction, development, and operation of residential rental properties (“*Residential Rental Recovery Developments*”) in the City of Lake Charles; and

WHEREAS, the City as Grantee and LHC as Subrecipient acknowledge and agree that (i) the LHC Prime-2 NOFA and the City GAP Housing Program are identical except for the respective lien positions of their respective CDBG-DR Funds, (ii) the application (“*PRIME-2 Application*”) by developers to LHC to utilize LHC CDBG-DR Funds for Residential Rental Recovery Developments located in the City included development budgets and operating pro formas that proposed to utilize City CDBG-DR Funds, (iii) the processing and underwriting review of the PRIME-2 Application for Residential Rental Recovery Developments to be located in the City citing the use of City CDBG-DR Funds is consistent with the City GAP Housing Program, (iii) the protocols for committing LHC CDBG-DR Funds to Residential Rental Recovery Developments in the City at a full financial closing (“*Financial Closing*”) following receipt of an Agreement to Use Grant Funds (“*AUGF*”) for LHC CDBG-DR Funds are identical to the protocols for the City committing City CDBG-DR Funds to Residential Rental Recovery Developments located in the City, and (iv) the asset management oversight of Residential Rental Recovery Developments during the operational phase of Residential Rental Recovery Developments using LHC CDBG-DR Funds are identical to the asset management oversight of Residential Rental Recovery Developments using City CDBG-DR Funds; and

WHEREAS, three developers proposing to develop Residential Rental Recovery Developments in the City have applied for and have been awarded CDBG-DR Funds from both the LHC Prime-2 NOFA and, in reliance on the application processing and underwriting undertaken by LHC, the City GAP Housing Program; and

WHEREAS, the City as Grantee now desires to engage LHC as a Subrecipient to (i) assist the Grantee in disbursing City CDBG-DR Funds to the three Residential Rental Recovery Developments located in the City and (ii) perform on behalf of the City certain asset management oversight functions following construction completion of the three Residential Rental Recovery Developments located in the City awarded both LHC CDBG-DR Funds and City CDBG-DR Funds as described in **Exhibit A – Statement of Work**; and

WHEREAS, before disbursing any CDBG-DR Funds to LHC as a Subrecipient, the City as Grantee is executing this Subrecipient Agreement with LHC as a Subrecipient in accordance with the requirements of 24 CFR §570.503; and

WHEREAS, this Subrecipient Agreement shall remain in effect during any period that LHC as Subrecipient has control over City CDBG-DR funds, including any program income that may be generated by Residential Rental Recovery Developments in the City; and

WHEREAS, and the LHC Board of Directors as the Subrecipient’s governing body has duly adopted the resolution dated June 12, 2024, authorizing LHC as Subrecipient to enter this agreement with the City as Grantee and that the Subrecipient has legal authority to enter this agreement and that, by signing this agreement, LHC assures the City as Grantee that it will comply with all the requirements of the subaward described herein; and

NOW, THEREFORE, in consideration of the need for recovery from qualifying major disaster in 2021 or 2022 as referenced in the Community Development Block Grant Disaster Recovery (CDBG-DR) Grant Agreement between the City and HUD executed December 2023 (“*Grant*

Agreement”) and the premises and mutual covenants described herein, the parties mutually agree to the terms described in this Agreement.

II. GENERAL AWARD INFORMATION

The sub-award from the Grantee to the Subrecipient, which is described below, is for the purpose of carrying out a portion of a Federal award described in Section I of this Agreement and creates a federal assistance relationship with the Subrecipient. This Agreement must be updated to reflect any changes to the Federal award and the following award information.

Contact Information:

Grantee: City of Lake Charles

Subrecipient: Louisiana Housing Corporation

Nicholas E. Hunter

Marjorianna Willman

Title: Mayor

Title: Executive Director

Grantee: City of Lake Charles

Subrecipient: Louisiana Housing Corporation

Address: 326 Pujoe Street

2415 Quail Drive

Baton Rouge, Louisiana 70808

Lake Charles, Louisiana

Telephone: 337-491-1381

Telephone: 225-763-8700

Federal Award Identification Number: B-22-MF-22-0002

Total Amount of the Federal Award: \$17,818,000

Federal Award Date: December 7, 2023

This award does not have an Indirect Cost Rate, negotiated or de minimus.

Is this award for research and development: Yes No

Subrecipient's unique entity identifier: S5VTGJJKGSPU9

Total Amount of the Federal Award Committed to the Subrecipient by the Grantee: \$4,145,000.

Period of Performance and Term: This Agreement shall have an Effective Date as of June 12, 2024. This Agreement shall remain in effect for three (3) years following the end of the compliance period for the CDBG funds allocated by the City (the “Term”). Subrecipient must meet all National Objectives, expend all funds, and remit all documents required under this agreement by June 30, 2029.

This agreement and its terms and conditions shall remain in effect during any period that the Subrecipient has control over CDBG-DR funds provided through this agreement, including program income as defined in 24 CFR 570.500(a).

II. STATEMENT OF WORK

A description of the work to be performed, a schedule for completing the work, and a budget are attached in **Exhibit A – Statement of Work**. The Subrecipient shall perform all activities in accordance with the terms of this Agreement and all exhibits incorporated herein. The Subrecipient must ensure that the Residential Rental Recovery Developments identified in **Exhibit A** benefit from the City CDBG-DR Funds described in **Exhibit A**. If the Residential Rental Recovery Developments identified in **Exhibit A** do not receive City CDBG-DR Funds delivered to the Subrecipient in the amounts as evidenced in their Development budgets identified in **Exhibit A**, the Subrecipient is liable to repay to the Grantee any associated disallowed costs.

III. STAFFING SCOPE OF WORK

The Subrecipient shall supervise and direct the completion of all activities under this agreement. The Subrecipient agrees to notify the Grantee of any changes in the Key Personnel assigned or their responsibilities under the activities described.

At a minimum, the Subrecipient shall assign the following staff with the identified responsibilities (the “Key Personnel”) to the identified activities:

Subrecipient Staff Member/Title	Responsibilities
Compass Group/GCLA/CSRS/ CDBG Staff	<u>APPLICATION REVIEW</u> : Determines if CDBG Applications are Complete
Compass Group/GCLA Government Consultants, Inc.	<u>LIHTC & CDBG-DR FUNDS UNDERWRITING</u> – Determines GAP Funding needs
GCLA/Franklin 7 Associates	<u>FUNDING DISBURSEMENT APPROVALS</u> : Approve City CDBG-DR Funds and Subsidy Layering Review to assure that Sources and Uses in Development Budget are in balance and not more than needed for feasibility and viability of Residential Rental Recovery Developments
Amanda Spain/Baker Donelson or	<u>CITY CDBG-DR PROGRAM DOCUMENTS</u> : Drafts City CDBG-DR Funds Program Documents and arranges their execution and delivery to Closing. Records City CDBG-DR Mortgage, CDBG-DR

Wayne Neveu Ruby Ho Butler/Snow	Regulatory Agreement, and UCCs and provides City with complete Transcript of the Full Financial Closing
LHC Construction Monitoring Staff LHC Compliance Monitoring Staff	<u>Site Visits</u> : certifies (i) construction progress for payment to General Contractor during construction, (ii) completion of Residential Rental Recovery Developments in the City and verifies certificates of occupancy at completion, and (iii) site visits every three years in accordance with LIHTC Regulatory Agreement and City CDBG-DR Documents
LHC CDBG Staff John Navarra Manager CDBG	<u>REQUISITION PROCESSING</u> : Reviews and approve back-up invoices and receipts to each monthly requisition in compliance with 2 CFR 200 prior to submitting copy of approved requisition package to City for the City CDBG-DR Funds and use Grantee's request form included as Exhibit I, and make payments directly to the developers. Submit requests for reimbursement or advance payment to City in approved format.
GCLA/Franklin & Associates	<u>COST CERTIFICATION REVIEW</u> : Placed in Service subsidy layering review based upon audited cost certification and developer financing certification
LHC Asset Management Department/Franklin and Associates	<u>ASSET MANAGEMENT AND FINANCIAL OVERSIGHT</u> : Conducts (i) annual desk audits of tenant income qualifications, (ii) annual reviews of Residential Rental Recovery Development independent audits to determine Surplus Cash available to pay CDBG-DR Loans, and (iii) report any failure of a Residential Rental Recovery Development in the City to comply with local health, safety and building codes. Ensure compliance with affordability period requirements in applicable Federal Register Notices (FRNs).
LHC Construction Monitoring Staff LHC Compliance Monitoring Staff LHC CDBG Staff	<u>CROSSCUTTING REQUIREMENTS</u> : Ensure all requirements in Exhibit C are met, including but not limited to, Davis Bacon and Related Acts (DBRA), Section 3 requirements, Fair Housing and Equal Opportunity (FHEO) requirements, Uniform Relocation Acts (URA), site specific environmental reviews, and other requirements.

IV. CITY CDBG-DR PAYMENT TO SUBRECIPIENT

The Grantee will pay to the Subrecipient City CDBG-Dr Funds for each Residential Rental Recovery Development in the City on the basis of the Requisition Processing described in the Staffing Scope of Work described above submitted by the Subrecipient..

To request payment, Subrecipient shall submit to the Grantee the payment request form included as **Exhibit I** and supporting invoices, bills, time sheets, and other documents necessary to justify the payment. The payment request form must also be accompanied by documentation from the Subrecipient demonstrating that payment is requested in accordance with this Agreement. Requests for drawdowns should be emailed to Mark.tizano@cityoflc.us, alexis.thomas@cityoflc.us, tarsha.williams@cityoflc.us with a copy to mtorres@hga-llc.com and klee@hga-llc.com or mailed to: City of Lake Charles, Community Development, 326 Pujoe Street, Lake Charles, LA 70601.

Before the Grantee will approve any payment requests from the Subrecipient using the request form included as **Exhibit I**, the Subrecipient must:

1. Complete the Vendor Management Bank Account Form
2. Submit a letter signed by a bank officer verifying the Subrecipient's account number and routing number, if applicable. At present, City reimburses through checks.

The Vendor Management Bank Account Form is included as **Exhibit J**.

A. Cash Depositories

Funds drawn under the City CDBG-DR Program must be deposited as follows:

1. A separate bank account must be established for City CDBG-DR Funds from which the Subrecipient will disburse such City CDBG-DR Funds to each Residential Rental Recovery Development in the City on the basis of the Requisition Processing described above in the **Staffing Scope of Work** that must be consistent with the Development Budget for each Residential Rental Recovery Development. Only City CDBG-DR Funds should be deposited into this account.
2. The separate bank account must be established in a financial institution with Federal deposit insurance coverage and the balance exceeding the coverage must be collaterally secured.
3. Consistent with the national goal of expanding the opportunities for minority business enterprises, Subrecipients are encouraged to use minority owned banks.

