

**CDBG SUBRECIPIENT AGREEMENT  
(Lancaster Community Shelter)**

This **CDBG SUBRECIPIENT AGREEMENT** (“Agreement”) is made and entered into as of November 12, 2014, by and between the **CITY OF LANCASTER**, a municipal corporation and charter city (“City”), and **GRACE RESOURCE CENTER**, a California nonprofit public benefit corporation (“Operator”).

**RECITALS**

A. The former Lancaster Redevelopment Agency (“Agency”) and Operator previously entered into an Operating Agreement (Lancaster Community Shelter) (“Operating Agreement”) and Lease Agreement (Lancaster Community Shelter) (“Lease Agreement”), both dated as of June 28, 2011, pursuant to which (1) the Agency conveyed a leasehold interest in that certain emergency and transitional shelter commonly referred to as the Lancaster Community Shelter, which is located at 44611 Yucca Avenue in the City of Lancaster and includes all buildings and other improvements thereon and therein (collectively, the “Premises”) and (2) Operator agreed to operate and manage emergency and transitional housing for men, women, and children at the Premises, including the operation and management of temporary housing accommodations and social services for homeless individuals and families until permanent housing alternatives become available.

B. Pursuant to ABx1 26, enacted on June 28, 2011, the Agency was dissolved as of February 1, 2012. Pursuant to Health & Safety Code Section 34176, all housing assets of the Agency, including the Premises, the Operating Agreement and the Lease Agreement, were transferred and assigned to the Lancaster Housing Authority.

C. City has applied for and received funds (“CDBG Funds”) from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (“HCD Act”), Public Law 93-383, 42 U.S.C. Section 5301, *et seq.* (“CDBG Program”).

D. City wishes to engage the Operator to assist the City in utilizing such CDBG Funds.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, the parties agree as follows:

**ARTICLE 1  
SCOPE OF SERVICES**

**1.1 Scope of Services.** Operator has managed, operated and coordinated, and shall continue to manage, operate and coordinate, all activities at the Lancaster Community Shelter and the Premises during the entire current Term of the Operating Agreement (currently July 1, 2014 through June 30, 2015) (“Services”). In connection with the Services, Operator shall comply with all requirements of the Operating Agreement, the Lease Agreement and the HCD Act and all other requirements of this Agreement. In addition, Operator shall perform the Services in accordance with the Subrecipient Handbook for CDBG Funding (“Subrecipient Handbook”) prepared by the Agency, which Operator acknowledges it has received from City.

**1.2 National Objectives.** Operator certifies that the Services meet the National Objectives of the CDBG Program by benefiting low- and moderate-income persons, specifically

homeless persons presumed to be principally low and moderate income persons pursuant to 24 CFR 570.208(a)(2)(A).

**1.3 Levels of Accomplishment – Goals and Performance Measures.** Operator agrees to operate the Premises in a manner that will serve a minimum of 40 families and 300 adults per year.

**1.4 Performance Monitoring.** City will monitor the performance of the Operator against the goals and performance standards set forth above, including compliance with the Operating Agreement and Lease. From time to time, City shall be entitled to audit and review Operator’s performance of the Services in accordance with the terms of the Operating Agreement, and as may be otherwise appropriate to verify adequate performance of the Services and compliance with the HCD Act and this Agreement. Substandard performance as determined by the City will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the Operator within a reasonable period of time after being notified by the City, termination procedures will be initiated in accordance with Section 4.10.

## **ARTICLE 2 TIME OF PERFORMANCE**

**2.1 Term.** Services of the Operator shall start on the 1<sup>st</sup> day of July, 2014 and end on the 30<sup>th</sup> day of June, 2015 (“Term”). The Term of this Agreement and the provisions herein shall be extended to cover any additional time period during which the Operator remains in control of CDBG Funds or other CDBG assets, including program income.

