

DISASTER RECOVERY AND CONSTRUCTION AGREEMENT

This **Disaster Recovery and Construction Agreement** (this “Agreement”), dated and effective July 1, 2017, is between the West Virginia Development Office, a division of the West Virginia Department of Commerce (“WVDO”) and Appalachia Service Project, a company authorized to do business in the State of West Virginia (“Contractor”) (sometimes, collectively, the “Parties”).

RECITALS

WHEREAS, in 2016, the federal government appropriated a certain amount of money to be administered by the United States Department of Housing and Urban Development (“HUD”) through its Community Development Block Grant – Disaster Recovery (“CDBG-DR”) Program to facilitate the recovery efforts in impacted jurisdictions;

WHEREAS, HUD awarded a portion of the appropriated funds to the State of West Virginia in response to historic flooding that occurred in June of 2016 (the “Disaster Project”);

WHEREAS, the WVDO is the lead entity responsible for administering the CDBG-DR program on behalf of the State of West Virginia;

WHEREAS, Contractor is a construction company experienced in construction, rehabilitation and/or replacement of homes in disaster affected areas;

WHEREAS, the WVDO desires to engage Contractor to provide construction services in the disaster affected areas and Contractor desires to provide construction services in these same areas, all in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and compensation described in this agreement, the WVDO and Contractor agree as follows:

1. Engagement to Provide Construction Services. The WVDO shall engage Contractor to provide Construction Services and Contractor shall provide services described in this Agreement to assist the affected individuals that are the subject of this recovery project.
2. Term. This Agreement begins on July 1, 2017, and ends the earlier of July 1, 2018, or when assigned construction services are completed in total, unless otherwise sooner terminated in accordance with Paragraph 7 of this Agreement. The Parties may extend the term of this Agreement by executing a written document in accordance with Paragraph 12 of this Agreement.
3. WVDO Responsibilities.
 - a. Compliance. The WVDO shall administer the use of CDBG-DR funds and ensure that Contractor complies with applicable state and federal laws, regulations, and/or guidelines governing the Disaster Project. The WVDO may refer any matter concerning potential violations of such laws, regulations, and/or guidelines to the proper authority having jurisdiction.

- b. Compensation. The WVDO shall compensate Contractor in accordance with the compensation provision contained in the **Task Order One**. Additional Task Orders with corresponding compensation provisions may be developed and incorporated as necessary.
- c. Deductions and Withholdings. The WVDO may deduct amounts or withhold payments, in whole or in part, from any invoice Contractor submits to the WVDO under this Agreement if Contractor fails to comply with this Agreement. If the WVDO deducts or withholds such payments, the WVDO shall provide Contractor with a written document explaining the deductions or withholdings and setting forth a procedure and deadline to remedy the deficiency giving rise to the deducted or withheld payment. If Contractor fails to satisfactorily remedy the deficiency as requested, the WVDO may permanently withhold the deducted or withheld payment. Deductions and withholdings are also specified in **Task Order One**.

4. Contractor Responsibilities.

- a. Incorporation of Request for Proposal and Contractor Proposal By Reference. Contractor is herein obligated to perform services for WVDO in accordance with their proposal as well as the stipulations and requirements as set forth in the Request of Proposal that is the basis for this contract for Construction Services. Contractor shall be bound by their proposal unless specifically agreed otherwise by WVDO and as memorialized in writing upon mutual agreement by the parties. Any mutual agreement shall also be incorporated into this agreement by reference. The Request for Proposal and the Proposal in response are attached hereto as **Exhibits A and B**.
- b. Turn Key Residential Property Reconstruction. Contractor shall be required to perform the following functions for all homes assigned to it:
 - Obtain all required permits
 - Disconnect all utilities
 - Demolition of existing structure/structures
 - Disposal of existing structure/structures
 - Boundary surveys
 - Pad/Foundation preparation
 - Construction/Completion of the new structure
 - Connection of all utilities
 - Installation of all electrical, plumbing, and HVAC components and fixtures
 - Purchase and installation of the following energy star rated kitchen appliances
 - o Refrigerator, Dishwasher, and Stove/Oven
 - Scheduling and completion of all required inspections

c. Types of Structures to be Constructed.

Approved structural types for reconstruction include stick built structures as well as modular structures. These structures shall be 2 bedroom/2 bathroom and 3 bedroom/2 bathroom. Contractor must warranty all work for a period of one year.

d. Temporary Storage Requirement. Contractor will be responsible for scheduling and providing on-site temporary storage to current residences when deemed necessary by the WVDO's Construction Manager. Contractor must provide the resident up to 14 days to move their personal items out of the property to be demolished. Upon completion of construction, Contractor must allow the resident 14 days to vacate the on-site temporary storage.

e. Legal Requirements. It is the responsibility of Contractor to ensure each scope of work is executed in accordance with any and all federal, state, and/or local standards, guidelines, codes, or requirements. Contractor must provide all labor and materials needed to complete the scope of work. Upon completion of the scope of work, the contractor must attend any necessary inspections. Invoices for completed scope of work cannot be submitted until the final inspection has been passed. Contractor is required to warranty all work for a period of one year. **Exhibit C** provides applicable Federal contracting provisions that the contractor shall adhere to under this contract and in view of Federal law, as does Section 6 below. That being the case, the contractor shall also bear the responsibility of adhering to all applicable federal contracting laws, rules and regulations, including those that are added or amended after execution of this Agreement.

f. Standardized Cost Model. Contractor will agree to perform the entire scope of work identified by the WVDO for the cost identified by the standardized tool, or Xactimate as set forth in Task Order One or any subsequent Task Orders. Should unforeseen conditions exist, Contractor will have the ability to submit change order requests and the cost of change orders and the scope and cost of change orders will be evaluated by the standardized tool.

g. Elevation Requirements. Some properties eligible for reconstruction will require additional elevation. Contractor shall perform necessary elevation changes where applicable. Properties requiring additional structural elevation shall meet the criteria provided for in the Federal Register Notice 81 FR 5989 published on November 21, 2016; specifically, the items addressed under the section titled, "Elevation standards for new construction, repair of substantial damage, or substantial improvement".

h. Performance Assignment, Goals & Requirements. Contractor will not be guaranteed a minimum number of assignments. Assignments will be at the sole discretion of the WVDO and its designee, likely the WVDO's construction manager based on performance measures established by the WVDO and set forth

below. The WVDO has established timeline completion goals established in accordance with the scope of work total. The timeliness goals are as follows:

- Standard Demolition and Reconstruction: 60 days
- Demolition and Reconstruction of Structures Requiring Additional Elevation: 90 days

Adherence to the above-mentioned timeliness goals will be tracked by the WVDO, or its designee. The ability to achieve these predefined goals will affect workload allocations. Contractors who meet the timeliness goals may be eligible to receive greater reconstruction property volume. Contractors who are unable to meet the timeliness goals will be limited in the amount of work they are assigned or removed from the program.

If a construction contractor is unable to meet the predetermined deadline they will be required to notify the WVDO and its construction management team immediately in writing. This notification will be required to include a revised projected completion date, and brief discussion of the issues that lead to the missed deadline. It is the goal of the WVDO to help ensure each program and individual project is operating efficiently, and any needs or issues encountered by construction contractors are addressed.

Quality of the contractor's workmanship will be continuously assessed based on the judgment of the WVDO, or its designee.

5. FOIA.

Contractor acknowledges that WVDO is subject to the terms of the West Virginia Freedom of Information Act ("FOIA"), as may be amended from time to time, and nothing contained within this Agreement is intended to limit WVDO's ability to disclose public records for which a reasonable claim of exemption can be made, including, but not limited to, trade secrets that are exempt from public disclosure by the State of West Virginia pursuant to West Virginia Code § 29B-1-1, et seq.

6. Federal Provisions.

Contractor shall comply with all federal laws and regulations including, but not limited to those set forth in Exhibit C, **SPECIAL PROVISIONS AND REGULATIONS REQUIRED BY THE US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**, which is attached hereto and fully incorporated herein by reference.

7. Suspension and Termination.

- a. Suspension. If Contractor fails to comply with the terms, conditions or standards of this Agreement, the WVDO, may, on reasonable notice to

Contractor, suspend this Agreement, and withhold further payments, or prohibit Contractor from incurring additional obligation of funds under this Agreement, pending corrective action by Contractor or a decision to terminate in accordance with this section as defined below. The WVDO shall allow all necessary and proper costs that Contractor could not reasonably avoid during the period of suspension if they are consistent with applicable laws or regulations.

b. Termination.

i. Termination for Cause. The WVDO may terminate this Agreement, in whole or in part, at any time before the date of completion, whenever it is determined that Contractor has failed to comply with any term of this Agreement, whether stated in a federal statute, or regulation, an assurance, an application, a notice of award or elsewhere. The WVDO shall promptly notify Contractor in writing of the determination and the reasons for the termination, together with the effective date. Payments made to Contractor shall be in accord with the legal rights and liabilities of the parties.

ii. Termination for Convenience.

1. The Parties may terminate this Agreement, in whole, or in part, if the Parties determine that continuation of the Disaster Project would not produce beneficial results commensurate with the further expenditure of funds. If so decided, Contractor may not incur new obligations after the effective termination date, and shall cancel as many outstanding obligations as possible. The WVDO shall allow full credit to Contractor for the federal share of the non-cancelable obligations, properly incurred by Contractor prior to termination.