The Grantee will not approve payment for costs incurred that are inconsistent with the Development Budget for each Residential Rental Recovery Development in the City referenced in this agreement, federal statutes, regulations (including Cost Principles in 2 CFR 200, subpart E), or the terms and conditions of the Grantee's Federal award, or that would otherwise result in the Grantee charging improper, unauthorized, or otherwise unallowable costs to the Grantee's Federal award.

B. Time Period for Subrecipient to Disburse Funds

The Subrecipient must minimize the time elapsing between the receipt of City CDBG-DR Funds and their subsequent disbursement for the eligible costs of the Residential Rental Recovery Developments during construction period within three (3) working days or less.

C. Excess Payments

Whenever the cash on hand in the bank account established for City CDBG-DR Funds exceeds \$5,000 and appears to exceed the next three (3) working days' needs, the excess should be immediately returned to the Grantee.

D. Timeliness Standards and Cancellation of Grant Award

The Grantee reserves the right to cancel all or a portion of the City CDBG-DR Funds Grant Award if sufficient progress is not being made toward completion of a Residential Rental Recovery Development in the City. If the following timeliness standards are not met, funds may be subject to de-obligation and recapture by the Grantee:

1. Clearance of all City CDBG-DR Funds Grant Award conditions within six (6) months of City CDBG-DR Funds Grant Award;
2. Start of construction activities no later than one month after City CDBG-DR Funds Grant Award; and
3. Draw down of all City CDBG-DR Funds Grant Award within twenty-four months of City CDBG-DR Funds Grant Award.

In addition, the City CDBG-DR Funds Grant Award may be canceled at any time if it becomes apparent to the Grantee that the Subrecipient has not initiated the administrative activities necessary to allow the Residential Rental Recovery Development in the City to proceed.

E. Program Income

All Program Income, as defined in 24 CFR 570.500(a), must be returned to the Grantee. Program Income shall be based upon a payment a percentage of Surplus Cash from each of the Residential Rental Recovery Development in the City. Surplus Cash is defined in the City CDBG-DR Funds Program Documents as "any unrestricted cash remaining at the end of each fiscal year of the Borrower after payment of all accrued Operating Expenses for the Project for such fiscal year" as determined by annual independent audits of each Residential Rental Recovery Development in the City.

V. PROHIBITED ACTIVITIES

The Subrecipient may only carry out the activities described in this Agreement. The Subrecipient is prohibited from charging to the sub-award the costs of CDBG-ineligible activities, including those described at 24 CFR 570.207, and from using funds provided herein or personnel employed in the administration of activities under this agreement for political activities, inherently religious activities, or lobbying.

VI. PERFORMANCE MONITORING & REPORTING

A. Reporting

In addition to all deliverables and metrics specifically referenced in **Exhibit A**, the Subrecipient shall submit to the Grantee quarterly progress and financial reports to the Grantee in the form, content, and frequency required by the Grantee. At a minimum, reports shall be submitted no less frequently than required by 2 CFR 200.38, 24 CFR 570.507, and the applicable Federal Register notices.

The Subrecipient shall provide the Grantee with a final report upon completion of each Residential Rental Recovery Development in the City.

The Subrecipient is required to immediately report to the Grantee any incident of criminal misapplication of funds associated with this contract.

B. Asset Management Monitoring

The Grantee reserves the right to perform periodic on-site monitoring of each Residential Rental Recovery Development in the City and the Subrecipient's compliance with the terms, conditions and exhibits of this Agreement, and of the adequacy and timeliness of the Subrecipient's performances under this Agreement. If substandard performance is determined by the Grantee, it will constitute noncompliance with this Agreement. The Grantee will notify the Subrecipient of corrective action to be undertaken. If action to correct such substandard performance is not taken by the Subrecipient within 45 days after being notified by the Grantee, the Grantee may impose additional conditions on the Subrecipient and its use of CDBG-DR funds consistent with 2 CFR 200.207, suspend or terminate this Agreement, or initiate other remedies for noncompliance as appropriate and permitted under 2 CFR 200.338.

VII. AMENDMENT AND TERMINATION

A. Amendments

The Grantee or Subrecipient may amend this agreement at any time provided that such amendments make specific reference to this Agreement, are approved by the Grantee's governing body, and are signed in writing by a duly authorized representative of the Grantee and the Subrecipient. Such amendments shall not invalidate this Agreement, nor relieve or release the Grantee or Subrecipient from its obligations under this Agreement. Amendments will generally be required when any of the following are anticipated: i) revision to the scope or objectives of the City GAP Housing Program, including purpose or beneficiaries; ii) need to extend the availability of Grant Funds; iii) revision that would result in the need for additional funding; and iv) expenditures on items for which applicable cost principles require prior approval (see 24 CFR 570.200(h) for pre-award/pre-agreement costs).

The Grantee may, in its discretion, amend this agreement to conform with Federal, State or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities

to be undertaken as part of this agreement, such modifications will be incorporated only by written amendment signed by both Grantee and Subrecipient.

B. Suspension or Termination

The Grantee may terminate this agreement, in whole or in part, upon 30 days' notice, whenever it determines that the Subrecipient has failed to comply with any term, condition, requirement, or provision of this agreement. Failure to comply with any terms of this agreement, include (but are not limited to) the following:

1. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
2. Failure, for any reason, of the Subrecipient to fulfill in a timely and proper manner its obligations under this Agreement;
3. Ineffective or improper use of City CDBG-DR Funds provided under this Agreement; or
4. Submission by the Subrecipient to the Grantee of reports that are incorrect or incomplete in any material respect.

The Grantee shall promptly notify the Subrecipient, in writing, of its determination and the reasons for the termination together with the date on which the termination shall take effect and any other notifications required under 2 CFR part 200.339 through 200.343. Upon termination, the Grantee retains the right to recover any improper expenditures of City CDBG-DR Funds from the Subrecipient and the Subrecipient shall return to the Grantee any improper expenditures no later than thirty (30) days after the date of termination. The Grantee may, at its sole discretion, allow Subrecipient to retain or be reimbursed for costs reasonably incurred prior to termination, that were not made in anticipation of termination and cannot be canceled provided that said costs meet the provisions of this agreement, 2 CFR Part 200, Subpart E, Cost Principles, and any other applicable State or Federal statutes, regulations or requirements. This agreement may also be terminated in whole or in part by either the Grantee or the Subrecipient or based upon agreement by both the Grantee and the Subrecipient in accordance with the requirements in 2 CFR part 200.338 through 200.342.

VIII. INSURANCE & BONDING OF RESIDENTIAL RENTAL RECOVERY DEVELOPMENTS IN THE CITY

The Subrecipient shall require the Contractor for each Residential Rental Recovery Development in the City to purchase minimum Bonding and Insurance requirements under State law applicable to public works contracts valued over \$100,000 and require compliance with the Insurance Requirements contained in **Exhibit D**.

IX. EXHIBITS

The following exhibits are hereby attached and incorporated into this agreement:

Exhibit A – Statement of Work

Exhibit B – Budget(s)

Exhibit C – Special Requirements for Federal Awards

Exhibit D – Insurance Requirements

Exhibit E – Procurement Policy

Exhibit F – Conflict of Interest Prohibition

Exhibit G – Procedures to Protect Personally Identifiable Information (PII)

Exhibit H – Monitoring and Reporting

Exhibit I – Sample Payment Request Form

Exhibit J – Vendor Payment Authorization Forms

Exhibit K – Lead-Based Paint Provisions

THE UNDERSIGNED, as authorized officials on behalf of the parties, have executed this Agreement, which shall be effective as of the date of execution hereof on behalf of the Grantee.

GRANTEE: CITY OF LAKE CHARLES, LOUISIANA

By: Nicholas E Hunter

(Signature)

Name: Nicholas E. Hunter

Title: Mayor of City of lake Charles

Date: 10/23/2024

SUBRECIPIENT: LOUISIANA HOUSING CORPORATION

By: Marjorianna Willman

(Signature)

Name: Marjorianna Willman

Title: Executive Director

Date: 10/16/2024

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

(Subrecipient Attorney)

Exhibit A – Statement of Work

A. Project Description

The U.S. Department of Housing and Urban Development (HUD) allocated Community Development Block Grant Disaster Recovery (CDBG-DR) funds to the City of Lake Charles to be distributed in the Most Impacted and Distressed (MID) zip codes and counties and other areas according to Federal Register Notice dated February 3, 2022 , at 87 FR 6364, and the City of Lake Charles Action Plan for Disaster Recovery. These funds are to be used for activities authorized under Title I of the Housing and Community Development Act of 1974 (42 United States Code (U.S.C.) 5301 et seq) and described in the City of Lake Charles Action Plan for Disaster Recovery.

National Objective: LHC as Subrecipient will use CDBG-DR funds to principally benefit low- and moderate-income persons in a manner that ensures that 100% of the grant amount awarded under this Agreement is expended for activities that benefit such persons. Funds will be used to implement housing programs and fulfill unmet housing needs resulting from the Laura/Delta Disaster Declarations.

Joint Project Funding: The City as Grantee and LHC as Subrecipient agree that an award of CDBG-DR Funds have been awarded to the following borrowers and Residential Rental Recovery Developments in the City and on the terms described below:

<u>DEVELOPMENT</u>	<u>DEVELOPER</u>	<u># UNITS</u>	<u>LHC CDBG-DR LOAN</u>	<u>CITY CDBG-DR LOAN</u>	<u>FULL FINANCIAL CLOSING DATE</u>
Woodring Phase II	Historic Restoration, Inc.	40	\$8,000,000	\$1,300,000	11/30/2023
Capstone @ the Oaks	The Banyan Foundation	120	\$17,355,000	\$1,345,000	11/21/2023
Calcasieu Heights	MGM Development	72	\$7,371,000	\$1,500,000	12/21/2023

Documentation of City CDBG-DR Funds Loan: LHC as Subrecipient has arranged to document and secure the City CDBG-DR Loan using documents identical to those used by LHC to document and secure the LHC CDBG-DR Loans. LHC as Subrecipient will provide the City as Grantee a complete Closing Transcript evidencing all the documentation of the Full Financial Closing required prior to LHC issuing a Notice to Proceed to the General Construction Contractor for each Residential Rental Recovery Development in the City.

Tax Credit Equity: Each Residential Rental Recovery Development in the City has been allocated or allowed housing credits pursuant to Section 42 of the Internal Revenue Code of 1986, as

amended (the “Code”). The Subrecipient shall share with the City the feasibility and viability analysis of each Residential Rental Recovery Development in the City.