## **ARTICLE 3 BUDGET AND PAYMENTS**

**3.1 Budget.** Operator has submitted a budget to City for approval; a copy of the Operator’s fiscal year 2014-15 budget for the Services is attached as Attachment No. 1 and incorporated herein. Eligible costs included in the budget include case management, maintenance & repair, and administration for single men, single women, families and transitional units. Any amendments to the approved budget for the Services must be approved by the City’s Director of Housing & Neighborhood Revitalization or her authorized designee (“Housing Director”). In the event this Agreement is extended past the initial one-year Term, Operator shall prepare and submit to the Housing Director for approval annual budgets for each year during which this Agreement remains in effect. The City may require a more detailed budget breakdown than the one contained herein, and the Operator shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the City. If indirect costs are charged, the Operator will develop an indirect cost allocation plan for determining the appropriate subrecipient’s share of administrative costs and shall submit such plan to the City for approval, in a form specified by the City.

**3.2 Payments.** It is expressly agreed and understood that the total amount to be paid by the City under this Agreement shall include an additional \$64,834 for a total not to exceed \$199,834.00. Drawdowns for the payment of eligible expenses for Services, including general administrative expenses, shall be made based on the line item budget specified in Section 3.1 herein and in accordance with Operator’s performance of the Services. Payments may be contingent upon certification of the Operator’s financial management system in accordance with the standards specified in 24 CFR 84.21.

**3.3 Requests for Payments.** To receive each payment under this Agreement, Operator shall submit to the City a Subrecipient Reimbursement Request in substantially the form included in the Subrecipient Handbook and such other and supporting documentation as may be requested by the City to verify Operator's performance of the Services for which the payment is requested.

**3.4 Accounting.** Operator shall, upon request, provide City with an accounting report, in form and content reasonably satisfactory to City, of any funds disbursed by City pursuant to Section 3.2.

## **ARTICLE 4 GENERAL CONDITIONS**

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

**4.2 Independent Contractor.** In performing under this Agreement, Operator is and shall at all times be acting and performing as an independent contractor to City, performing its duties in accordance with its own judgment. City shall neither have nor exercise any control or direction over the methods by which Operator performs its work and function nor shall City have the right to interfere with such freedom or action or prescribe rules or otherwise control or direct the manner in which such services are performed. The sole interest of the City in the Services performed by the Operator is that such Services be performed in a legal, competent, efficient, and satisfactory manner. Nothing contained herein shall cause the relationship between the parties to this Agreement to be that of employer and employee. Operator shall not have the authority to obligate City to any contract, obligation, or undertaking whatsoever and shall make no representation, either oral or in writing, except those expressly set forth in the materials provided by City.

**4.3 Hold Harmless.** The Operator shall hold harmless, defend and indemnify the City from any and all claims, actions, suits, charges and judgments whatsoever that arise out of the Operator's performance or nonperformance of the services or subject matter called for in this Agreement.

**4.4 Insurance and Bonding.** Operator shall comply with all insurance requirements set forth in the Operating Agreement and Lease Agreement and all bonding and insurance requirements of 24 CFR 84.31 and 84.48. In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001), the Operator shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

**4.5 City Recognition.** The Operator shall insure recognition of the role of the City in providing services through this Agreement. All activities, facilities and items utilized pursuant to this

Agreement shall be prominently labeled as to funding source. In addition, the Operator will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

**4.6 Notices.** Any approval, disapproval, demand, document or other notice (“Notice”) which any party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, (iii) facsimile transmission, or (vi) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice. Service shall be deemed conclusively made at the time of service if personally served; upon confirmation of receipt if sent by facsimile transmission; the next business day if sent by overnight courier and receipt is confirmed by the signature of an agent or employee of the party served; the next business day after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by express mail; and three (3) days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail.

Operator: Grace Resource Center  
45134-A Sierra Highway  
Lancaster, California 93534  
Attn: Steve Baker  
Fax No.: 661-940-5274

With Copy To: Grace Resource Center  
44611 Yucca Avenue  
Lancaster, California 93534  
Attn: Steve Baker  
Fax No.: 661-940-5274

City: City of Lancaster  
44933 North Fern Avenue  
Lancaster, California 93534  
Attn: Elizabeth Brubaker  
Fax No.: 661-723-6274

Such addresses may be changed by Notice to the other party(ies) given in the same manner as provided above.