2. Contractor may terminate this Agreement upon written notice to the WVDO, setting forth the reasons for the termination and the portion to be terminated. In such event, Contractor shall comply with the provisions of this Paragraph 7.

3. The WVDO may terminate this Agreement upon thirty (30) days written notice to Contractor. The WVDO shall pay Contractor for services rendered prior to the effective date of termination.

c. Applicable Regulations. The Parties shall observe 2 CFR 200.339 "Termination" and 2 CFR 200.342 "Effects of Suspension and Termination".

d. Right to Seek Relief. The WVDO reserves all remedies of law and equity, including without limitation, the right to seek all appropriate relief upon the filing

of voluntary or involuntary petition for Contractor's reorganization or liquidation under any bankruptcy or insolvency laws providing for the relief for debtors.

- e. **Transitional Assistance.** If Contractor terminates or suspends this Agreement, the WVDO may require Contractor to ensure that adequate arrangements have been made for the transfer of the delegated activities to another contractor, qualified entity, or to the WVDO.
- f. **Disposition of Property.** If termination occurs, all property and finished or unfinished documents, data, and studies prepared by Contractor under this Agreement shall be disposed of per HUD directives and the WVDO and the Contractor may be entitled to compensation for any non-reimbursed, reasonable, and necessary expenses incurred in satisfactory performance of the Agreement.
- g. **Continuing Liability.** Contractor shall assume continued liability to the WVDO for any damages sustained by the WVDO due to any breach of this Agreement that Contractor fails to remedy or cure. The WVDO may withhold payments under this Agreement to offset damages incurred by the WVDO under this Agreement.
- h. **Conditions Endangering Performance.** The WVDO shall provide Contractor with the written notice of any condition endangering performance and a reasonable timeframe to remedy or cure the condition. If Contractor fails to remedy or cure the condition contained in the notice within the timeframe set forth in the notice, the WVDO may issue an order terminating this Agreement. The WVDO shall be obligated only for services rendered and accepted before the date of the notice of termination.

8. **Limitations and Rights of Third Parties.**

- a. **Rights.** Nothing contained in this Agreement shall impair the rights of the WVDO.
- b. **Access and Monitoring.** WVDO, HUD, the Comptroller General of the United States, and any other federal regulatory agency with oversight on the funds or any of their duly authorized representatives shall have the right to the following:
 - i. Access to any books, documents, papers and records of Contractor which are directly pertinent to this specific Agreement for making audit, examinations, excerpts and transcriptions.
 - ii. Inspect and monitor work performed by Contractor under this Agreement. This inspection and monitoring could result in the requirement to fix deficiencies if Contractor does not satisfy applicable regulations and standards.

9. Subcontracts.

- a. General. Contractor shall ensure all subcontracts follow 2 CFR 200 as well as any applicable HUD rules and regulations. All subcontracts shall contain the applicable provisions described in Appendix II to Part 200 – “Agreement Provisions for the non-Federal Entity Agreements Under Federal Awards” as well as applicable provisions set forth in 2 CFR 200.101. The WVDO shall review subcontracts as part of the compliance monitoring and oversight process performed by WVDO or upon request.
- b. Specific Requirements. All subcontracts shall contain provisions specifying:
 - i. That the work performed by the subcontractor be in accordance with the applicable terms of this Agreement between the WVDO and Contractor;
 - ii. That nothing contained in such subcontract agreement shall impair the rights of the WVDO;
 - iii. That nothing contained herein, or under this Agreement will create any contractual relation between the subcontractor and the WVDO;
 - iv. That the subcontractor specifically agrees to be bound by the confidentiality provision regarding Personal Identifiable Information set forth in this Agreement;
 - v. That Contractor will be responsible for ensuring all subcontract work is performed consistent with federal and state regulations and/or policies to be eligible for reimbursement of the approved work; and
 - vi. All federal flow down provisions are included in the subcontract agreement per federal guidelines.
- c. Monitoring. Contractor shall diligently monitor all subcontracted services. If Contractor discovers any areas of noncompliance, Contractor shall provide the WVDO summarized written reports supported with documented evidence of the corrective action.
- d. Content. Contractor shall cause all the applicable provisions of this Agreement to be included in, and made part of, any subcontract executed in the performance of this Agreement.

10. Indemnity. Contractor shall hold harmless, defend and indemnify the WVDO, its officers and employees, against claims or losses for the services rendered by Contractor, any subcontractor, person or firm performing or supplying services, materials, or supplies under this Agreement, including without limitation:

- a. Any claim or loss resulting to any person, property, or entity injured or damaged by Contractor, its officers, employees, representatives, or subcontractor by the publication, translation, reproduction, delivery or use of the data or information under this Agreement, and
 - b. Any failure by Contractor, its officers, employees, representatives, or subcontractor to observe state and federal laws.
11. Entire Agreement. This Agreement and any attachments or exhibits hereto constitute the entire agreement between the parties. All prior agreements, discussions, representations, warranties and covenants are merged herein. There are no warranties, representations, covenants, or agreements, expressed or implied, between the parties except those expressly set forth in this Agreement.
12. Amendments and Modifications. Any amendments or modifications of this Agreement shall be in writing and executed by the Parties and delivered in accordance with Paragraphs 12 and 13 of the Agreement.
13. Notice. Notices required by this Agreement shall be in writing and delivered via U.S. Mail, return receipt requested, commercial courier, personal delivery, or electronic mail. Any electronic mail notice shall be effective on the date of sending. All other notices shall be effective upon the date of receipt. All notices and other written communications under this Agreement shall be directed as follows, unless modified by subsequent written notice:
 - a. To WVDO:

State Capitol Complex
1900 Kanawha Boulevard East
Building 3, Suite 700

Charleston, WV 25305
Attn: Russell Tarry
Russell.W.Tarry@wv.gov
 - b. To Appalachia Service Project:

4523 Bristol Highway
Johnson City, TN 37601
Attn: Walter Crouch
(423) 854-8800
14. Waiver. Failure of a Party to enforce strictly a provision of this Agreement shall not be considered a waiver of any part of such provision. No waiver by a Party of any breach or default by the other Party shall operate as a waiver of any succeeding breach or other

default or breach by such other Party. No waiver shall have effect unless it is specific, irrevocable and in writing.

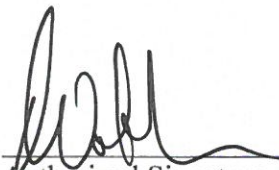
15. Severability. If any term of this Agreement is to any extent illegal, otherwise invalid, or incapable of being enforced, such term shall be excluded to the extent of such invalidity or unenforceability; all other terms hereof shall remain in full force and effect; and, to the extent permitted and possible, the invalid or unenforceable term shall be deemed replaced by a term that is valid and enforceable and that comes closest to expressing the intention of such invalid or unenforceable term.

IN WITNESS WHEREOF, the WVDO has caused this Agreement to be executed, and Contractor has caused this Agreement to be executed in its behalf by its duly authorized officers.

West Virginia Development Office

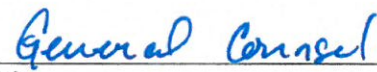
Appalachia Service Project


Authorized Signature


Authorized Signature

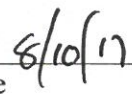

Name (Printed)


Name (Printed)


Title


Title


Date


Date

TASK ORDER ONE

Assignments will be at the sole discretion of the WVDO and its designee, such as the WVDO's construction manager based on performance measures established by the WVDO and set forth below. The WVDO has established timeline completion goals established in accordance with the scope of work total. The timeliness goals are as follows:

TIMELINE

Reconstruction:

- Standard:** Sixty (60) Days to complete.
If greater than Seventy (70) days, contractor will be assessed a \$2500.00 Penalty on payment for the unit.
- Elevated:** Ninety (90) Days to complete.
If greater than One Hundred (100) days, contractor will be assessed a \$2500.00 Penalty on a payment for the unit.

COMPENSATION

Reconstruction:

WVDO will provide contractor with 25% of the total payment upon assignment. WVDO will provide the remaining 75% of the total payment upon completion, which includes sign-off by the Construction Manager.

For each property or site, the WVDO will perform an independent damage estimate verifying the eligibility of the property for reconstruction services. The construction contractor will be responsible for all aspects of demolition, disposal, and reconstruction. The contractor will be required to conform to all applicable state and local codes and requirements. The reconstruction program will include reconstruction of 2 bedroom/2 bathroom single-family residences, as well as 3 bedroom/2 bathroom single-family residences. The WVDO project management team will determine the structural configuration for each property.

Green Building Standard:

Contractor must meet the Green Building Standard for: (i) All new construction of residential buildings and (ii) all replacement of substantially damaged residential buildings. Replacement of residential buildings may include reconstruction (*i.e.*, demolishing and rebuilding a housing unit on the same lot in substantially the same manner) and may include changes to structural elements such

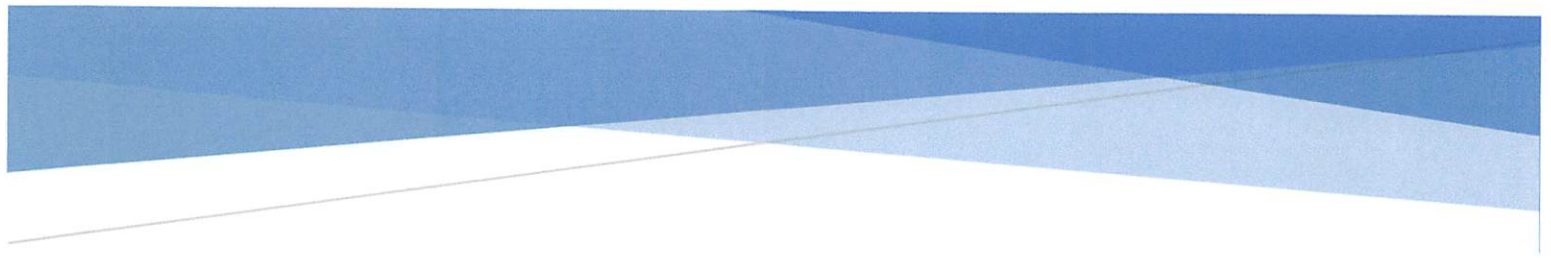
as flooring systems, columns, or load bearing interior or exterior walls.