Development Sources and Uses Budget and Construction Funding: A Development Budget for each Project will identify all Sources of Funds and all Uses of Funds to complete the construction of each Project. The Sources and Uses must always be in balance throughout the Construction Period. LHC will fund its portion of each LHC CDBG-DR Loan on a pari passu basis with other funding sources identified in the Development Budget for each Residential Rental Recovery Development in the City as of the Full Financial Closing Date. The City agrees to release to LHC portions of the City CDBG-DR Loan as each draw is requested by each development based on percentage completed.

Requisition Form: LHC as Subrecipient will require the use by the Developer of each Residential Rental Recovery Development in the City of a standard requisition form, consistent with the Development Budget, to request funds not more than once from each funding source during the construction period of a Project. Each monthly requisition must be accompanied by back-up invoices and receipts and AIA Standard Forms G702 and G8703 in support of construction reimbursements to the General Contractor.

B. Subrecipient Responsibilities

The Subrecipient will undertake all actions necessary to mobilize and launch its production systems to implement the following activities:

<u>APPLICATION REVIEW:</u> Determines if Applications for City CDBG-DR Funds are Complete
<u>LIHTC & CDBG-DR FUNDS UNDERWRITING</u> – Determine the GAP Funding needs of each
<u>FUNDING DISBURSEMENT APPROVALS:</u> Approve City CDBG-DR Funds and Subsidy Layering Review to assure that Sources and Uses in Development Budget are in balance and not more than needed for feasibility and viability of Residential Rental Recovery Developments
<u>CITY CDBG-DR PROGRAM DOCUMENTS:</u> Draft City CDBG-DR Funds Program Documents and arrange their execution and delivery at the Closing. Record City CDBG-DR Mortgage, CDBG-DR Regulatory Agreement, and UCCs and provide City with complete Transcript of the Full Financial Closing for each Residential Rental Recovery Development in the City.
<u>Site Visits:</u> Certify (i) construction progress for payment to General Contractor during construction, (ii) completion of each Residential Rental Recovery Developments in the City and verify certificates of occupancy at completion, and (iii) conduct site visits every three years in accordance with LIHTC Regulatory Agreement and City CDBG-DR Documents

REQUISITION PROCESSING: Reviews and approve back-up invoices and receipts to each monthly requisition in compliance with 2 CFR 200 prior to submitting copy of approved requisition package to City for the City CDBG-DR Funds and use Grantee’s request form included as Exhibit I , and make payments directly to the developers. Submit requests for reimbursement or advance payment to City in approved format.
COST CERTIFICATION REVIEW: Complete Placed in Service subsidy layering review based upon audited cost certification and developer financing certifications
ASSET MANAGEMENT AND FINANCIAL OVERSIGHT: Conduct (i) annual desk audit of tenant income qualifications, (ii) annual review of Residential Rental Recovery Development independent audits to determine Surplus Cash available to pay CDBG-DR Loans, and (iii) report any failure of a Residential Rental Recovery Development in the City to comply with local health, safety and building codes. Ensure compliance with affordability period requirements in applicable Federal Register Notices (FRNs).
CROSSCUTTING REQUIREMENTS: Ensure all requirements in Exhibit C are met, including but not limited to, Davis Bacon and Related Acts (DBRA), Section 3 requirements, Fair Housing and Equal Opportunity (FHEO) requirements, Uniform Relocation Acts (URA), site specific environmental reviews, and other requirements.

C. Grantee Responsibilities

The City is responsible for the following tasks related to the administration of the City’s CDBG-DR Funds awarded to Residential Rental Recovery Development in the City:

- Providing training and technical assistance to LHC, including compliance with City’s policies, procedures, and other requirements, including requirements unique to the City’s CDBG-DR program as described in applicable Federal Register Notices (FRNs).
- Monitoring and oversight of LHC, including ensuring all findings are resolved, funds expended for eligible purposes, National Objectives are met, and all necessary files remitted and retained prior to closeout of this agreement.
- Review and approval of all invoices submitted by LHC for payment

D. Performance Goals and Timelines

The Subrecipient shall complete the activities required under this agreement in accordance with the following timeframes and performance goals associated with each of the activities:

Goal	Completion Date
Complete Staffing and Implementation Plan	June 1, 2024

Board of Directors approval of Subrecipient Agreement	June 12, 2024
Establish dedicated account to receive City CDBG-DR Funds for each Residential Rental Recovery Development in the City	June 13, 2024
Process 1 st requisition of City CDBG-DR Funds for each Residential Rental Recovery Development in the City	November 1, 2024
Disburse 1 st requisition of City CDBG-DR Funds for each Residential Rental Recovery Development in the City	November 5,, 2024
Disburse all funds awarded under this agreement to LHC	December 31, 2025
Confirm all units are leased to LMI households and a National Objective for each property is met	June 30, 2026
Closeout	June 30, 2029

E. National Objectives and Income Determination Method

The Subrecipient must ensure that all activities funded with CDBG-DR funds must meet the criteria for one of the CDBG program’s National Objectives, as defined in 24 CFR 570.208.

The Subrecipient will use demographic and income driven information to document the National Objective, including the collection and submission to the Grantee of income verification information from all individuals benefitting from this grant, if applicable. This documentation will include but is not limited to the applicant’s most recent IRS Form 1040 (long form), W2 Form, pay stubs for last three (3) months, signed statement from employer stating wage and frequency of payment, or unemployment income documented by current letter of benefits.

Exhibit B – Budget For Each Project

I. CAPSTONE AT THE OAKS

Please note that “LHC CDBG-DR Loan (Tranche A)” below for Capstone at the Oaks is the LHC amount of CDBG-DR and the “LHC CDBG-DR (Tranche B)” portion is the amount from the City of Lake Charles.

SOURCES OF FUNDS	ORIGINAL BUDGET
Syndication Equity - Construction	\$ 3,252,344.00
Syndication Equity - Completion	7,968,242.00
Syndication Equity - Conversion	4,390,664.00
Syndication Equity - 8609	650,469.00
Bridge Loan	11,325,000.00
Construction Loan	2,355,000.00
Payment on Bridge Loan	(13,680,000.00)
1st Mortgage Loan	2,355,000.00
LHC CDBG-DR Loan (Tranche A)	17,355,000.00
LHC CDBG-DR Loan (Tranche B)	1,345,000.00
45L Tax Credit Equity	260,948.00
Investment Income	2,351,048.00
Sales Tax Rebate	663,795.00
Bonds Payable	-
Project Fund	-
Collateral Fund	-
Deferred Developer Fee	1,139,184.00
TOTAL	\$ 41,731,694.00

USES OF FUNDS	ORIGINAL BUDGET
Construction Costs	\$ 28,211,648.00
Contingency	1,392,800.00
Soft Cost Contingency	110,000.00
Land Cost	2,000,000.00
Development Fee	2,500,000.00
Construction Interest	1,684,831.00
Other Interest	2,139,718.00
Pre-dev Loan Costs and Interest	19,273.21
Accounting Fees	50,000.00
Appraisal	10,750.00
Architect Fees	533,400.00
Construction Inspection Fees	27,000.00
Engineering and Survey	181,000.00
Environmental and Soil Reports	41,450.00
Market Study	4,800.00
Other Third Party Fees	66,000.00
Tap/Impact Fees and Permits	135,051.00
Legal Fees	325,500.00
Title & Recording	230,000.00
Construction Loan Fees	138,908.50
Permanent Loan Fees	108,520.74
Cost of Issuance and TEB Costs	455,265.00
Taxes and Insurance	595,000.00
Leasing Costs/Marketing & Adv.	30,000.00
Miscellaneous Soft Costs	5,864.55
Furnishings and Office Setup	40,000.00
Reserves	587,439.00
Tax Credit App. and Allocation Fees	107,477.00
	\$ 41,731,694.00

II. WOODRING PHASE II

Please note that “LHC CDBG-DR Loan (Tranche A)” below for Woodring Phase II is the LHC amount of CDBG-DR and the “LHC CDBG-DR (Tranche B) portion is the amount from the City of Lake Charles.

Sources Of Funds	Original Budget
Syndication Equity - Construction	\$1,055,491.00
Syndication Equity - Completion	1,583,236.50
Syndication Equity - Cost Cert	1,583,236.50
Syndication Equity - 8609	1,055,491.00
Construction Loan	8,000,000.00
Payment on Construction Loan	(8,000,000.00)
1st Mortgage Loan	900,000.00
LHC CDBG-DR Loan (Tranche A)	8,000,000.00
LHC CDBG-DR Loan (Tranche B)	1,300,000.00
45L Tax Credit Equity	93,000.00
Total	\$15,570,455.00

Uses of Funds	Original Budget
Construction Costs	\$10,281,813.00
Contingency	503,499.00
Soft Cost Contingency	58,347.00
Land Cost	490,000.00
Development Fee	1,400,000.00
Construction Interest	522,245.00
Accounting Fees	20,000.00
Appraisal	10,200.00
Architect Fees	715,000.00
Construction Inspection Fees	32,050.00
Engineering and Survey	15,000.00
Environmental and Soil Reports	140,000.00
Market Study	4,800.00
Other Third Party Fees	120,000.00
Tap/Impact Fees and Permits	2,500.00
Legal Fees	330,000.00
Title & Recording	120,000.00
Construction Loan Fees	80,000.00
Permanent Loan Fees	18,000.00
Cost of Issuance and TEB Costs	122,500.00
Taxes and Insurance	105,000.00
Leasing Costs/Marketing & Adv.	60,000.00
Miscellaneous Soft Costs	27,500.00
Furnishing and Office Setup	70,000.00
Reserves	290,000.00
Tax Credit App. and Allocation Fees	32,001.00
Total	\$15,570,455.00

III. CALCASIEU HEIGHTS

Please note that "LHC CDBG-DR Loan (Tranche A)" below for Calcasieu Heights is the LHC amount of CDBG-DR and the "LHC CDBG-DR (Tranche B) portion is the amount from the City of Lake Charles.

SOURCES OF FUNDS	ORIGINAL BUDGET
Syndication Equity - Construction	772,823
Syndication Equity - Completion	4,250,525
Syndication Equity - Conversion	2,473,033
Syndication Equity - 8609	231,847
Bridge Loan	-
Construction Loan / Bond	10,000,000
Payment on Bridge Loan	(10,000,000)
1st Mortgage Loan	2,025,000
LHC CDBG-PRIME Tranche A	7,371,000
LHC CDBG- Loan Tranche B	1,500,000
45L Tax Credit Equity	
Investment Income	
Sales Tax Rebate	
Bonds Payable	
Project Fund	
Collateral Fund	
Deferred Developer Fee	486,498
TOTAL	19,110,724

USES OF FUNDS	ORIGINAL BUDGET
Construction Costs	12,599,280
Contingency	726,347
Soft Cost Contingency	74,000
Land Cost	700,000
Development Fee	2,500,000
Interest - Construction & Other	932,799
Architect Fees - Design	95,040
Architect Fees - Supervision	38,760
Taxes During Construction	7,057
Insurance During Construction	150,993
Financing Fee - Construction Loan	110,000
Financing Fee - Permanent Loan	10,000
Title & Recording Costs	172,000
Organizational Costs	40,000
Legal Fees	175,000
Audit Fees Cost Certification	23,500
Agency Fees	51,477
Market Study/Appraisal/Enviro	49,650
Survey & Engineering	85,000
Inspections	50,000
Other 3rd Party Costs	8,863
Bond Cost of Issuance	106,679
Project Accounting	40,000
Reserves	364,279
TOTAL	19,110,724

Exhibit C – Special Requirements for Federal Awards

The CDBG-DR funds available to the Subrecipient through this agreement constitute a subaward of the Grantee's Federal award under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200. This agreement includes terms and conditions of the Grantee's Federal award that are imposed on the Subrecipient, and the Subrecipient agrees to carry out its obligations in compliance with all of the obligations described in this agreement.