**4.7 Amendment and Waiver.** This Agreement may be amended, modified, or supplemented only by a writing executed by each of the parties. Any party may in writing waive any provision of this Agreement to the extent such provision is for the benefit of the waiving party. No action taken pursuant to this Agreement, including any investigation by or on behalf of any party, shall be deemed to constitute a waiver by that party of its or any other party’s compliance with any representations or warranties or with any provision of this Agreement. No waiver by any party of any provision of this Agreement shall be construed as a waiver of any subsequent or different breach, and no forbearance by a party to seek a remedy for non-compliance or breach by another party shall be construed as a waiver of any right or remedy with respect to such compliance or breach.

**4.8 Entire Agreement.** This Agreement, along with the Lease Agreement and the Operating Agreement, embodies the entire agreement and understanding between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations, representations, and discussions, whether verbal or written, of the parties pertaining to the subject matter. In the event of a conflict between this Agreement, on one hand, and the Lease Agreement and/or Operating Agreement, on the other hand, the provisions of this Agreement shall control; provided, if it is possible to comply with the requirements of all three agreements, the parties shall do so.

**4.9 Governing Law.** The validity, construction, and performance of this Agreement shall be governed by the laws of the State of California.

**4.10 Termination.**

(a) Termination for Cause. In accordance with 24 CFR 85.43, the City may suspend or terminate this Agreement if the Operator materially fails to comply with any terms of this Agreement, which include (but are not limited to) the following:

(i) 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;

(ii) Failure, for any reason, of the Operator to fulfill in a timely and proper manner its obligations under this Agreement;

(iii) Ineffective or improper use of funds provided under this Agreement;  
or

(iv) Submission by the Operator to the City reports that are incorrect or incomplete in any material respect.

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

**ARTICLE 5  
ADMINISTRATIVE REQUIREMENTS**

**5.1 Financial Management.**

(a) Accounting Standards. Operator agrees to comply with 24 CFR 84.21 through 84.28 and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

(b) Cost Principles. Operator shall administer its program in conformance with OMB Circulars A-122, "Cost Principles for Non-Profit Organizations." These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

## **5.2 Documentation and Recordkeeping.**

(a) Records to be maintained. Operator shall maintain all records required by the federal regulations specified in 24 CFR 570.506, that are pertinent to the Services to be funded under this Agreement. Such records shall include but not be limited to:

- (i) Records providing a full description of each activity undertaken;
- (ii) Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- (iii) Records required to determine the eligibility of activities;
- (iv) Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- (v) Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- (vi) Financial records as required by 24 CFR 570.502 and 24 CFR 84.21–28; and
- (vii) Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

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

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

(d) Disclosure. The Operator understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City's or Operator's responsibilities with respect to Services provided under this Agreement, is prohibited unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

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

(f) Audits and Inspections. All Operator records with respect to any matters covered by this Agreement shall be made available to the City and the Comptroller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the Operator within 30 days after receipt by the Operator. Failure of the Operator to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Operator hereby agrees to have an annual agency audit conducted in accordance with current City policy concerning subrecipient audits and OMB Circular A-133.

### **5.3 Reporting and Payment Procedures.**

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

(b) Payment Procedures. The City will pay to the Operator funds available under this Agreement based upon information submitted by the Operator, including the Subrecipient Reimbursement Request form required by the Subrecipient Handbook, and consistent with the approved budget and other pertinent City policies concerning payments. With the exception of certain advances, payments will be made for eligible expenses actually incurred by the Operator, and not to exceed actual cash requirements. Payments will be adjusted by the City in accordance with advance fund and program income balances available in Operator accounts. In addition, the City reserves the right to liquidate funds available under this Agreement for costs incurred by the City on behalf of the Operator.