For purposes of this notice, compliance with the Green Building Standard referenced above means the WVDO will require that all construction covered by this Agreement, meets an industry-recognized standard that has achieved certification under at least one of the following programs, as applicable:

- (i) ENERGY STAR (Certified Homes or Multifamily High-Rise),
- (ii) Enterprise Green Communities;
- (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development),
- (iv) ICC-700 National Green Building Standard,
- (v) EPA Indoor AirPlus (ENERGY STAR a prerequisite),
or
- (vi) any other equivalent comprehensive green building program acceptable to HUD.

EXHIBIT A

(Request for Proposal)



Request for Proposals

To Provide

***Post-Disaster Residential
Property Reconstruction Services***

***For the
Up-to-Code Housing Restoration Program
and
West Virginia Rental Assistance Program***

West Virginia Development Office | CDBG-DR Program

07/08/2017
Sheila.l.hannah@wv.gov

GENERAL INFORMATION

INVITATION: The West Virginia Development Office (WVDO) invites prospective contractors to provide a response to this Request for Proposals (the RFP) for residential reconstruction. Written proposals will be received by the West Virginia Development Office (WVDO), Attn: *Sheila L. Hannah at sheila.l.hannah@wv.gov and all proposals should be sent with “Rise West Virginia CDBG-DR Housing Reconstruction Program” in the reference line. Proposals will be received* until June 23, 2017, at 1:30 PM Eastern Time for providing the services described below for WVDO.

PROGRAM BACKGROUND: The WVDO, through its Community Advancement and Development Division, has undertaken the Up to Code Restoration and West Virginia Rental Assistance Programs (collectively, the Programs). Both of these programs are fully detailed in West Virginia’s CDBG-DR Action Plan available at wvcommerce.org/WVDisasterRecovery. The Programs are repair, rehabilitation and reconstruction programs for the flood-damaged, unrepaired single-family homes of low to moderate income families and rental properties serving low to moderate income tenants.

Homeowners will apply directly to the WVDO for household and property eligibility determinations including a determination of flood-related damage. Funding for the programs is provided through U.S. Department of Housing and Urban Development Community Development Block Grant funds appropriated for 2016 flood recovery (DR-4273). Under the direction of the WVDO, day-to-day oversight will be conducted by the WVDO’s program manager contractor, Horne LLP. Overall management authority rests with WVDO.

DESCRIPTION: The WVDO is hereby requesting written proposals from construction contractors with the qualifications and experience provided in this RFP, including residential property reconstruction experience, for the provision of reconstruction services to address the flood-related damages to qualified single-family homes owned by low to moderate income homeowners or rental properties which will serve low to moderate income tenants. The homes to be repaired are primarily located in Clay, Fayette, Greenbrier, Jackson, Kanawha, Lincoln, Monroe, Nicholas, Pocahontas, Roane, Summers, and Webster Counties.

Not all applications will be eligible to participate in the Programs, and each applicant will be required to undergo eligibility and environmental reviews before the selected Respondent(s) begin repairing the applicant’s property. The WVDO estimates that thousands of applications will undergo eligibility reviews. The disqualification and fallout rate for applications could range from 10% to 40% of the aforementioned population. Ultimately, it is projected that approximately 300 residential structures will be eligible to participate in the Programs.

For each property or site, the WVDO will perform an independent damage estimate verifying the eligibility of the property for reconstruction services. The construction contractor will be responsible

for all aspects of demolition, disposal, and reconstruction. The contractor will be required to conform to all applicable state and local codes and requirements. The reconstruction program will include reconstruction of 2 bedroom/2 bathroom single-family residences, as well as 3 bedroom/2 bathroom single-family residences. The WVDO project management team will determine the structural configuration for each property.

SCOPE OF WORK

Once a contractor commences work on any SOW, the contractor is expected to complete all tasks associated with the SOW. The construction management team will provide the construction contractor with the approved configuration to be built on each site. SOW line items may include and the construction contractor will be responsible for at least the following:

- Obtain all required permits
- Disconnect all utilities
- Demolition of existing structure/structures
- Disposal of existing structure/structures
- Boundary surveys
- Pad/Foundation preparation
- Construction/Completion of the new structure
- Connection of all utilities
- Installation of all electrical, plumbing, and HVAC components and fixtures
- Purchase and installation of the following energy star rated kitchen appliances
 - Refrigerator, Dishwasher, and Stove/Oven
- Scheduling and completion of all required inspections

Approved structural types for reconstruction include stick built structures as well as modular structures. A detailed proposal for a 2 bedroom/2 bathroom and a 3 bedroom/2-bathroom structure is required. The proposal should include detailed floor plans, exterior elevation drawings/renderings, and quarterly completion capacity. Pricing and additional specifications must be included along with Attachment 1. Attachment 1 must be completed and submitted with the response to the RFP in order to be considered. Contractors must warranty all work for a period of one year.

Additionally, the construction contractor will be responsible for scheduling and providing on-site temporary storage to current residences when deemed necessary by the WVDO's Construction Manager. The contractor must provide the resident up to 14 days to move their personal items out of the property to be demolished. Upon completion of construction, the contractor must allow the resident 14 days to vacate the on-site temporary storage.

It is the responsibility of the contractor to ensure each SOW is executed in accordance with all federal, state, and/or local standards, guidelines, codes, or requirements. The contractor must provide all labor and materials needed to complete the SOW. Upon completion of the SOW, the contractor must attend any necessary inspections. Invoices for completed SOWs cannot be submitted until the final inspection has been passed. Contractors are required to warranty all work for a period of one year.

Respondent(s) should provide, in accordance with all applicable state and federal regulations, a response to serve as a General Contractor who will perform the reconstruction of single family homes on a multi-county basis. The Respondent(s) will agree to perform the entire scope of work identified by the WVDO for the cost identified by the standardized tool. Should unforeseen conditions exist, the Respondent will have the ability to submit change order requests and the cost of change orders and the scope and cost of change orders will be evaluated by the standardized tool.

Any contract(s) resulting from this RFP will not utilize either a "cost plus" or a "percentage of cost" method of contracting.

Respondent(s) will be required to comply with all Davis Bacon wage rate requirements if applicable.

The WVDO will require proposals from respondent(s) having the specific experience and qualifications in the areas identified in this RFP. The WVDO may select more than one respondent. Additional information required by the WVDO is included elsewhere in the solicitation.

ADDITIONAL ELEVATION REQUIREMENTS

Some properties eligible for reconstruction will require additional elevation. Properties requiring additional structural elevation shall meet the criteria provided for in the Federal Register Notice 81 FR 5989 published on November 21, 2016; specifically, the items addressed under the section titled, "Elevation standards for new construction, repair of substantial damage, or substantial improvement". A copy the above-mentioned document is provided in Attachment 2. It is the responsibility of the construction contractor to ensure these minimum standards are met.

PERFORMANCE MEASURES

Respondents should be aware that providing timely assistance to eligible applicants is a priority. Successful respondents will not be guaranteed a minimum number of assignments. Assignments will be at the sole discretion of the WVDO and its designee, likely the WVDO's construction manager based on performance measures established by the WVDO and set forth below. The WVDO has established timeline completion goals established in accordance with the SOW total. The timeliness goals are as follows:

- Standard Demolition and Reconstruction: 60 days

- Demolition and Reconstruction of Structures Requiring Additional Elevation: 90 days

Adherence to the above-mentioned timeliness goals will be tracked by the WVDO, or its designee. The ability to achieve these predefined goals will affect workload allocations. Contractors who meet the timeliness goals may be eligible to receive greater reconstruction property volume. Contractors who are unable to meet the timeliness goals will be limited in the amount of work they are assigned or removed from the program.

If a construction contractor is unable to meet the predetermined deadline they will be required to notify the WVDO and its construction management team immediately in writing. This notification will be required to include a revised projected completion date, and brief discussion of the issues that lead to the missed deadline. It is the goal of the WVDO to help ensure each program and individual project is operating efficiently, and any needs or issues encountered by construction contractors are addressed.

Quality of the contractor's workmanship will be continuously assessed based on the judgment of the WVDO, or its designee.

I. CONTRACTOR QUALIFICATIONS & REQUIREMENTS

CONTRACTOR QUALIFICATIONS: Qualifications to be considered are the following:

A. Experience:

1. The Respondent must hold a current license issued through the West Virginia Contractor Licensing Board.
2. Experience in the construction, repair, rehabilitation and maintenance of residential housing. Proposals must contain evidence of the Respondent's experience and competency in the specified fields as well as in all other disciplines directly related to the proposed services.
3. Experience with the employment of MWBE and/or Section 3 subcontractors. Proposals should identify specific MWBE and/or Section 3 subcontractors who are currently working with the Respondent in the subject area, if any.
4. Demonstrated ability to commit to residential repair and construction projects and to carry such projects to completion.