A. General Compliance

The Subrecipient shall comply with all applicable provisions of the Housing and Community Development Act of 1974, as amended, and the regulations at 24 CFR part 570, as modified by the Federal Register notice(s) that govern the use of CDBG-DR funds available under this agreement. Notwithstanding the foregoing, (1) the Subrecipient does not assume the any of Grantee's responsibilities for environmental review, decision-making, and action, described in 24 CFR part 58, and (2) the Subrecipient does not assume any of the Grantee's responsibilities for initiating the review process under the provisions of 24 CFR Part 52. The Subrecipient shall also comply with all other applicable Federal, State and local laws, regulations, and policies that govern the use of the CDBG-DR funds in complying with its obligations under this agreement, regardless of whether CDBG-DR funds are made available to the Subrecipient on an advance or reimbursement basis.

B. Duplication of Benefits

The Subrecipient shall not carry out any of the activities under this agreement in a manner that results in a prohibited duplication of benefits as defined by Section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 USC 5155) and described in Appropriations Act. The Subrecipient must comply with HUD's requirements for duplication of benefits, imposed by Federal Register notice(s) that govern the use of CDBG-DR funds available under this agreement.

C. Drug-Free Workplace

Subrecipients must comply with drug-free workplace requirements in Subpart B of part 2429, which adopts the government wide implementation (2 CFR part 182) of sections 5152-5158 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701-707).

D. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

The Subrecipient shall comply with the applicable provisions in 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR part 200. These provisions include, but are not limited to:

1. Financial & Program Management

The Subrecipient shall expend and account for all City CDBG-DR funds received under this agreement in accordance with the Development Budgets for each Residential Rental Recovery Development in the City:

2. Cost Principles

Costs incurred, whether charged on a direct or an indirect basis, must be in conformance with 2 CFR part 200, subpart E. All items of cost listed in 2 CFR part 200, subpart E, that require prior Federal agency approval are allowable without prior approval of HUD to the extent they comply with the general policies and principles stated in 2 CFR part 200, subpart E and are otherwise eligible under this agreement, except for the following:

- a. Depreciation methods for fixed assets shall not be changed without the approval of the Federal cognizant agency.
- b. Fines penalties, damages, and other settlements are unallowable costs to the CDBG program.
- c. Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for personal use) regardless of whether reported as taxable income to the employees (2 CFR 200.445);
- d. Organization costs (2 CFR 200.455); and
- e. Pre-Award Costs, as limited by this agreement.

E. Documentation and Record Keeping

1. Record Keeping and Access to Records

The Subrecipient shall establish and maintain records sufficient to enable the Grantee to (1) determine whether the Subrecipient and its lower-tier recipients, contractors, and consultants complied with this agreement, applicable Federal statutes and regulations, and the terms and conditions of the Grantee's Federal award and (2) satisfy recordkeeping requirements applicable to the Grantee.

Such records may include: Records providing a full description of each activity undertaken; Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG-DR program; Records required to determine the eligibility of activities; Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance; Records documenting compliance with the fair housing and equal opportunity requirements of the CDBG program regulations; Financial records as required by 24 CFR 570.502, and 2 CFR part 200, including records necessary to demonstrate compliance with all applicable procurement requirements; and Other records necessary to document compliance with this agreement, any other applicable Federal statutes and regulations, and the terms and conditions of Grantee's Federal award.

The Subrecipient shall give the United States Department of Housing and Urban Development, the Inspector General and the Grantee, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, reports, files, and other papers, things, or property belonging to or in use by the Subrecipient pertaining to this contract. Such rights to access shall continue as long as the records are retained by the Subrecipient. The Subrecipient agrees to maintain such records in an accessible location and to provide citizens reasonable access to such records consistent with State laws governing open records, freedom of information or similar.

The Subrecipient shall include the substance of this section in all subcontracts.

2. Record Retention and Transmission of Records to the Grantee

Prior to close out of this agreement, the Subrecipient must transmit to the Grantee records sufficient for the Grantee to demonstrate that all costs under this agreement met the requirements of the Federal award.

The Subrecipient shall retain financial records, supporting documents, statistical records, and all other Subrecipient records pertinent to this agreement and Subrecipient's subaward for the longer of three (3) years after the expiration or termination of this agreement, or three (3) years after the submission of the Grantee's annual performance and evaluation report, as prescribed in § 91.520 of this title or in the applicable Federal Register notices governing the use of the funds, in which the specific activity is reported on for the final time. Notwithstanding the term of this agreement, all records the Subrecipient is required to maintain, including supporting documentation, shall be retained for the greater of three (3) years from closeout of the Federal award to the Grantee, or the period required by other applicable laws and regulations as described in 24 CFR 570.506.

The preceding requirement is, however, subject to the following exceptions:

- a. Records for activities subject to the reversion of assets provisions at 24 CFR § 570.503(b)(7) or change of use provisions at 24 CFR § 570.505 must be maintained for as long as those provisions continue to apply to the activity; otherwise, records for real property and equipment acquired under this agreement must be retained for three (3) years after final disposition;
- b. Records for individual activities for which there are outstanding loan balances, other receivables, or contingent liabilities must be retained until such receivables or liabilities have been satisfied;
- c. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken;
- d. When the Subrecipient is notified to do so in writing by HUD, the cognizant agency for audit as defined in 2 CFR 200.18, the oversight agency for audit as defined in 2 CFR 200.73, the cognizant agency for indirect costs as defined in 2 CFR 200.19, or the Grantee, the Subrecipient shall extend the retention period consistent with the notification;

- e. When records are transferred to or maintained by HUD or the Grantee, the 3-year retention requirement is not applicable to the Subrecipient;
- f. The retention period for the records pertaining to the earning of the program income (as defined in this Agreement) starts from the end of the Grantee's fiscal year in which the program income is earned; and
- g. For indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates), and their supporting records:
 - i. If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the Grantee) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.
 - ii. If not submitted for negotiation. If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the Grantee) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

Notwithstanding the term of this agreement, all records the Subrecipient is required to maintain, including supporting documentation, shall be retained for the greater of three (3) years from closeout of the Federal award to the Grantee, or the period required by other applicable laws and regulations as described in 24 CFR 570.506.

3. Client Data and Other Sensitive Information

The Subrecipient is required to maintain data demonstrating client eligibility for activities provided under this agreement. Such data may include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of activities provided. The Subrecipient must comply with the Grantee's Procedures to Protect Personally Identifiable Information (PII) for the CDBG-DR Program (Exhibit G).

F. Closeout

The Subrecipient shall closeout its use of the CDBG-DR funds and its obligations under this agreement by complying with the closeout procedures in 2 CFR § 200.344. Activities during this closeout period may include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Grantee), and determining the custodianship of records.

Notwithstanding the terms of 2 CFR 200.343, upon the expiration of this agreement, the Subrecipient shall transfer to the Grantee any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds, further, any real property under

the Subrecipient's control that was acquired or improved in whole or in part with CDBG funds (including CDBG funds provided to the subrecipient in the form of a loan) shall be treated in accordance with 24 CFR 570.503(b)(7).

G. Audits

1. Subrecipients must contract for annual independent audits of their financial operations, including compliance with Federal and State law and regulations. The contracts for independent audit must be done in accordance with 2 CFR Part 200, Subpart F, if the following circumstances occur:
 - a. If Subrecipient expends \$750,000 or more in a year in total federal funds (CDBG plus any other federal funds), they must submit an annual audit that should be made in accordance with 2 CFR Part 200, Subpart F. This audit should also include a Project Cost Schedule and a Source and Application of Funds Schedule.
2. Subrecipients that expend less than \$750,000 in a year in total Federal (CDBG plus any other federal funds) awards are exempt from Federal (but not State) audit requirements for that year. However, records must be available for review. In these cases a copy of the State Audit as well as the Project Cost Schedule and Source and Application Schedule must be submitted. CDBG funds may be used to pay for these financial schedules.
3. Subrecipients are required to submit audits according to State laws and regulations.
4. Small business concerns and business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in the performance of contracts for audit services awarded with CDBG funds. Subrecipients shall take the following affirmative action to further their goal:
 - a. Assure that audit firms owned and controlled by socially and economically disadvantaged individuals as defined in PL 95-507 are used to the fullest extent practicable.
 - b. Make information on forthcoming opportunities available and arrange timeframes for the audit so as to encourage and facilitate participation by small or economically disadvantaged firms.
 - c. Consider in the contract process whether firms competing for larger audits intend to subcontract with small or economically disadvantaged firms.
 - d. Encourage contracting with small or economically disadvantaged audit firms which have traditionally audited government programs, and in such cases where this is not possible, assure that these firms are given consideration for audit subcontracting opportunities.
 - e. Encourage contracting with consortiums of small or economically disadvantaged audit firms when a contract is too large for an individual small or economically disadvantaged firm.

- f. Use the services and assistance, as appropriate, of the Small Business Administration, the Minority Business Development Agency of the Department of Commerce, and the Community Services Administration in the solicitation and utilization of small or economically disadvantaged audit firms.
 - g. A copy of all audit reports shall be provided by the Subrecipient to the Grantee no later than thirty (30) days after issuance of the reports and no later than one (1) year plus thirty (30) days after the end of the audit period.
5. Audits must include an examination of internal control systems established to ensure compliance with laws and regulations affecting the expenditure of CDBG funds, financial transactions, and accounts and financial statements, and reports of Subrecipient organizations. These examinations are to determine whether:
- a. There is effective control over and proper accounting for revenues, expenditures, assets and liabilities.
 - b. The financial statements are presented fairly in accordance with generally accepted governmental accounting principles.
 - c. The quarterly reports to the Grantee and claims for advances contain accurate and reliable financial data and are presented in accordance with the terms of applicable agreements.
 - d. CDBG funds are being expended in accordance with the terms of the grant award and those provisions of Federal and State law or the Grantee regulations that could have a material effect on the financial statements.
6. In order to accomplish the purposes set forth above, a representative number of charges to the CDBG award shall be tested. The test shall be representative of all cost categories that materially affect the award. The test is to determine whether the charges:
- a. Are necessary and reasonable for the proper administration of the program.
 - b. Conform to any limitations or exclusions of the CDBG award itself.
 - c. Were given consistent accounting treatment and applied uniformly to both CDBG assisted and other activities of the Subrecipient.
 - d. Were net of applicable credits.
 - e. Did not include costs properly chargeable to other programs.
 - f. Were properly recorded (i.e., correct amount and date) and supported by source documentation.
 - g. Were approved in advance if subject to prior approval.
 - h. Were incurred in accordance with competitive purchasing procedures if applicable.