(c) Progress Report. Operator shall submit regular progress reports to the City in the form, content, and frequency as required by the Subrecipient Handbook or as otherwise directed by City.

### **5.4 Procurement.**

(a) Compliance. The Operator shall comply with current City policy (including as stated in the Subrecipient Handbook) concerning the purchase of equipment and shall maintain

inventory records of all non-expendable personal property as defined by such policy as may be procured with funds provided herein. All CDBG program assets (unexpended program income, property, equipment, etc.) shall revert to the City upon termination of this Agreement.

(b) OMB Standards. Unless specified otherwise within this agreement, the Operator shall procure all materials, property, or services in accordance with the requirements of 24 CFR 84.40–48 and the Subrecipient Handbook.

(c) Travel. The Operator shall obtain written approval from the City for any travel outside the metropolitan area with CDBG Funds provided under this Agreement.

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

(a) The Operator shall transfer to the City any CDBG Funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.

(b) In all cases in which equipment acquired, in whole or in part, with CDBG Funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Operator for activities under this Agreement shall be (a) transferred to City for the CDBG Program or (b) retained after compensating the City an amount equal to the current fair market value of the equipment less the percentage of non-CDBG funds used to acquire the equipment.

## **ARTICLE 6 PERSONNEL & PARTICIPANT CONDITIONS**

### **6.1 Civil Rights.**

(a) Compliance. The Operator agrees to comply with the Lancaster Municipal Code, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375, 11478, 12107 and 12086.

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

(c) Land Covenants. This Agreement is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and 24 CFR 570.601 and 570.602.



(d) Section 504. The Operator agrees to comply with all federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), which prohibits discrimination against the individuals with disabilities or handicaps in any federally assisted program.

## **6.2 Affirmative Action.**

(a) Executive Order 11246. The Operator agrees that it shall be committed to carry out pursuant to the City's specifications an Affirmative Action Program in keeping with the principles as provided in President's Executive Order 11246 of September 24, 1966.

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

(c) Notifications. The Operator 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 Operator'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 Operator will, in all solicitations or advertisements for employees placed by or on behalf of the Operator, state that it is an Equal Opportunity or Affirmative Action employer.

(e) Subcontract Provisions. The Operator will include the provisions of Sections 6.1, Civil Rights, and 6.2, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own subrecipients or subcontractors.

## **6.3 Employment Restrictions.**

(a) Prohibited Activity. The Operator is prohibited from using CDBG Funds provided herein or personnel employed in the administration of the program for: political activities; inherently religious activities; lobbying; political patronage; and nepotism activities.

(b) Labor Standard. The Operator agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) and all other applicable federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this Agreement. The Operator agrees to comply with the Copeland Anti-Kick Back

Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The Operator shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the City for review upon request.

(c) Prevailing Wage. The Operator agrees that, to the extent applicable, all contractors engaged under contracts for construction, renovation or repair work financed in whole or in part with assistance provided under this Agreement shall comply with the regulations of the Department of Labor, under 29 CFR Parts 1, 3, 5 and 7 and California Labor Code Section 1720, *et seq.* governing the payment of wages and ratio of apprentices and trainees to journey workers. The Operator shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph.

(d) Section 3 Clause. The Operator agrees, to the extent applicable, to comply with Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135. The Operator further agrees to include the following language in all subcontracts for construction, demolition or rehabilitation work executed under this Agreement:

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

#### **6.4 Conduct.**

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

(b) Subcontracts.

(i) Approvals. The Operator shall not enter into any subcontracts with any agency or individual in the performance of this Agreement without the written consent of the City prior to the execution of such agreement.

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

(iii) Content. The Operator shall cause all of the provisions of this Agreement in its entirety to be included in and made a part of any subcontract executed in the performance of this Agreement.

(iv) Selection Process. The Operator shall undertake to insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis in accordance with applicable procurement requirements. Executed copies of all subcontracts shall be forwarded to the City along with documentation concerning the selection process.