5. Demonstrated ability and experience with the repair of historic properties, and coordination with West Virginia's Archives and History Commission as necessary.
6. Demonstrated ability and experience with environmental mitigation related to the reconstruction of residential properties.
7. Demonstrated financial resources to perform and complete the work without progress payments and to provide the warranty required by this RFP. This should include, if necessary, a construction financing plan. The Respondent must have adequate financial resources to perform the contract or demonstrate the ability to obtain adequate financial resources. The Respondent should provide WVDO with sufficient information to make this evaluation. WVDO reserves the right to request additional information to substantiate this qualification.
8. Experience in managing and completing projects of a similar size and nature.
9. Prior experience in managing and completing projects funded by Community Block Development Grant (CDBG) or other federal funds.
10. Prior experience in compliance with and reporting on compliance with state and federal construction laws, regulations, and procedures, including Section 3, Davis Bacon (as applicable), and the payroll documentation necessary for compliance.

B. Responsible Business Practices

1. WVDO may consider a Respondent's adherence to acceptable business practices, including, but not limited to, complaints or charges of misconduct filed against a Respondent with any licensing jurisdiction, and any disciplinary action and/or monetary penalties by such jurisdiction imposed against the Respondent.
2. Each Respondent should identify any pending liens or judgments against the Respondent or its principals.

C. Insurance requirements

1. The selected Respondent will be required to provide proof of the minimum insurance coverage amounts identified below at the time of contract by providing an endorsed Standard Construction Contract Certificate of Insurance.
2. Comprehensive General liability: \$1,000,000 per occurrence

3. Automobile liability: \$1,000,000 per occurrence
4. Worker's compensation: \$1,000,000 per occurrence, which shall inure to the benefit of all Respondent's personnel provided hereunder
5. Professional liability insurance, if applicable.
6. Fidelity bond insurance with minimum limits of \$1,000,000
7. Umbrella coverage of \$5,000,000.
8. Other insurance requirements in the discretion of WVDO as may be contained within a construction contract for the work to be performed by the respondent.
9. All general liability, automobile liability, professional liability and fidelity bond insurance and umbrella coverage will provide coverage to WVDO as either "Owner" or as an "additional insured" at WVDO's discretion. Insurance carriers must be licensed or hold a Certificate of Authority from the West Virginia Department of Insurance.

D. Payment and Performance Bond, and Tax Bond

1. Each Respondent must maintain a performance and payment bond in an amount equal to the contract awarded by the WVDO. The WVDO may award contracts in different amounts based upon the work that is required. Respondent(s) must provide evidence of the maximum performance and payment bonding capacity with their Response, and the form of the bond that shall be executed and produced by the selected Respondent(s) at the time of contract signing. WVDO anticipates that the minimum bonding requirement will be Five Million and No 00/100 Dollars (\$5,000,000) and selection may be made partially on this basis. In certain cases, WVDO may consider the selection of Respondents who can provide evidence of a maximum performance and payment bonding capacity of not less than Two Million and No 00/100 Dollars (\$2,000,000) for specialized services or a smaller number of projects. In no event, shall the bond requirement be for less than one hundred percent (100%) of the selected Respondent's contract amount. Insurance pursuant to the requirements as outline in § 11.1.2.1 of the AIA A201-2007 Supplementary Conditions where not otherwise referenced (Builder's Risk is not applicable).
2. Each Respondent must provide a tax bond for the payment of all taxes, licenses, assignments, contributions, damages, penalties, and interest thereon, when and as the same may lawfully be due the State of West Virginia, or any county, municipality, board, department, commission, or political subdivision thereof, by reason of and directly connected with the performance of any contract awarded to the Respondent(s) as provided under West Virginia

law. The form of said bond that shall be executed and produced by the selected Respondent(s) at the time of contract execution.

3. All bonds must be issued by a bonding agent with at least an “A” rating.

E. Management Qualifications

1. Staffing Plan. Each Respondent shall provide a staffing plan that addresses how the Respondent will identify, hire, and train and retain its personnel. The staffing plan shall describe the proposed staffing approach, including key subcontractors needed to ensure staffing is sufficient to provide the required personnel during all aspects of contract performance.
 - a) Staffing Plan must specifically address a Respondent’s capacity to provide services (including statement of bonding capacity) including specific answers to the following questions:
 - o How many people do you anticipate for each construction crew?
 - o How many crews do you plan to engage with this project?
 - o How long will it take your organization to reach construction capacity?
 - o Describe your firm’s total capacity to complete work and provide timeline for the attached Residential Scope.
2. Deployment of Resources. Demonstrated capacity to effectively, efficiently, and economically deploy resources and materials.
3. Demonstrated quality control plan. Each Respondent should explain its proposed quality control program and demonstrate an understanding of and the importance of quality control.
4. Management Approach. Each Respondent should describe an overall management approach that will successfully accomplish the scope of work. The Respondent should describe the proposed plan to monitor and evaluate performance across all functions and subcontractors.
5. Management Action Plan should include the following:
 - a) Internal process and work flow diagram.
 - b) Proposed Organizational Structure (with key personnel identified).

CONTRACTOR REQUIREMENTS: Each Respondent must demonstrate the ability to satisfy the following requirements:

1. The work to be performed under a contract awarded pursuant to this Request for Proposals will utilize funds provided by the Department of Housing and Urban Development and 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 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents in the project area and contracts for work in connection with this project be awarded to business concerns which are located in or owned in substantial part by persons residing in the area of the program.

2. Respondent(s) shall commit to make a demonstrated effort to provide subcontract opportunities to locally owned businesses, minority and women-owned businesses enterprises, Section 3 businesses and employment opportunities for very low and low-income residents in the program area.
3. Respondent(s) must provide a one (1) year warranty on all materials and workmanship, and the contractor will remain liable for defects as required by West Virginia law.
4. Respondent(s) should provide, in accordance with all applicable state and federal regulations, including but not limited to the Community Block Development Grant (CDBG) program, Davis Bacon Act (if applicable) and Section 3 of the Housing and Urban Development Act of 1968 as referenced above, a proposal to serve as a General Contractor who will agree to perform the entire SOW on a multi-county basis. Respondent will have the ability to submit change order requests and the scope and cost of change orders will be evaluated by Xactimate.
5. Respondent must agree to complete all permitting requirements of the state and / or municipality.
6. Respondent must agree to conduct all work in a manner that meets or exceeds federal, state, and/or local building codes as required under the Programs.
7. Respondent must complete and submit Attachment 1 with its proposal.
8. Respondent must ensure all waste is properly disposed. All waste must go to a licensed landfill.
9. Respondent must maintain proactive communication with homeowner throughout construction process.
10. Respondent must maintain and monitor for compliance to all safety regulations.
11. Respondent must maintain compliance to all program reporting requirements, including the adoption and utilization of the CarbonCM contractor management system. Training and system access will be provided to all approved construction contractors.
12. Respondent must attend all final inspections.
13. Respondent must include its safety record and provide documentation showing their OSHA recordable injury rate is <1.5. RFP.

II. SUBMISSION AND PROPOSAL REQUIREMENTS

THE WRITTEN PROPOSAL SHALL CONTAIN THE FOLLOWING MINIMUM INFORMATION AND THE FOLLOWING RESPONSE FORMAT SHALL BE USED FOR ALL SUBMITTED PROPOSALS:

A. Table of Contents

B. Any required WVDO forms either included in this RFP or later required by WVDO should be completed and included with the original submission or supplemented upon the request of WVDO.

C. Cover Letter executed by an authorized representative of the Respondent(s).

D. Management Summary: Provide a statement indicating the underlying philosophy of the Respondent(s) in providing the service.

E. Proposal: Describe in detail how the services will be provided for the sample scope of work. Include a description of major tasks and subtasks. A timeline for execution of the Respondent's proposal shall be included in this section.

1. Description of service delivery plan for the proposed scope of work. At a minimum, the description should include the following:
 - a) Staffing Plan
 - b) Scheduling and deployment plan,
 - c) Quality assurance plan,
 - d) Customer service plan,
 - e) Financial and materials tracking and reporting process,
 - f) Purchasing process to include a discussion of procedures for securing quality, products and competitive prices for services and materials, and
 - g) Procedure for addressing change orders from the original scope of work.
2. Statement of Qualifications: In preparing a statement of qualifications, Respondent(s) should address the points of contactor qualification and requirements set out in **Section II** of this Request for Proposals.
3. Pricing:

The contractor must provide a turnkey fixed rate price for a 2 bedroom/2-bathroom (2/2) and a 3 bedroom/2-bathroom (3/2) stick built or modular structures. Each configuration should include a minimum of 900 sq. ft. of heated and cooled living space. All construction activities must comply with U.S. Department of Housing and Urban Development (HUD) requirements. The total cost should not exceed \$100,000. Additional line item costs for the elevation of structures

and ADA modifications must be provided and will be included in the evaluation of the contractor's proposal. A certificate of occupancy is required to be submitted to the WVDO Construction Manager before final payment(s) will be made to the construction contractor.

All other construction items are to be considered as part of the turnkey solution and pricing regardless of amount of fill dirt, demolition size of old structure, property location, temporary storage cost, etc.