- i. Were allocated equitably to benefiting activities, including non-CDBG activities.
7. Audits should be made annually. If an acceptable annual audit is completed within a short period of time prior to closeout of a CDBG program, the Grantee will request payment documentation of the unaudited funds and then formally close the grant.
8. If the auditor becomes aware of irregularities in the Subrecipient organization, the auditor shall promptly notify the Grantee and Subrecipient management officials above the level of involvement. Irregularities include such matters as conflicts of interest, falsification of records and reports, and misappropriation of funds or other assets.
9. The annual audited financial statements shall include:
 - a. A statement that the audit was conducted in accordance with 2 CFR Part 200, Subpart F.
 - b. Financial statements, including the schedule of expenditures of Federal awards, including footnotes, of the Subrecipient organization.
 - c. The auditor's report on the financial statement which should:
 - (i) Identify the statements examined and the period covered.
 - (ii) State that the audit was done in accordance with the Generally Accepted Government Auditing Standards.
 - (iii) Express an opinion as to whether the financial statements of the Federal program are presented fairly in all material respects in conformity with the stated accounting policies.
 - (iv) Report on internal controls related to the Federal program, which shall describe the scope of testing of internal control and the results of the test.
 - (v) Report on compliance which includes an opinion as to whether the audit is in compliance with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on the Federal program.
 - (vi) Include a schedule of findings and questioned costs for the Federal Program.
 - (vii) Identify the major programs.
 - (viii) State the dollar threshold used to distinguish between programs.
 - (ix) Determine whether the audit qualifies as a low-risk audit.
10. The auditor's reports on compliance and internal control should:
 - a. Include comments on weaknesses or noncompliance with the systems of internal control, separately identifying material weaknesses.

- b. Report the scope of testing of internal control and the results of the tests, and where applicable, a separate schedule of findings and questioned cost.
 - c. Include statement that the audit is in compliance with laws, regulations, and the provisions of contracts or grant agreement that could have a direct and material effect on each major program according to the Federal and State law and where applicable, a separate schedule of findings and questioned cost.
 - d. Provide a Summary Schedule of prior audit findings that report the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to Federal awards. The Summary Schedule shall also include audit findings reported in the prior audit's schedule of prior audit findings except audit findings listed as corrected.
 - e. When audit findings were fully corrected, the summary schedule need only list the audit findings and state which corrective action was taken or provide a statement of planned actions taken by Subrecipient.
 - f. A Source and Application of Funds schedule and a Project Cost schedule for all CDBG funds. The appropriate grant numbers should also be shown. Please note that if the Subrecipient's total federal expenditures meet or exceed the guidelines of 2 CFR Part 200, Subpart F, (\$750,000), the Federal Schedule of Financial Assistance can be substituted for the Source and Application Schedule.
 - g. Comments on the accuracy and completeness of financial reports and claims for advances or reimbursement to the Grantee.
 - h. Comments on corrective action taken or planned by the Subrecipient.
11. Work papers and reports must be retained for a minimum of three (3) years from the date of the audit report, unless the auditor is notified in writing by the Grantee of the need to extend the retention period. The audit work papers must be made available upon request of the Grantee or its designees and the General Accounting Office or its designees.
12. When an audit discloses significant findings, the Subrecipient will be called upon by the Grantee to take corrective action. Depending upon the nature of the inadequacies, drawdown of funds, final closeout or subsequent award of a CDBG program may be delayed or denied until corrective action has been taken.

H. Inspections and Monitoring

Subrecipients must constantly monitor performance to ensure that time schedules are being met, projected milestones are being accomplished, and other performance goals are being achieved in accordance with the approved application. In addition, all activities must be conducted in compliance with federal and state requirements. Problems, delays, or adverse conditions affecting the Subrecipient's ability to meet grant objectives or time schedules should be reported to the Grantee. The Subrecipient may report these matters via the Quarterly Report form or may contact the Grantee, as appropriate, at any other time.

The Grantee will conduct monitoring visits, as necessary, to provide technical assistance and to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of this agreement. In addition to providing technical assistance, the Grantee will, at appropriate times during program activities, review Subrecipients' records to ensure that all applicable state and federal requirements are being met. The Grantee's emphasis will be on preventing and correcting problems before they develop into serious obstacles to program implementation. These reviews include: (1) reviewing financial and performance reports required by the Grantee; (2) following up and ensuring that the Subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the Subrecipient from the Grantee detected through audits, on-site reviews, and other means; and (3) issuing a management decision for audit findings pertaining to this Federal award provided to the Subrecipient from the Grantee as required by 2 CFR §200.521.

The Subrecipient shall permit the Grantee and auditors to have access to the Subrecipient's records and financial statements.

I. Corrective Actions

The Grantee may issue management decisions and may consider taking enforcement actions if noncompliance is detected during audits. The Subrecipient may require the Grantee to take timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means. In response to audit deficiencies or other findings of noncompliance with this agreement, Grantee may impose additional conditions on the use of the CDBG-DR funds to ensure future compliance or provide training and technical assistance as needed to correct noncompliance. The Subrecipient shall be subject to reviews and audits by the Grantee, including on-site reviews of the Subrecipient as may be necessary or appropriate to meet the requirements of 42 U.S.C. 5304(e)(2).

J. Procurement and Contractor Oversight

In accordance with 24 CFR 570.502 and 2 CFR 200.317, the Grantee is required to follow the procurement standards in 2 CFR 200.318 through 200.327 for procurement of goods and services procured directly by the Grantee that is paid for in whole or in part with CDBG-DR funds. The Subrecipient and its contractors must follow the Grantee's CDBG-DR Procurement Policy (Exhibit E).

The Subrecipient shall impose the Grantee's obligations under this agreement on its contractors, specifically or by reference, so that such obligations will be binding upon each of its contractors.

The Subrecipient must comply with CDBG regulations regarding debarred or suspended entities at 24 CFR 570.609. CDBG funds may not be provided to excluded or disqualified persons.

The Subrecipient shall maintain oversight of all activities under this agreement and shall ensure that for any procured contract or agreement, its contractors perform according to the terms and conditions of the procured contracts or agreements, and the terms and conditions of this agreement.

K. Property Standards

The Subrecipient shall also comply with the Property Standards in 2 CFR 200.310 through 2 CFR 200.316, except to the extent they are inconsistent with 24 CFR 570.200(j) and 24 CFR 570.505, in which case Subrecipient shall comply with 24 CFR 570.200(j) and 24 CFR 570.505, and except to the extent that proceeds from the sale of equipment are program income and subject to the program income requirements under this agreement, pursuant to 24 CFR 570.504.

L. Federal Funding Accountability and Transparency Act (FFATA)

The Subrecipient shall comply with the requirements of 2 CFR part 25 Universal Identifier and System for Award Management (SAM). The Subrecipient must have an active registration in SAM in accordance with 2 CFR part 25, appendix A, and must have a Unique Entity Identifier (UEI). The Subrecipient must also comply with provisions of the Federal Funding Accountability and Transparency Act, which includes requirements on executive compensation, and 2 CFR part 170 Reporting Subaward and Executive Compensation Information.

M. Relocation, Real Property Acquisition, and One-for-One Housing Replacement

The Subrecipient shall comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), 42 USC 4601 – 4655, 49 CFR part 24, 24 CFR part 42, and 24 CFR 570.606; in addition to waivers and alternate requirements of all applicable Federal Register Notices for this award.

In addition to other URA requirements, these regulations (49 CFR § 24.403(d)) implement Section 414 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 USC § 5181, which provides that "Notwithstanding any other provision of law, no person otherwise eligible for any kind of replacement housing payment under the [URA] shall be denied such eligibility as a result of his being unable, because of a major disaster as determined by the President, to meet the occupancy requirements set by such Act".

N. Nondiscrimination

1. 24 CFR part 6

The Grantee, Subrecipient, and their successors and assigns shall comply with 24 CFR part 6, which implements the provisions of section 109 of title I of the Housing and Community Development Act of 1974 (Title I) (42 U.S.C. 5309). Section 109 provides that no person in the United States shall, on the ground of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Federal financial assistance.

The Grantee, Subrecipient and their successors and assigns shall adhere to the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) (Age Discrimination Act) and the prohibitions against discrimination on the basis of disability under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (Section 504). Section 109 of the HCDA makes these requirements applicable to programs or activities funded in whole or in part with CDBG-DR funds. Thus, the Subrecipient shall comply with regulations of 24 CFR part 8, which implement Section 504 for HUD programs, and the regulations of 24 CFR part 146, which implement the Age Discrimination Act for HUD programs.

Non-Discrimination Clause.

The Grantee, Subrecipient and their successors and assigns shall abide by the requirements of the following, as applicable: Title VI of the Civil Rights Act of 1964 and Title VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246 as amended, the Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, the Fair Housing Act of 1968 as amended, and the Americans with Disabilities Act of 1990.

Grantee agrees not to discriminate in its employment practices, and will render services under this Contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities.

Any act of discrimination committed by Grantee, or failure to comply with these statutory obligations when applicable shall be grounds for termination of this Contract.

2. Architectural Barriers Act and the Americans with Disabilities Act

The Subrecipient shall ensure that its activities are consistent with requirements of Architectural Barriers Act and the Americans with Disabilities Act.

The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) requires certain Federal and Federally funded buildings and other facilities to be designed, constructed, or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people. A building or facility designed, constructed, or altered with funds allocated or reallocated under this part after December 11, 1995, and that meets the definition of "residential structure" as defined in 24 CFR 40.2 or the definition of "building" as defined in 41 CFR 101-19.602(a) is subject to the requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157) and shall comply with the Uniform Federal Accessibility Standards (appendix A to 24 CFR part 40 for residential structures, and appendix A to 41 CFR part 101-19, subpart 101-19.6, for general type buildings).

The Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 and 225) (ADA) provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, State and local government services, and telecommunications. It further provides that discrimination includes a failure to design and construct facilities for first occupancy no later than January 26, 1993, that are readily accessible to and usable by individuals with disabilities. Further, the ADA requires the removal of architectural barriers and communication barriers that are structural in nature in existing facilities, where such removal is readily achievable—that is, easily accomplishable and able to be carried out without much difficulty or expense.