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

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

(i) The Operator shall maintain a written code or standards of conduct that shall govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by CDBG Funds.

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

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

(e) Lobbying. The Operator hereby certifies that:

(i) 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;

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

(iii) It will require that the language of paragraph (iv) 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 Operators shall certify and disclose accordingly:

(iv) Lobbying Certification. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(f) Religious Activities. The Operator agrees that funds provided under this Agreement will not be utilized for inherently religious activities prohibited by 24 CFR 570.200(j), such as worship, religious instruction, or proselytization. Operator represents that it is, or may be deemed to be, a religious or denominational institution or organization or an organization operated for religious purposes that is supervised or controlled by or in connection with a religious or denominational institution or organization. Operator represents, warrants and covenants that, in connection with its operation of the Lancaster Community Shelter upon the Premises:

(i) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion, other than as allowed by law;

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

(iii) It will require no religious instruction or counseling;

(iv) The portion of Premises upon which Operator operates the Lancaster Community Shelter shall contain no sectarian or religious symbols or decorations; provided, however, that nothing in this subparagraph shall apply to the manner of dress or personal articles worn or displayed by staff members of Operator or its subcontractors.

## ARTICLE 7 DISPUTE RESOLUTION

**7.1 Mediation and Conciliation.** Any controversy between City and Operator arising out of or relating to this Agreement, or involving the construction or application of any of the terms, provisions, or conditions of this Agreement shall, on the written request of either City or Operator served on the other, be submitted to a nonbinding mediation by the Christian Conciliation Service, or such other mediation or conciliation service as Operator and City mutually agree, prior to submitting such controversy to arbitration pursuant to Section 7.2. The decision of the mediator or conciliator shall not be binding on either party, and exercising the provisions of this Section 7.1 shall not prevent either party to this Agreement from subsequently pursuing arbitration of the dispute or controversy as provided in Section 7.2.

**7.2 Arbitration.** Except as provided in Section 7.1, any controversy between City and Operator arising out of or relating to this Agreement, or involving the construction or application of

any of the terms, provisions, or conditions of this Agreement, shall, on the written request of either City or Operator served on the other, be submitted to arbitration; any such arbitration shall comply with and be governed by the provisions of the California Arbitration Act (Cal. Civil Proc. Code §§ 1280 – 1294.2). City and Operator shall mutually agree upon one person to hear and determine the dispute and, if the parties are unable to agree, then a judge's decision shall be final and conclusive upon both parties. The cost of arbitration shall be divided equally among the parties. Any arbitral award, where appropriate, may be enforced by a court of competent jurisdiction through injunctive or other equitable relief, as well as relief at law (*e.g.*, damages). City and Operator shall each be entitled, as a matter of right, to apply to a court of competent jurisdiction for temporary, interim, provisional, or partial injunctive relief (*e.g.*, temporary restraining order or preliminary injunction) during or prior to any arbitration proceedings. Neither this provision nor the exercise by either City or Operator of its rights hereunder shall constitute a waiver by either City or Operator of any other rights hereunder which it may have to damages or otherwise.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year above first written.

**CITY:**

**CITY OF LANCASTER,**  
a municipal corporation and charter city

By: \_\_\_\_\_  
Mark V. Bozigian  
City Manager

**ATTEST:**

By: \_\_\_\_\_  
Britt Avrit, CMC  
City Clerk

**APPROVED AS TO FORM:**

**STRADLING YOCCA CARLSON & RAUTH**

By: \_\_\_\_\_  
Allison E. Burns  
City Attorney

**APPROVED BY DIRECTOR:**

By: \_\_\_\_\_  
Elizabeth Brubaker  
Director, Housing &  
Neighborhood Revitalization

**OPERATOR:**

**GRACE RESOURCE CENTER,**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Steve Baker  
Executive Director

**ATTACHMENT NO. 1**

**BUDGET**

**[To be inserted]**