Turnkey fixed rate price includes, but is not limited to, the following requirements:

- Permitting
- Demolition and proper disposition of the existing structure and waste
- Site preparation, including necessary fill dirt
- Utilities Disconnect and Reconnect (Plumbing, Sewer, and Electric, etc.)
- Temporary on-site storage container (40 foot)
- Transport/Delivery/Set/Installation of Modular Unit (Wind Zone 2 Rating) or Stick Built Unit (IRC Compliant)
- Foundation preparation
- HVAC Installation
- Egress, per code requirements
- Energy Star Appliances (Stove, Dishwasher, and microwave)
- Contractor overhead and profit.
- A certificate of occupancy
- One year warranty on all materials and workmanship

As identified by the WVDO Construction Manager, some units will be required to comply with ADA (including means of entry and egress). The contractor must provide a fixed rate price to comply with ADA. This fixed fee is separate and in addition to, when necessary, the turnkey price.

Similarly, some properties within the 100-year flood plain may require additional structural elevation. The contractor must provide a fixed-fee per 8 inches of elevation.

Additional scope item may be deemed necessary and assigned using Xactimate pricing for the city of Charleston, WV for the applicable month and year of SOW generation. In addition, to the line item cost allowances, 10% overhead and 10% profit will be applied. Additional scope items include:

- New Well installation
- New Septic Tank Installation
- Extraordinary and critical change order items

All other construction items are to be considered as part of the turnkey solution and pricing regardless of amount of fill dirt, demolition size of old structure, property location, etc.

The contractor must complete and submit the pricing template included in Attachment 1.

F. Corporate Experience and Capacity:

1. Background of the company, to include name, location of principal place of business, date of incorporation.
2. Date of incorporation (or filing of a certificate of formation with the office of the appropriate secretary of state, as applicable) and number of employees.
3. Evidence that Respondent is either a valid West Virginia entity in good standing with the Office of the West Virginia Secretary of State or a foreign entity which is qualified to do business in West Virginia and is in good standing with the Office of the West Virginia Secretary of State.
4. A description of the experience and past performance history of the Respondent in providing the service, the number of years the service has been delivered, and a statement on the extent of any corporate expansion required to handle the service.
5. A listing of three (3) contracts under which services similar in scope, size, or discipline were performed or undertaken. On the proposal form, list three (3) projects (similar in size, scope and scale to this project) to include the names and addresses of the projects, the scope of the project, and the names and telephone numbers of the clients for reference purposes. This information should also be included for any subcontractors.
6. This section must also include a statement of financial condition, bonding capacity, proof of insurance as identified in Section II.A. and a statement certifying that the Respondent(s) have not been debarred pursuant to the debarment requirements listed herein.

7. Identify whether or not the Respondent(s) have been the subject of any complaints or disciplinary action by any licensing jurisdiction.

G. Personnel / Staffing Plan:

1. Describe the abilities, qualifications, and experience of all key personnel who would be assigned to provide the required services.
2. Attach resumes of all key personnel assigned to this project and include their experience in the area of service delivery. Indicate the level of involvement by principals of each Respondent in the day-to-day operation of the contract.
3. Provide a logistical and staffing timeline which specifies estimated time required from start-up through mobilization to project sites.

H. References: Give at least three (3) references for contracts of similar size and scope, including at least two (2) references for current contracts or those awarded during the past three (3) years. Include the name of the organization, the length of the contract, a brief summary of the work, and the name and telephone number of a responsible contact person.

I. Acceptance of conditions: Indicate any exceptions to the General Terms and Conditions, contained in this RFP and to insurance, bonding, and any other requirements listed.

J. Additional data: Provide any additional information that will aid in evaluation of the response.

K. Agreement to perform the entire scope of reconstruction work identified by the WVDO, including all change orders, together with evidence that such structure complies with all applicable state and federal regulations.

ALL PROPOSALS SUBMITTED IN RESPONSE TO THIS REQUEST SHALL BE IN WRITING.

RESPONDENT(S) MAY DESIGNATE THOSE PORTIONS OF THE PROPOSALS WHICH CONTAIN TRADE SECRETS OR OTHER PROPRIETARY DATA WHICH MAY REMAIN CONFIDENTIAL IN ACCORDANCE WEST VIRGINIA LAW.

Inquiries, Submission and Proposal Acceptance Period

All questions are to be reduced to writing and are to be submitted to Sheila L. Hannah at sheila.l.hannah@wv.gov with "Rise West Virginia CDBG-DR Housing Reconstruction Program" in the reference line. All questions are due by 5:00pm (Eastern Time Zone) on June 15, 2017.

All bidders should submit their final bid via e-mail to Sheila L. Hannah at sheila.l.hannah@wv.gov with "Rise West Virginia CDBG-DR Housing Reconstruction Program" in the reference line. Final bids must be received by 1:30pm (Eastern Time Zone) on June 23, 2017. Bids received after this deadline will not be considered. Timely submission is the responsibility of the respondent.

Timeline for Key Events

- Bid request release: June 7, 2017
- Pre-bid Meeting: June 14, 2017
- Deadline for questions: June 15, 2017
- Deadline for submission: June 23, 2017
- Initial contractor selection notification: June 30, 2017

SPECIFICATIONS, TERMS AND CONDITIONS:

TERM AND EXTENSION OF CONTRACT:

The WVDO anticipates awarding contract(s) for services for a duration of one (1) year with the option to extend up to two (2) additional years for a total of three (3) years. The contract(s) may be extended at the discretion of WVDO upon written notice to the Contractor at least 30 days prior to the contract ending date.

REJECTION OF PROPOSALS:

Proposals that do not conform to the requirements set forth in this RFP may be rejected by WVDO. Proposals may be rejected for reasons that include, but are not limited to, the following:

- A. The proposal contains unauthorized amendments to the requirements of the RFP;
- B. The proposal is conditional;
- C. The proposal is incomplete or contains irregularities which make the proposal indefinite or ambiguous;
- D. The proposal is not received by the deadline;
- E. The proposal is not signed by an authorized representative of the Respondent(s); and/or
- F. The proposal contains false or misleading statements or references.

G. Notwithstanding the foregoing, the WVDO reserves the right to reject any and/or all proposals. The WVDO is under no obligation to award a contract as a result of this RFP.

ACCEPTANCE OF PROPOSALS:

WVDO reserves the right, in its sole discretion, to waive minor irregularities in proposals. A minor irregularity is a variation of the RFP, that does not affect the funding request, or give one party an advantage or benefit not enjoyed by other parties, or adversely impact the interest of WVDO. Waivers, when granted, shall in no way modify the RFP requirements or excuse the party from full compliance with the RFP specifications and other contract requirements, if the party is awarded a contract.

DISPOSITION OF PROPOSALS:

All submitted proposals become the property of WVDO.

COMPETITIVE NEGOTIATION:

The bidding method to be used is a competitive negotiation from which WVDO is seeking the best combination of price, experience and quality of service. Discussions may be conducted with Respondent(s) who submit proposals determined to be reasonably susceptible of being selected for award. Likewise, WVDO also reserves the right to accept any proposal as submitted to contract award, without negotiation of offered terms, services or prices. Therefore, all parties are advised to propose their most favorable terms initially. Should WVDO (or WVDO's designee) be unable to negotiate a contract with any of the Respondent(s) or a sufficient number of Respondent(s) initially selected as providing the best combination of price, experience and quality of service, responses may be re-solicited or additional Respondent(s) may be selected based on their original, acceptable submissions in the order of their respective qualification ranking, and negotiations may continue with such Respondent until an agreement is reached and the contract awarded.

Final contract award and execution is subject to the selected Respondent's agreement with the WVDO's standard contract language and approval of the appropriate state agency(ies) as applicable.

INDEFINITE QUANTITY:

Contract(s) awarded pursuant to this RFP will be indefinite quantity contract(s) for the materials and/or services required and will be effective for the period stated in the RFP. Any quantities of material and services specified in this RFP are estimates only.

RFP DOES NOT CONSTITUTE ACCEPTANCE OF OFFER:

The release of this RFP does not constitute an acceptance of any offer, nor does such release in any way obligate WVDO to award funds. WVDO reserves the rights to accept, reject, or negotiate any or all offers. The final decision to award funds to any party rests solely with WVDO.

EXCEPTIONS AND DEVIATIONS:

Any Respondent(s) taking exception to any part or section of the solicitation shall indicate such exceptions on the proposal and shall be fully described. Failure to indicate any exception will be interpreted as the Respondent(s)' intent to comply fully with the requirements as written. Conditional or qualified proposals, unless specifically allowed, shall be subject to rejection in whole or in part.

NONCONFORMING TERMS AND CONDITIONS:

A proposal, which includes terms and conditions not conforming to the terms and conditions in the RFP, is subject to rejection as non-responsive. WVDO reserves the right to permit a Respondent to withdraw nonconforming terms and conditions from its proposal prior to a determination by WVDO of non-responsiveness based on the submission of nonconforming terms and conditions.

EXPENSES INCURRED IN PREPARING OFFERS:

WVDO accepts no responsibility for any expense incurred by any Respondent in the preparation and presentation of an offer. Such expenses shall be borne exclusively by each Respondent.

ACKNOWLEDGMENT OF AMENDMENTS:

Each Respondent(s) shall acknowledge receipt of any amendment to the solicitation by signing and returning the amendment with the proposal, by identifying the amendment number and date in the space provided for this purpose on the proposal form, or by letter. The acknowledgment must be received by WVDO by the time and at the place specified for receipt of proposals.