3. State and Local Nondiscrimination Provisions

Civil Rights Act for Persons with Disabilities

- Effective as amended: June 23, 2014; originally enacted 1980
- Summary: Law enacted to prohibit discrimination on the basis of disability, including housing, education, other real estate, and public services discrimination. La. Rev. Stat. §§ 46:2251-2255

<https://www.legis.la.gov/legis/Law.aspx?d=100576>

Louisiana Equal Housing Opportunity Act

- Effective as amended: July 23, 2014 (originally enacted 1991)
- Summary: Law enacted prohibiting housing discrimination on the basis of sex, religion, color, race, national origin, familial status, or disability.
- * Note that Louisiana recently enacted a bill adding natural or cultural hairstyles to the list of characteristics protected from discrimination; those provisions are effective August 1, 2022. La. Rev. Stat. §§ 51:2601-2614

https://www.lawserver.com/law/state/louisiana/la-laws/louisiana_revised_statutes_title_51_chapter_43

Louisiana Employment Discrimination Law

- Effective as amended: January 1, 2009 (originally enacted 1997)
- Summary: In 1997, the Louisiana Legislature passed the Louisiana Employment Discrimination Law, La. R.S. 23:301, et seq., “LEDL.” Prior to 1997, Louisiana’s various discrimination statutes were non-uniform and scattered throughout the revised statutes. The LEDL repealed and reenacted many of Louisiana’s employment discrimination statutes as part of a single, comprehensive piece of legislation found in one Title of the Revised Statutes.

La. Rev. Stat. §§ 23:301-372

<https://www.legis.la.gov/Legis/Law.aspx?d=83884>

LA Rev Stat § 51:2231 (Establishing the Louisiana Commission on Human Rights)

- Effective as amended: August 1, 2014 (originally enacted 1988)
- Summary: Law enacted establishing the Louisiana Commission on Human Rights and execute within Louisiana the policies established by the Federal Civil Rights Acts.
- La. Rev. Stat. § 51:2236: “A. Parishes and municipalities may adopt and enforce ordinances, orders, and resolutions prohibiting all forms of discrimination, including discrimination on the basis of race, creed, color, religion, national origin, sex, disability, or age, and to prescribe penalties for violations thereof, such penalties being in addition to the remedial orders and enforcement herein authorized. B. Parishes and municipalities may adopt and enforce ordinances, orders, and resolutions prohibiting discrimination, but no ordinance, order, or resolution shall attempt to exempt more transactions from its coverage than are exempted by R.S. 51:2250.”
- § 51:2237: “Any parish or municipality, or one or more parishes and municipalities acting jointly, may create a human rights commission, hereinafter referred to as a “local commission”: (1) To provide for execution within its jurisdiction of the policies embodied in this Chapter, Chapter 3-A of Title 23 of the Louisiana Revised Statutes of 1950, and the Federal Civil Rights Act of 1964 (78 Stat. 241).1 (2) To safeguard all individuals within its jurisdiction from discrimination because of race, creed, color, religion, national origin, sex, disability, or age.”

La. Rev. Stat. §§ 51:2231-2265

https://www.cfrpd.doa.louisiana.gov/boardsAndCommissions/StatutoryCitations/435_LRS%2051-2231%20et%20seq.pdf

<https://law.justia.com/codes/louisiana/2021/revised-statutes/title-51/rs-2231/>

4. Title VI of the Civil Rights Act of 1964 (24 CFR part 1)

a. General Compliance

The Subrecipient shall comply with the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352), as amended and 24 CFR 570.601 and 570.602. No person in the United States shall,

on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity funded by this agreement. The specific nondiscrimination provisions at 24 CFR 1.4 apply to the use of these funds. The Subrecipient shall not intimidate, threaten, coerce, or discriminate against any person for the purpose of interfering with any right or privilege secured by title VI of the Civil Rights Act of 1964 or 24 CFR part 1, or because he has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under 24 CFR part 1. The identity of complainants shall be kept confidential except to the extent necessary to carry out the purposes of 2 CFR part 1, including the conduct of any investigation, hearing, or judicial proceeding arising thereunder.

b. Assurances and Real Property Covenants

As a condition to the approval of this Agreement and the extension of any Federal financial assistance, the Subrecipient assures that the program or activities described in this Agreement will be conducted and the housing, accommodations, facilities, services, financial aid, or other benefits to be provided will be operated and administered in compliance with all requirements imposed by or pursuant to 2 CFR part 1.

If the Federal financial assistance under this agreement is to provide or is in the form of personal property or real property or interest therein or structures thereon, the Subrecipient's assurance herein shall obligate the Subrecipient or, in the case of a subsequent transfer, the transferee, for the period during which the property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits, or for as long as the Subrecipient retains ownership or possession of the property, whichever is longer. In all other cases the assurance shall obligate the Subrecipient for the period during which Federal financial assistance is extended pursuant to the contract or application.

This assurance gives the Grantee and the United States a right to seek judicial enforcement of the assurance and the requirements on real property.

In the case of real property, structures or improvements thereon, or interests therein, acquired with Federal financial assistance under this Agreement or acquired with CDBG-DR funds and provided to the Subrecipient under this Agreement, the instrument effecting any disposition by the Subrecipient of such real property, structures or improvements thereon, or interests therein, shall contain a covenant running with the land assuring nondiscrimination for the period during which the real property is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits.

If the Subrecipient receives real property interests or funds or for the acquisition of real property interests under this Agreement, to the extent that rights to space on, over, or under any such property are included as part of the program receiving such assistance, the nondiscrimination requirements of this part shall extend to any facility located wholly or in part in such space.

5. Affirmative Action

a. Approved Plan

The Subrecipient agrees that it shall carry out pursuant to the Grantee's specifications for an Affirmative Action Program in compliance with the President's Executive Order 11246 of September 24, 1966, as amended, and implementing regulations at 42 CFR chapter 60. The Grantee shall provide Affirmative Action guidelines to the Subrecipient to assist in the formulation of such program. Prior to the release of funds under this agreement, the Subrecipient shall submit either a plan for an Affirmative Action Program or, if the State has a plan, documentation that it has adopted and is prepared to implement the State plan.

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

The Subrecipient shall take the affirmative steps listed in 2 CFR 200.321(b)(1) through (5) to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible when the Subrecipient procures property or services under this agreement.

c. Notifications

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

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

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

O. Labor and Employment

1. Labor Standards

The Subrecipient shall comply with the labor standards in Section 110 of the Housing and Community Development Act of 1974, as amended, and ensure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under this agreement shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis Bacon Act, as amended (40 U.S.C. 3141, et seq.), and 29 CFR part 1, 3, 5, 6, and 7, provided that this requirement shall apply to the rehabilitation of residential property only if such property contains not less than eight (8) units.

The Subrecipient agrees to comply with the Copeland Anti-Kickback Act (18 U.S.C. 874) and its implementing regulations of the U.S. Department of Labor at 29 CFR part 3 and part 5. The Subrecipient shall maintain documentation that demonstrates compliance with applicable hour and wage requirements. Such documentation shall be made available to the Grantee for review upon request.

P. Section 3 of the Housing and Urban Development Act of 1968

1. Compliance

The Subrecipient shall comply with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC 1701u, and implementing its implementing regulations at 24 CFR part 75.

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 75, 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 75 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.

d. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 75, 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 75. 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 75.

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 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.

f. Noncompliance with HUD's regulations in 24 CFR part 75 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).

Q. Conduct

1. Hatch Act

The Subrecipient shall comply with the Hatch Act, 5 USC 1501 – 1508, and shall ensure that no funds provided, nor personnel employed under this agreement, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V of the U.S.C.

2. Conflict of Interest

In the procurement of supplies, equipment, construction, and services pursuant to this agreement, the Subrecipient shall comply with the conflict-of-interest provisions in the Grantee's procurement policies and procedures. In all cases not governed by the conflict-of-interest provisions in the Grantee's procurement policies and procedures, the Subrecipient shall comply with the conflict of interest provisions in 24 CFR 570.611, 2 CFR 200.318(c) and 2 CFR 200.319(b)(5). The Grantee's Conflict of Interest Policy and Procedures are attached as Exhibit F.

3. Lobbying Certification

The Subrecipient hereby certifies that:

a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;

b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

c. It shall require that the language of paragraphs (a) and (b) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts

under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly; and

d. 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 required 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.

R. Religious Activities

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

S. Environmental Conditions

1. Prohibition on Choice Limiting Activities Prior to Environmental Review

The Subrecipient must comply with the limitations in 24 CFR 58.22 even though the Subrecipient is not delegated the requirement under Section 104(g) of the HCD Act for environmental review, decision making, and action (see 24 CFR part 58) and is not delegated the Grantee's responsibilities for initiating the review process under the provisions of 24 CFR Part 52. 24 CFR 58.22 imposes limitations on activities pending clearance, and specifically limits commitments of HUD funds or non-HUD funds by any participant in the development process before completion of the environmental review. A violation of this requirement may result in a prohibition on the use of Federal funds for the activity.

2. Air and Water

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

- a. Air quality. (1) The Clean Air Act (42 U.S.C. 7401 et. seq.) as amended; particularly section 176(c) and (d) (42 U.S.C. 7506(c) and (d)); and (2) Determining Conformity of Federal Actions to State or Federal Implementation Plans (Environmental Protection Agency—40 CFR parts 6, 51, and 93).
- b. Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, et seq., as amended, including the requirements specified in Section 114 and Section 308 of the Federal Water Pollution Control Act, as amended, and all regulations and guidelines issued thereunder.

3. Flood Disaster Protection

The Subrecipient shall comply with the mandatory flood insurance purchase requirements of Section 102 of the Flood Disaster Protection Act of 1973, as amended by the National Flood Insurance Reform Act of 1994, 42 USC 4012a. Additionally, the Subrecipient shall comply with Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a), which includes a prohibition on the provision of flood disaster assistance, including loan

assistance, to a person for repair, replacement, or restoration for damage to any personal, residential, or commercial property if that person at any time has received Federal flood disaster assistance that was conditioned on the person first having obtained flood insurance under applicable Federal law and the person has subsequently failed to obtain and maintain flood insurance as required under applicable Federal law on such property. Section 582 also includes a responsibility to notify property owners of their responsibility to notify transferees about mandatory flood purchase requirements. More information about these requirements is available in the Federal Register notice(s) governing the CDBG-DR award.

4. Lead-Based Paint

The Grantee shall follow the Grantee's procedures with respect to CDBG assistance that fulfill the objectives and requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this title. These provisions are attached to this agreement as Exhibit K.

5. Historic Preservation

The Subrecipient shall comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended, codified in title 54 of the United States Code, and the procedures set forth in 36 CFR part 800 insofar as they apply to the performance of this agreement.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty (50) years old or older or that are included on a Federal, state, or local historic property list.