SUSPENSION AND DEBARMENT:

By submitting a proposal, each Respondent certifies that it is not currently suspended or debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of West Virginia or the Federal government and that it is not a person or entity which is currently suspended or debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of West Virginia or the Federal government.

III. EVALUATION

EVALUATION PROCEDURE AND FACTORS TO BE CONSIDERED IN THE EVALUATION PROCESS:

Before the award of any contract, Respondent(s) will be required to show, to the complete satisfaction of the WVDO, satisfaction of the "Contractor Qualifications and Requirements" set forth in Section II of this RFP, and complete information as required in Section III. The WVDO may make reasonable investigations deemed necessary and proper to determine the ability and capacity of the Respondent(s) to perform the work specified herein, and the Respondent(s) shall furnish to the WVDO all information requested for this purpose. The WVDO reserves the right to reject any proposal or offer if the evidence submitted by, or investigation of, the Respondent(s) fails

to satisfy the WVDO that the Respondent(s) is properly qualified to carry out the obligations of the contract and to complete the work described herein.

A selection committee made up of qualified WVDO staff and/or State of West Virginia employees or their designees selected by the WVDO shall review and evaluate all responses. The selection committee will have only the response to the solicitation to review for the selection of finalists. It is, therefore, important that Respondent(s) fully address each of the selection criteria set out in this solicitation.

STEP I: Proposals will be reviewed to assure compliance with the minimum specifications. Proposals which do not comply with the minimum specifications will be rejected immediately, receiving no further consideration. *The minimum specifications are the following:*

- A. Description of Respondent(s)' understanding of the Programs specifically;
- B. Information contained within Section II., CONTRACTOR QUALIFICATIONS, A. and Section III.F., Corporate Experience and capacity;
- C. Licensure requirements of Section II.A;
- D. Staffing plan as required by Sections II.D and III. G. which specifies estimated time required from start up through mobilization to project sites;
- E. Agreement to perform the entire Scope of Repair identified by the WVDO, including all change orders, for the cost identified by the standardized tool, all in accordance with all applicable state and federal requirements as required by Section II, CONTRACTOR REQUIREMENTS, D; and
- F. Pricing Proposal including the completed Attachment 1.

STEP II: Proposals which satisfy the requirements of Step I will be reviewed to determine the adequacy of the response to WVDO's specifications. Factors to be considered are as follows:

- A. The overall quality of the proposed plan for performing the required service in a timely manner as prioritized under the Programs (**Critical**);
- B. Understanding of the project and its objectives (**Very Important**);
- C. The degree of completeness of response to the specific requirements of the solicitation (**Very Important**);
- D. Respondent's ability to provide the required services as reflected/evidenced by qualifications (**Very Important**);

E. Logistical and staffing plans which demonstrate that personnel, equipment and resources to perform the services are currently available or can be demonstrated to be made available following contract award (**Critical**);

F. A record of past performance of similar work. Similar work should reflect construction and maintenance expertise (**Very Important**);

G. Agreement to perform the entire Scope of Work identified by the WVDO, including all change orders, for the cost identified by the standardized tool as required by Section II, CONTRACTOR REQUIREMENTS, D (**Important**); and,

H. Pricing Proposal (**Critical**).

Factors will be evaluated based on the following weighted scale:

1. Important 15 points

2. Very Important 20 points

3. Critical 25 points

STEP III: WVDO will contact those Respondent(s) whose proposal(s) best address the specifications. Each of the Respondents may be required to meet with the selection team at a specified time. The proposals will be subject to an in-depth review by the selection team. WVDO will contact the Respondent(s) which best meet(s) the WVDO's requirements as outlined in Step II and will attempt to negotiate an agreement acceptable to both parties.

IV. Special Provisions

As explained above, the Programs are funded by a CDBG-DR grant from HUD and administered by the State. By submitting a proposal to this RFP and in the event Respondent is awarded a contract pursuant to its proposal submitted, Respondent understands and expressly agrees that it will be bound by the applicable requirements set forth in the Appendices attached to this RFP and identified in this Section V as well as those requirements expressly included in any contract issued pursuant to this RFP. Accordingly, *Attachment 3 (CDBG-DR Rider) and Attachment 4 (the Uniform Federal Contract Provisions Rider) and any Exhibits included therein*, which includes various federal regulations are incorporated into this RFP in their entirety, and made an integral part hereof.

-- E N D o f R F P --

Attachment 1

Residential Property Reconstruction Pricing Template

PRICE PROPOSAL

Residential Property Reconstruction	Fixed-Fee Proposed
<i>2 Bedroom/2 Bathroom Configuration</i>	
Turnkey MHU Price	\$
ADA Modification	\$
Structural Elevation (per 8 inches)	\$
<i>3 Bedroom/2 Bathroom Configuration</i>	
Turnkey MHU Price	\$
ADA Modification	\$

Structural Elevation (per 8 inches)	\$
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C. Authority

Section 3507 of the Paperwork Reduction Act of 1995, 44 U.S.C. Chapter 35.

Dated: November 10, 2016.

Colette Pollard,

Department Reports Management Officer,
Office of the Chief Information Officer.

[FR Doc. 2016-27909 Filed 11-18-16; 8:45 am]

BILLING CODE 4210-67-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5989-N-01]

Allocations, Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: This notice allocates \$500 million in Community Development Block Grant disaster recovery (CDBG-DR) funds appropriated by the Continuing Appropriations Act, 2017 for the purpose of assisting long-term recovery in Louisiana, Texas and West Virginia. This notice describes applicable waivers and alternative requirements, relevant statutory provisions for grants provided under this notice, the grant award process, criteria for plan approval, and eligible disaster recovery activities. Given the extent of damage to housing in the largest eligible disaster and the very limited data at present on unmet infrastructure and economic revitalization needs, this notice requires each grantee to primarily consider and address its unmet housing recovery needs.

DATES: *Effective Date:* November 28, 2016.

FOR FURTHER INFORMATION CONTACT: Jessie Handforth Kome, Acting Director, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 7th Street SW., Room 7286, Washington, DC 20410, telephone number 202-708-3587. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at 800-877-8339. Facsimile inquiries may be sent to Ms. Kome at 202-401-2044. (Except for the "800" number, these telephone numbers are not toll-free.). Email inquiries may be sent to disaster_recovery@hud.gov.

SUPPLEMENTARY INFORMATION:

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- I. Allocations
- II. Use of Funds
- III. Management and Oversight of Funds
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- VI. Applicable Rules, Statutes, Waivers, and Alternative Requirements
 - A. Grant Administration
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- IX. Finding of No Significant Impact
- Appendix A: Allocation Methodology

I. Allocations

Section 145 of the Continuing Appropriations Act, 2017 (Pub. L. 114-223, approved September 29, 2016) (Appropriations Act) makes available \$500 million in Community Development Block Grant (CDBG) funds for necessary expenses for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 *et seq.*) related to

disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared in 2016 and occurring prior to enactment of the Appropriations Act, pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 *et seq.*) (Stafford Act). Given the extent of damage to housing in the largest eligible disaster and the very limited data at present on unmet infrastructure and economic revitalization needs, HUD is requiring each grantee to primarily consider and address its unmet housing recovery needs. This notice allows grantees to allocate funds to address unmet economic revitalization and infrastructure needs, but in doing so, the grantee must identify how unmet housing needs will be addressed or how its economic revitalization or infrastructure activities will contribute to the long-term recovery and restoration of housing in the most impacted and distressed areas. The law provides that grants shall be awarded directly to a State or unit of general local government at the discretion of the Secretary. The Secretary has elected to award funds only to States in this allocation. Unless noted otherwise, the term "grantee" refers to the State receiving a direct award from HUD under this notice. To comply with statutory direction that funds be used for disaster-related expenses in the most impacted and distressed areas, HUD allocates funds using the best available data that cover all of the eligible affected areas.

Based on a review of the impacts from these disasters, and estimates of unmet need, HUD is making the following allocations:

TABLE 1—ALLOCATIONS UNDER PUBLIC LAW 114-223

Disaster No.	State	Grantee	Allocation	Minimum amount that must be expended for recovery in the HUD-identified "most impacted" areas
4277, 4263, 4272	Louisiana	State of Louisiana	\$437,800,000	(\$350,240,000) East Baton Rouge, Livingston, Ascension, Tangipahoa, Ouachita, Lafayette (Parishes).
4269, 4266	Texas	State of Texas	45,200,000	(\$36,160,000) Harris, Newton, Montgomery (Counties).
4273	West Virginia ..	State of West Virginia	17,000,000	(\$13,600,000) Kanawha, Greenbrier (Counties).
Total			500,000,000	

Table 1 also shows the HUD-identified "most impacted and distressed" areas impacted by the disasters that did not receive a direct

award. At least 80 percent of the total funds provided within each State under this notice must address unmet needs within the HUD-identified "most

impacted and distressed" areas, as identified in the last column in Table 1. Grantees may determine where the remaining 20 percent may be spent by

identifying areas it determines to be "most impacted and distressed." A detailed explanation of HUD's allocation methodology is provided at Appendix A.

Each grantee receiving an allocation under this notice must submit an action plan for disaster recovery, or "action plan," no later than 90 days after the effective date of this notice. HUD will only approve action plans that meet the specific requirements identified in this notice under section VI, "Applicable Rules, Statutes, Waivers, and Alternative Requirements."

II. Use of Funds

The Appropriations Act requires that prior to the obligation of CDBG-DR funds a grantee shall submit a plan detailing the proposed use of all funds, including criteria for eligibility, and how the use of these funds will address long-term recovery and restoration of infrastructure and housing and economic revitalization in the most impacted and distressed areas. This action plan for disaster recovery must describe uses and activities that: (1) Are authorized under title I of the Housing and Community Development Act of 1974 (HCD Act) or allowed by a waiver or alternative requirement published in this notice; and (2) respond to disaster-related impact to infrastructure, housing, and economic revitalization in the most impacted and distressed areas. To inform the plan, grantees must conduct an assessment of community impacts and unmet needs to guide the development and prioritization of planned recovery activities, pursuant to paragraph A.2.a. in section VI below.

In accordance with the HCD Act, funds may be used to meet a matching, share, or contribution requirement for any other Federal program when used to carry out an eligible CDBG-DR activity. This includes programs or activities administered by the Federal Emergency Management Agency (FEMA) and the U.S. Army Corps of Engineers (USACE), among other Federal sources. CDBG-DR funds, however, may not be used for activities reimbursable by or for which funds are made available by FEMA or USACE.

This notice also requires each grantee to expend 100 percent of its allocation of CDBG-DR funds on eligible activities within 6 years of HUD's execution of the grant agreement.

III. Management and Oversight of Funds

The Appropriations Act requires the Secretary to certify, in advance of signing a grant agreement, that the grantee has in place proficient financial

controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act, ensure timely expenditure of funds, maintain comprehensive Web sites regarding all disaster recovery activities assisted with these funds, and detect and prevent waste, fraud, and abuse of funds. To provide a basis for the certification, each grantee must submit documentation to the Department demonstrating its compliance with the above requirements. For a complete list of the required certification documentation, see paragraph A.1.a. under section VI of this notice. The certification documentation must be submitted within 60 days of the effective date of this notice, or with the grantee's submission of its action plan, whichever is earlier.

In advance of signing a grant agreement and consistent with 2 CFR 200.205 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Requirements), HUD will evaluate each grantee's capacity to effectively manage the funds and the associated risks they pose through a review of supplemental risk analysis documentation. This notice requires each grantee to submit risk analysis documentation demonstrating that it can effectively manage the funds, ensure timely communication of application status to applicants for disaster recovery assistance, and that it has adequate capacity to manage the funds and address any capacity needs. For a complete listing of the required risk analysis documentation, see paragraph A.1.b. under section VI of this notice. Documentation applicable to the risk analysis must be submitted within 60 days of the effective date of this notice, or with the grantee's submission of its action plan, whichever is earlier.

Additionally, this notice requires grantees to submit to the Department for approval a projection of expenditures and outcomes as part of its action plan. Any subsequent changes, updates or revision of the projections will require the grantee to amend its action plan to reflect the new projections. This will enable HUD, the public, and the grantee to track planned versus actual performance.

Grantees must also enter expected completion dates for each activity in HUD's Disaster Recovery Grant Reporting (DRGR) system. When target dates are not met or are extended, a grantee is required to explain the reason for the delay in the Quarterly Performance Report (QPR) activity narrative. For additional guidance on

DRGR system reporting requirements, see paragraph A.3 under section VI of this notice. More information on the timely expenditure of funds is included in paragraphs A.24 of section VI of this notice. Other reporting, procedural, and monitoring requirements are discussed under "Grant Administration" in section VI of this notice.

The grant terms and specific conditions of the award will reflect HUD's risk assessment of the grantee and will require the grantee to adhere to the description of its implementation plan submitted in its certification and risk analysis documentation. HUD will also institute an annual risk analysis as well as on-site monitoring of grantee management to further guide oversight of these funds.

IV. Authority To Grant Waivers

The Appropriations Act authorizes the Secretary to waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary, or use by the recipient, of these funds, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment. Waivers and alternative requirements are based upon a determination by the Secretary that good cause exists and that the waiver or alternative requirement is not inconsistent with the overall purposes of title I of the HCD Act. HUD also has regulatory waiver authority under 24 CFR 5.110, 91.600, and 570.5. Grantees may request waivers as described in section VI of this notice.

V. Overview of Grant Process

To begin expenditure of CDBG-DR funds, the following expedited steps are necessary:

- Grantee follows citizen participation plan for disaster recovery in accordance with the requirements in paragraph A.4 of section VI of this notice.
- Grantee consults with stakeholders, including required consultation with affected local governments and public housing authorities (as identified in section VI of this notice).
- Within 60 days of the effective date of this notice (or when the grantee submits its action plan, whichever is earlier), the grantee submits certification documentation providing a basis for the Secretary's certification that the grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford

Act, ensure timely expenditure of funds, maintain comprehensive Web sites regarding all disaster recovery activities assisted with these funds, and detect and prevent waste, fraud, and abuse of funds;

- Within 60 days of the effective date of this notice (or when the grantee submits its action plan, whichever is earlier) the grantee submits its risk analysis documentation allowing HUD to evaluate the grantee's risk and capacity to effectively manage the funds.

- Grantee publishes its action plan for disaster recovery on the grantee's required disaster recovery Web site for no less than 14 calendar days to solicit public comment.

- Grantee responds to public comment and submits its action plan (which includes Standard Form 424 (SF-424) and certifications) to HUD no later than 90 days after the date of this notice.

- HUD expedites review (allotted 60 days from date of receipt) and approves the action plan according to criteria identified in this notice.

- HUD sends an action plan approval letter, grant terms and conditions, and grant agreement to the grantee. If the action plan is not approved, a letter will be sent identifying its deficiencies; the grantee must then resubmit the action plan within 45 days of the notification letter.

- Grantee signs and returns the grant agreement.

- Grantee ensures that the final HUD-approved action plan is posted on its official Web site.

- HUD establishes the grantee's line of credit.

- Grantee requests and receives DRGR system access (if the grantee does not already have DRGR access).

- Grantee enters the activities from its published action plan into the DRGR system and submits its DRGR action plan to HUD (funds can be drawn from the line of credit only for activities that are established in the DRGR system).

- The grantee may draw down funds from the line of credit after the Responsible Entity completes applicable environmental review(s) pursuant to 24 CFR part 58 or as authorized by the Appropriations Act and, as applicable, receives from HUD or the State an approved Request for Release of Funds and certification.

- The grantee must begin to draw down funds no later than 180 days after the effective date of this notice.

VI. Applicable Rules, Statutes, Waivers, and Alternative Requirements

This section of the notice describes requirements imposed by the Appropriations Act, as well as applicable waivers and alternative requirements. For each waiver and alternative requirement, the Secretary has determined that good cause exists and is consistent with the overall purpose of the HCD Act. The waivers and alternative requirements provide additional flexibility in program design and implementation to support full and swift recovery following the disasters, while also ensuring that statutory requirements are met. The following requirements apply only to the CDBG-DR funds appropriated in the Appropriations Act, and not to funds provided under the annual formula State or Entitlement CDBG programs, or those provided under any other component of the CDBG program, such as the Section 108 Loan Guarantee Program, or any prior CDBG-DR appropriation.

Grantees may request additional waivers and alternative requirements from the Department as needed to address specific needs related to their recovery activities. Except where noted, waivers and alternative requirements described below apply to all grantees under this notice. Under the requirements of the Appropriations Act, waivers and alternative requirements are effective five days after they are published in the *Federal Register*.

Except as described in this notice, statutory and regulatory provisions governing the State CDBG program shall apply to grantees receiving an allocation under this notice. Applicable statutory provisions can be found at 42 U.S.C. 5301 *et seq.* Applicable State CDBG regulations can be found at 24 CFR part 570. References to the action plan in these regulations shall refer to the action plan required by this notice. All references in this notice pertaining to timelines and/or deadlines are in terms of calendar days unless otherwise noted. The date of this notice shall mean the effective date of this notice unless otherwise noted.

A. Grant Administration.

1. Preaward Evaluation of Management and Oversight of Funds.

- a. *Certification of proficient controls, processes and procedures.* The Appropriations Act requires that the Secretary certify, in advance of signing a grant agreement, that the grantee has in place proficient financial controls and procurement processes and has established adequate procedures to

prevent any duplication of benefits as defined by section 312 of the Stafford Act, ensure timely expenditure of funds, maintain comprehensive Web sites regarding all disaster recovery activities assisted with these funds, and detect and prevent waste, fraud, and abuse of funds. To enable the Secretary to make this certification, each grantee must submit to HUD the certification documentation listed below. This information must be submitted within 60 days of the effective date of this notice, or with the grantee's submission of its action plan, whichever date is earlier. Grant agreements will not be executed until HUD has issued a certification in response to the grantee's submission. For each of the items (1) through (6) below, the grantee must also provide a table that clearly indicates which unit and personnel are responsible for each task along with contact information. The grantee must certify to the accuracy of its certification documentation as required by paragraph E.47 of section VI of this notice.

(1) Financial Controls. A grantee has proficient financial controls if each of the following criteria is satisfied:

- a. The grantee's most recent single audit and consolidated annual financial report (CAFR) indicates that the grantee has no material weaknesses, deficiencies, or concerns that HUD considers to be relevant to the financial management of the CDBG program. If the single audit or CAFR identified weaknesses or deficiencies, the grantee must provide documentation showing how those weaknesses have been removed or are being addressed; and

- b. The grantee has assessed its financial standards and has completed the HUD monitoring guide for financial standards (FY2017 Guide for Review of Financial Management (the Financial Management Guide), available on the HUD Exchange Web site at <https://www.hudexchange.info/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/>). The grantee's standards must conform to the requirements of the Financial Management Guide. The grantee must identify which sections of its financial standards address each of the questions in the guide.