T. Other Requirements Imposed by Grantee

1. Subcontracts

The following provisions shall apply to the Subrecipient and any lower-tier recipient performing under this award:

a. If the Subrecipient contracts any of the work required under this Agreement, a copy of the proposed contract, and any proposed amendments, extensions, revisions, or other changes thereto, must be forwarded to the Grantee for prior written approval. The Subrecipient shall comply with the Grantee's procurement policy (Exhibit E). The Subrecipient must comply with CDBG regulations regarding debarred or suspended entities under 24 CFR 570.609, pursuant to which CDBG funds must not be provided to excluded or disqualified persons, and provisions addressing bid, and performance bonds, if applicable, and liquidated damages.

b. In accordance with Federal, State, and local laws, regulations, HUD Notices, program guidelines, and the policies and procedures to be issued by the Grantee, the Subrecipient will monitor any and all sub-subrecipient efforts on a regular basis to assure compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up actions taken to address areas of noncompliance. Information detailing

credible evidence of fraud, waste, or abuse shall be immediately reported to the Grantee, followed by a written report within ten (10) calendar days.

c. The Subrecipient shall include language in any subcontract that provides the Grantee the ability to directly review, monitor, or audit the operational and financial performance or records of work performed under this contract.

d. The Subrecipient shall comply with the Action Plan for CDBG Disaster Recovery for the City of Lake Charles, this Agreement, and all applicable federal, state and local laws, regulations, and ordinances for making procurements under this contract.

e. The Subrecipient shall maintain a retainage in the amount of five percent (5%) of each construction or rehabilitation subcontract entered into by the Subrecipient until the Grantee determines that the Federal labor standards requirements applicable to each such subcontract have been satisfied.

f. The Subrecipient shall include in any subcontracts that failure to adequately perform under this contract may result in penalties up to and including debarment from performing additional work for the Grantee.

g. The Subrecipient shall incorporate all required CDBG-DR and cross cutting requirements into subcontracts and all other lower-tier contracts executed in connection with this award.

Exhibit D – Insurance Requirements

INSURANCE REQUIREMENTS

The Contractor shall purchase and maintain without interruption for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors, or anyone employed directly or indirectly by any of them. The duration of the contract shall be from the inception of the contract until the date of final payment.

A. MINIMUM SCOPE AND LIMITS OF INSURANCE

1. Workers Compensation

Workers Compensation insurance shall be in compliance with the Workers Compensation law of the State of the Contractor’s headquarters. Employers Liability is included with a minimum limit of \$1,000,000 per accident/per disease/per employee. If work is to be performed over water and involves maritime exposure, applicable LHWCA, Jones Act, or other maritime law coverage shall be included. A.M. Best's insurance company rating requirement may be waived for workers compensation coverage only.

2. Commercial General Liability

a. Commercial General Liability insurance, including Personal and Advertising Injury Liability and Products and Completed Operations Liability, shall have a minimum limit per occurrence based on the project value. The Insurance Services Office (ISO) Commercial General Liability occurrence coverage form CG 00 01 (current form approved for use in Louisiana), or equivalent, is to be used in the policy. Claims-made form is unacceptable.

b. The aggregate loss limit must apply to each project. ISO form CG 25 03 (current form approved for use in Louisiana), or equivalent, shall also be submitted. The State project number, including part number, and project name shall be included on this endorsement.

c. COMBINED SINGLE LIMIT (CSL) PER OCCURRENCE

Type of Construction	Projects up to \$1,000,000	Projects over \$1,000,000 up to \$10,000,000	Projects over \$10,000,000
New buildings			

Each Occurrence Minimum Limit	\$1,000,000	\$2,000,000	\$4,000,000
Per Project Aggregate	\$2,000,000	\$4,000,000	\$8,000,000

Renovations**

Minimum Limit	\$1,000,000**	\$2,000,000**	\$4,000,000**
Per Project Aggregate			

2 times per occur limit**

** While the minimum Combined Single Limit of \$1,000,000 is required for any renovation, the limit is calculated by taking 10% of the building value and rounding it to the nearest \$1,000,000 to get the insurance limit. Example: Renovation on a \$33,000,000 building would have a calculated \$3,000,000 combined single limit of coverage (33,000,000 times .10 = 3,300,000 and then rounding down to \$3,000,000). If the calculated limit is less than the minimum limit listed in the above chart, then the amount needed is the minimum listed in the chart. Maximum per occurrence limit required is \$10,000,000 regardless of building value. The per project aggregate limit is then calculated as twice the per occurrence limit.

3. Automobile Liability

Automobile Liability Insurance shall have a minimum combined single limit per accident of \$1,000,000. ISO form number CA 00 01 (current form approved for use in Louisiana), or equivalent, is to be used in the policy. This insurance shall include third-party bodily injury and property damage liability for owned, hired and non-owned automobiles.

4. Excess Umbrella

Excess Umbrella insurance may be used to meet the minimum requirements for Commercial General Liability and Automobile Liability only.

5. Builder's Risk

- a. Builder's Risk Insurance shall be in an amount equal to the amount of the construction contract including any amendments and shall be upon the entire work included in the contract. The policy shall provide coverage equivalent to the ISO form number CP 10 20, Broad Form Causes of Loss (extended, if necessary, to include the perils of wind, earthquake, collapse, vandalism/malicious mischief, and theft, including theft of materials whether or not attached to any structure). The policy must include architects'

and engineers' fees necessary to provide plans, specifications and supervision of work for the repair and/or replacement of property damage caused by a covered peril, not to exceed 10% of the cost of the repair and/or replacement.

- b. Flood coverage shall be provided by the Contractor on the first floor and below for all projects, except as otherwise noted. The builder's risk insurance policy, sub-limit for flood coverage shall not be less than ten percent (10%) of the total contract cost per occurrence. If flood is purchased as a separate policy, the limit shall be ten percent (10%) of the total contract cost per occurrence (with a max of \$500,000 if NFIP). Coverage for roofing projects shall **not** require flood coverage.
 - c. A Specialty Contractor may provide an installation floater in lieu of a Builders Risk policy, with the similar coverage as the Builder's Risk policy, upon the system to be installed in an amount equal to the amount of the contract including any amendments. Flood coverage is not required.
 - d. The policy must include coverage for the Owner, Contractor and any subcontractors as their interests may appear.
- 6. Property Coverage on a Causes of Loss – Special Form.** Must be “all risk” policy, including extra expense, law and ordinance, and terrorism coverage. Value must be for full replacement cost on an agreed value basis, with a deductible not to exceed \$25,000, all perils except Named Windstorms which is 2% subject to \$100,000 minimum.
- 7. Pollution Liability (*required when asbestos or other hazardous material abatement is included in the contract*)**

Pollution Liability insurance, including gradual release as well as sudden and accidental, shall have a minimum limit of not less than \$1,000,000 per claim. A claims-made form will be acceptable. A policy period inception date of no later than the first day of anticipated work under this contract and an expiration date of no earlier than 30 days after anticipated completion of all work under the contract shall be provided. There shall be an extended reporting period of at least 24 months, with full reinstatement of limits, from the expiration date of the policy if policy is not renewed. The policy shall not be cancelled for any reason, except non-payment of premium.

B. DEDUCTIBLES AND SELF-INSURED RETENTIONS

Any deductibles or self-insured retentions must be declared to and accepted by the Agency. The Contractor shall be responsible for all deductibles and self-insured retentions.

C. OTHER INSURANCE PROVISIONS

The policies are to contain, or be endorsed to contain, the following provisions:

- 1. Workers Compensation and Employers Liability Coverage

To the fullest extent allowed by law, the insurer shall agree to waive all rights of subrogation against the Agency, its officers, agents, employees and volunteers for losses arising from work performed by the Contractor for the Agency.

2. Commercial General Liability Coverage

- a. The Agency, its officers, agents, employees and volunteers are to be added as additional insureds as respects liability arising out of activities performed by or on behalf of the Contractor; products and completed operations of the Contractor, premises owned, occupied or used by the Contractor. ISO Forms CG 20 10 (for ongoing work) AND CG 20 37 (for completed work) (current forms approved for use in Louisiana), or equivalent, are to be used.
- b. The Contractor's insurance shall be primary as respects the Agency, its officers, agents, employees and volunteers for any and all losses that occur under the contract. The coverage shall contain no special limitations on the scope of protection afforded to the Agency, its officers, officials, employees or volunteers. Any insurance or self-insurance maintained by the Agency shall be excess and non-contributory of the Contractor's insurance.

3. Builder's Risk

The policy must include an endorsement providing the following:

In the event of a disagreement regarding a loss covered by this policy which may also be covered by a State of Louisiana self-insurance or commercial property policy through the Office of Risk Management (ORM), Contractor and its insurer agree to follow the following procedure to establish coverage and/or the amount of loss:

Any party to a loss may make written demand for an appraisal of the matter in disagreement. Within 20 days of receipt of written demand, the Contractor's insurer and either ORM or its commercial insurance company shall each select a competent and impartial appraiser and notify the other of the appraiser selected. The two appraisers will select a competent and impartial umpire. The appraisers will then identify the policy or policies under which the loss is insured and, if necessary, state separately the value of the property and the amount of the loss that must be borne by each policy. If the two appraisers fail to agree, they shall submit their differences to the umpire. A written decision by any two shall determine the policy or policies and the amount of the loss. Each insurance company agree that the decision of the appraisers and the umpire if involved will be binding and final and that neither party will resort to litigation. Each of the two parties shall pay its chosen appraiser and bear the cost of the umpire equally.

4. All Coverages

- a. All policies must be endorsed to require 30 days written notice of cancellation to the Agency. Ten-day written notice of cancellation is acceptable for non-payment of premium. Notifications shall comply with the standard cancellation provisions in the Contractor's policy.

In addition, Contractor is required to notify Agency of policy cancellations or reductions in limits.

- b. Neither the acceptance of the completed work nor the payment thereof shall release the Contractor from the obligations of the insurance requirements or indemnification agreement.
- c. The insurance companies issuing the policies shall have no recourse against the Agency for payment of premiums or for assessments under any form of the policies.
- d. Any failure of the Contractor to comply with reporting provisions of the policy shall not affect coverage provided to the Agency, its officers, agents, employees and volunteers.

D. ACCEPTABILITY OF INSURERS

1. All required insurance shall be provided by a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located. Insurance shall be placed with insurers with an A.M. Best's rating of **A-:VI or higher**. This rating requirement may be waived for workers compensation coverage only.
2. If at any time an insurer issuing any such policy does not meet the minimum A.M. Best rating, the Contractor shall obtain a policy with an insurer that meets the A.M. Best rating and shall submit another Certificate of Insurance within 30 days.

E. VERIFICATION OF COVERAGE

1. Contractor shall furnish the Agency with Certificates of Insurance reflecting proof of required coverage. The Certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The Certificates are to be received and approved by the Agency before work commences and upon any contract renewal or insurance policy renewal thereafter.
2. The Certificate Holder Shall be listed as follows: State of Louisiana

Agency Name, Its Officers, Agents, Employees and Volunteers
Address, City, State, Zip
Project or Contract #:
3. In addition to the Certificates, Contractor shall submit the declarations page and the cancellation provision for each insurance policy. The Agency reserves the right to request complete certified copies of all required insurance policies at any time.
4. If the Contractor does not meet the insurance requirements at policy renewal, at the option of the Agency, payment to the Contractor may be withheld until the requirements

have been met, OR the Agency may pay the renewal premium and withhold such payment from any monies due the Contractor, OR the contract may be suspended or terminated for cause. Failure of the Contractor to purchase and/or maintain any required insurance shall not relieve the Contractor from any liability or indemnification under the contract.

F. SUBCONTRACTORS

1. Contractors shall include all subcontractors as insureds under its policies OR shall be responsible for verifying and maintaining the Certificates provided by each subcontractor. Subcontractors shall be subject to all of the requirements stated herein. The Agency reserves the right to request copies of subcontractor's Certificates at any time.
2. If the contractor does not verify its insurance as described above, Agency has the right to withhold payments to the Contractor until the requirements have been met.

G. WORKERS COMPENSATION INDEMNITY

In the event Contractor is not required to provide or elects not to provide workers compensation coverage, the parties hereby agree that Contractor, its owners, agents and employees will have no cause of action against, and will not assert a claim against, the State of Louisiana, its departments, agencies, agents and employees as an employer, whether pursuant to the Louisiana Workers Compensation Act or otherwise, under any circumstance. The parties also hereby agree that the State of Louisiana, its departments, agencies, agents and employees shall in no circumstance be, or considered as, the employer or statutory employer of Contractor, its owners, agents and employees. The parties further agree that Contractor is a wholly independent Contractor and is exclusively responsible for its employees, owners, and agents. Contractor hereby agrees to protect, defend, indemnify and hold the State of Louisiana, its departments, agencies, agents and employees harmless from any such assertion or claim that may arise from the performance of this contract.

H. INDEMNIFICATION/HOLD HARMLESS AGREEMENT

1. Contractor agrees to protect, defend, indemnify, save, and hold harmless, the State of Louisiana, all State Departments, Agencies, Boards and Commissions, its officers, agents, servants, employees, and volunteers, from and against any and all claims, damages, expenses, and liability arising out of injury or death to any person or the damage, loss or destruction of any property which may occur, or in any way grow out of, any act or omission of Contractor, its agents, servants, and employees, or any and all costs, expenses and/or attorney fees incurred by Contractor as a result of any claims, demands, suits or causes of action, except those claims, demands, suits, or causes of action arising out of the negligence of the State of Louisiana, all State Departments, Agencies, Boards, Commissions, its officers, agents, servants, employees and volunteers.
2. Contractor agrees to investigate, handle, respond to, provide defense for and defend any such claims, demands, suits, or causes of action at its sole expense and agrees to bear all

other costs and expenses related thereto, even if the claims, demands, suits, or causes of action are groundless, false or fraudulent. The State of Louisiana may, but is not required to, consult with the Contractor in the defense of claims, but this shall not affect the Contractor's responsibility for the handling of and expenses for all claims.

Exhibit E – Procurement Policy

City of Lake Charles Procurement Policy may be accessed online at: [1715106672_88528.pdf](#)
(cityoflakecharles.com)

Exhibit F – Conflict of Interest Prohibition

The following prohibited Conflicts of Interest (COI) should be avoided:

- A. The Statement of Work to be performed by the Subrecipient does not include any CDBG Subrecipient contracts for the procurement of goods and services; therefore, the Conflict of Interest provisions in 2 CFR 200.318(c), 200.319(b), and 24 CFR 570.611 are not applicable.
- B. The Conflict-of-Interest prohibition at 24 CFR Part 570.611 is applicable to all CDBG grants and activities. This rule, generally, prohibits elected officials, and staff who are in a position to influence decisions, from receiving any benefit in a CDBG-assisted project. This includes the benefit from living or owning property in a CDBG target area that receives CDBG improvements.

The following summarizes this regulation:

- 1. Conflicts prohibited. No persons described in paragraph 2 (below) who exercise or have exercised any functions or responsibilities with respect to activities assisted with CDBG funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or in the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- 2. Persons Covered. The conflict-of-interest provisions of paragraph 1 (above) apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving or administering CDBG-DR funds.
- 3. Definition of Family or Business Ties. The Grantee defines the meaning of the term "family or business ties" as follows:
 - a. Family: "A group of people related by ancestry or marriage; relatives."
 - b. Business: "The buying and selling of commodities and services; commerce, trade."
 - c. Ties: "Something that connects, binds or joins; bond; link."
- a. Exceptions: Upon written request, the Grantee may grant an exception to the provisions of paragraph A (above), on a case-by-case basis, before federal funds are expended. Exceptions can only be granted when the Grantee determines that the exception will serve to further the purposes of the CDBG Program and the effective and efficient administration of the CDBG program or project. To seek an exception, a written request for an exception must be submitted by the Subrecipient to the Grantee which:

- (i) Fully discloses the conflict or potential conflict of interest, prior to the unit of government undertaking any action which results or may result in a conflict of interest, real or apparent;
 - (ii) Describes how the conflict of interest was publicly disclosed;
 - (iii) Includes a map showing the location of any target area property owned by the covered official;
 - (iv) Includes a written opinion of the local government's attorney that the conflict of interest for which the exception is sought would not violate state or local law; and.
 - (v) Includes a written statement signed by the Chief Elected Official, Authorized Representative, city or county attorney, or by the official designated by the governing body to sign such statement addressing the factors the Grantee must consider when allowing a prohibited conflict of interest. See item G below for more information on the factors the Grantee must take into account.
- b. Public Disclosure: The request for an exception must include a description of how the conflict of interest was publicly disclosed. the Grantee requires, at a minimum, that the subrecipient include a complete description of the COI on the agenda for the public meeting where the COI will be disclosed, that the agenda be posted/advertised as required by law, that the COI be fully disclosed at a public meeting, and that the discussion of the COI be included in the minutes of the meeting. Note that state law requires the agenda to be posted prior to public meetings. The description of the method of disclosure, the public meeting announcement and the minutes of the public meeting must be included with the request for an exception.
- c. Non-Involvement: One factor included in the Grantee's decision to grant a COI exception is whether or not the involved officials have abstained from involvement with the grant. The request for an exception must include an explanation of the extent of involvement of covered persons with any votes or discussion of the grant. Officials should abstain from any involvement as soon as any COI is foreseen.
- d. Factor to be considered for exceptions: In determining whether to grant a requested exception after the Subrecipient has satisfactorily met the requirements for an exception, the Grantee will consider the cumulative effect of the following factors, where applicable:
- (i) 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;
 - (ii) Whether the person affected is a member of a group or class of low-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;

- (iii) Whether the affected person has withdrawn from his or her function or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
 - (iv) Whether the interest or benefit was present before the affected person was in a position as described in paragraph B.2 (above);
 - (v) Whether undue hardship will result either to the participating jurisdiction or to the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
 - (vi) Any other relevant considerations presented to the Grantee.
- e. Owners and Developers of Housing: No owner, developer or sponsor of a project assisted with CDBG funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for profit or non-profit, may occupy a CDBG assisted affordable housing unit in a project. Any exceptions must be approved in advance by the Grantee and then only when the local government CDBG Subrecipient can demonstrate to the Grantee that the exception will serve to further the purposes of the CDBG program.

This provision does not preclude an income-eligible, volunteer/owner participating in the construction of a single-family dwelling unit as part of a self-help homeownership program (e.g. Habitat for Humanity) when the individual is not an official, employee, agent, or consultant of the developer.

NOTE: If you have any questions regarding who may or may not be covered under the conflict-of-interest provisions above, please call the Grantee immediately to discuss such matters prior to entering into contracts or disbursing money.

Exhibit G – Procedures to Protect Personally Identifiable Information (PII)

Grantee policy on Protecting PII. For guidance, refer to “Protecting PII: Capacity Building Guidance on Protecting Privacy Information,” available at hud.gov.

https://www.hud.gov/sites/documents/OHC_PII042815.PDF

Exhibit H – Monitoring and Reporting

Construction Phase: LHC will submit to the City copies of all monthly Project Requisitions for each Project along with copies of all back-up invoices and receipts, including on-site inspection reports.

Operational Phase: LHC will submit to the City copies of all desk audits for each Project along with any site inspection reports.

Exhibit I – Sample Payment Request Form

Attach Grantee's sample payment request form.

SUBRECIPIENT REQUEST FOR PAYMENT COMMUNITY DEVELOPMENT BLOCK GRANT - DISASTER RECOVERY			
Requestor:		Request Number:	
		Period Covered:	
		Request Date:	
DRGR Activity #	DRGR Activity/Project Name	Current Project Budget:	\$0.00
		Program Income:	\$0.00
		Previously Requested:	\$0.00
Invoices Submitted by Vendor Attach copies of all invoices.			
Invoice/ Reference #	Firm	Short Description	Total To Be Requested
NET REQUEST			\$0.00
Project Delivery and Administrative Costs Incurred by Subrecipient Attach copies of backup documentation for staff time, i.e. timesheets, payroll registers, etc.			
Request Number	Short Description		Total To Be Requested
NET REQUEST			\$0.00
TOTAL REQUEST			\$0.00
BALANCE REMAINING			\$0.00
JUSTIFICATION- Please provide additional information on the attached invoice(s) and project delivery costs incurred			
Requestor Approval (Authorized Signatures Only)			
In connection with the attached payment request and in accordance with Exhibit I of the CDBG-DR Subrecipient Agreement by and between the COLC and the Subrecipient, the Subrecipient hereby certifies that: (i) all statements and representations previously made by the Subrecipient regarding the Agreement are correct and complete, and (ii) to the best of the Subrecipient's knowledge, the funds requested do not duplicate reimbursement of costs and services from any other source. The Subrecipient has reviewed all necessary supporting documentation for the attached payment request. The Subrecipient hereby confirms that the expenses to be reimbursed herein are permissible under the CDBG-DR Program.			
Date	Signature	Print	Title
Date	Signature	Print	Title

*Please submit this form with all invoices.

Exhibit J – Vendor Payment Authorization Forms

Attach any forms Grantee requires vendors to submit prior to receiving payment.

Exhibit K – Lead-Based Paint Provisions

Attach 24 CFR part 35 subparts A, B, J, K and R.

<https://www.ecfr.gov/current/title-24/part-35>

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