(2) Procurement. A grantee has in place a proficient procurement process if it has either: (a) Adopted 2 CFR 200.318 through 200.326 (subject to 2 CFR 200.110, as applicable); or (b) the effect of the grantee's procurement process/standards are equivalent to the effect of procurements under 2 CFR 200.318 through 200.326, meaning that the process/standards, while not identical, operate in a manner that provides for full and open competition.

The grantee must provide its procurement process/standards for HUD review so HUD may evaluate the overall effect of the grantee's procurement/process standards. The grantee's provided procurement process/standards must comply with the procurement requirements at 24 CFR 570.489(g), as provided in paragraph A.22 of Section VI of this notice.

(3) Duplication of benefits. A grantee has adequate procedures to prevent the duplication of benefits where the grantee identifies its uniform processes for each of the following: (a) Verifying all sources of disaster assistance received by the grantee or applicant, as applicable; (b) determining an applicant's unmet need(s) before awarding assistance; and (c) ensuring beneficiaries agree to repay the assistance if they later receive other disaster assistance for the same purpose. Grantee procedures shall provide that prior to the award of assistance, the grantee will use the best, most recent available data from FEMA, the Small Business Administration (SBA), insurers, and other sources of funding to prevent the duplication of benefits. Departmental guidance to assist in preventing a duplication of benefits is provided in a notice published in the *Federal Register* at 76 FR 71060 (November 16, 2011), in HUD Guidance on Duplication of Benefits Requirements and Provision of CDBG Disaster Recovery (DR) Assistance, as amended, (<https://www.hudexchange.info/resource/3137/cdbg-dr-duplication-of-benefit-requirements-and-provision-of-assistance-with-sba-funds/>) and in paragraph A.21 of section VI of this notice.

(4) Timely expenditures. A grantee has adequate procedures to determine timely expenditures if it indicates to HUD how the grantee will track expenditures each month, how it will monitor expenditures of its recipients and subrecipients, how it will reprogram funds in a timely manner for activities that are stalled, and how it will project expenditures to provide for the expenditure of all CDBG-DR funds within the period provided for in paragraph A.24 of section VI of this notice.

(5) Comprehensive disaster recovery Web site. A grantee has adequate procedures to maintain a comprehensive Web site regarding all disaster recovery activities if its procedures indicate that the grantee will have a separate page dedicated to its disaster recovery that includes the information described at paragraph A.23 of section VI of this notice. The procedures should also indicate the

frequency of Web site updates. At minimum, grantees must update their Web site quarterly.

(6) Procedures to detect fraud, waste and abuse. A grantee has adequate procedures to detect fraud, waste and abuse if its procedures indicate how the grantee will verify the accuracy of information provided by applicants; if it provides a monitoring policy indicating how and why monitoring is conducted, the frequency of monitoring, and which items are monitored; and if it demonstrates that it has an internal auditor and includes a document signed by the internal auditor that describes his or her role in detecting fraud, waste, and abuse.

b. *Evaluation of Risk and Management Capacity.* Before signing a grant agreement, HUD is requiring each grantee to demonstrate that it has sufficient capacity to manage these funds and the associated risks.

Evidence of grantee management capacity will be provided through the grantee's risk analysis documentation which must be submitted within 60 days of the effective date of this notice or with the grantee's submission of its action plan, whichever date is earlier. The grantee must certify to the accuracy of its risk analysis documentation submissions as required by paragraph E.47 in section VI of this notice. A grantee has sufficient management capacity if each of the following criteria is satisfied:

(1) Timely information on application status. A grantee has adequate procedures to inform applicants of the status of their applications for recovery assistance, at all phases, if its procedures indicate methods for communication (*i.e.*, Web site, telephone, case managers, letters, etc.), ensure the accessibility and privacy of individualized information for all applicants, indicate the frequency of applicant status updates and identify which personnel or unit is responsible.

(2) Preaward Implementation Plan. To enable HUD to assess risk as described in 2 CFR 200.205(c), the grantee will submit an implementation plan to the Department. The plan must describe the grantee's capacity to carry out the recovery and how it will address any capacity gaps. HUD will determine a plan is adequate to reduce risk if, at a minimum it addresses:

a. *Capacity Assessment.* The grantee has conducted an assessment of its capacity to carry out recovery efforts, and has developed a timeline with milestones describing when and how the grantee will address all capacity gaps that are identified.

b. *Staffing.* The plan shows that the grantee has assessed staff capacity and identified personnel for the purpose of case management in proportion to the applicant population; program managers who will be assigned responsibility for each primary recovery area (*i.e.*, housing, economic revitalization, and infrastructure, as applicable); and staff responsible for procurement/contract management, environmental compliance, as well as staff responsible for monitoring and quality assurance, and financial management. An adequate plan will also provide for an internal audit function with responsible audit staff reporting independently to the chief elected or executive officer or board of the governing body of any designated administering entity.

c. *Internal and Interagency Coordination.* The grantee's plan describes how it will ensure effective communication between different departments and divisions within the grantee's organizational structure that are involved in CDBG-DR-funded recovery efforts; between its lead agency and subrecipients responsible for implementing the grantee's action plan; and with other local and regional planning efforts to ensure consistency.

d. *Technical Assistance.* The grantee's implementation plan describes how it will procure and provide technical assistance for any personnel that the grantee does not employ at the time of action plan submission, and to fill gaps in knowledge or technical expertise required for successful and timely recovery implementation where identified in the capacity assessment.

e. *Accountability.* The grantee's plan identifies the principal lead agency responsible for implementation of the State's CDBG-DR award and indicates that the head of that agency will report directly to the Governor of the State.

2. *Action Plan for Disaster Recovery waiver and alternative requirement.* Requirements for CDBG actions plans, located at 42 U.S.C. 12705(a)(2), 42 U.S.C. 5304(a)(1), 42 U.S.C. 5304(m), 42 U.S.C. 5306(d)(2)(C)(iii), and 24 CFR 91.320, are waived for these disaster recovery grants. Instead, grantees must submit to HUD an action plan for disaster recovery which will describe disaster recovery programs that conform to applicable requirements as specified in this notice. During the course of the grant, HUD will monitor the grantee's actions and use of funds for consistency with the plan, as well as meeting the performance and timeliness objectives therein. The Secretary may disapprove an action plan as substantially incomplete if it is determined that the

plan does not satisfy all of the required elements identified in this notice.

a. *Action Plan.* The action plan must identify the proposed use of all funds, including criteria for eligibility, and how the uses address long-term recovery needs. Funds dedicated for uses not described in accordance with paragraphs b. or c. under this section will not be obligated until the grantee submits, and HUD approves, an action plan amendment programming the use of those funds, at the necessary level of detail.

The action plan must contain:

1. An impact and unmet needs assessment. Each grantee must develop a needs assessment to understand the type and location of community needs and to target limited resources to those areas with the greatest need. Grantees receiving an award under this notice must conduct a needs assessment to inform the allocation of CDBG-DR resources. At a minimum, the needs assessment must:

- Evaluate all aspects of recovery including housing (interim and permanent, owner and rental, single-family and multifamily, affordable and market rate, and housing to meet the needs of persons who were homeless pre-disaster), infrastructure, and economic revitalization;
- Account for the various forms of assistance available to, or likely to be available to, affected communities (e.g., projected FEMA funds) and individuals (e.g., estimated insurance) to ensure CDBG-DR funds meet needs that are not likely to be addressed by other sources of funds;
- Assess whether public services (e.g., housing counseling, legal counseling, job training, mental health, and general health services) are necessary to complement activities intended to address housing, infrastructure and economic revitalization;
- Use the most recent available data (cite data sources) to inform the action plan, particularly with regard to estimating the portion of need likely to be addressed by insurance proceeds, other Federal assistance, or any other funding sources (thus producing an estimate of unmet need);
- Describe impacts geographically by type at the lowest level practicable (e.g., county level or lower if available for States, and neighborhood or census tract level for cities); and
- Take into account the costs of incorporating mitigation and resilience measures to protect against future hazards, including the anticipated effects of climate change on those hazards.

CDBG-DR funds may be used to reimburse costs for developing the action plan, including the needs assessment, environmental review, and citizen participation requirements. HUD has developed a Disaster Impact and Unmet Needs Assessment Kit to guide CDBG-DR grantees through a process for identifying and prioritizing critical unmet needs for long-term community recovery, and it is available on the HUD Exchange Web site at https://www.hudexchange.info/resources/documents/Disaster_Recovery_Disaster_Impact_Needs_Assessment_Kit.pdf.

Disaster recovery needs evolve over time and the needs assessment and action plan are expected to be amended as conditions change and additional needs are identified.

2. A description of the connection between identified unmet needs and the allocation of CDBG-DR resources. Grantees must propose an allocation of CDBG-DR funds that primarily considers and addresses unmet housing needs. Grantees may also allocate funds for economic revitalization and infrastructure activities, but in doing so, must identify how any remaining unmet housing needs will be addressed or how its economic revitalization and infrastructure activities will contribute to the long-term recovery and restoration of housing in the most impacted and distressed areas. Grantee action plans may provide for the allocation of funds for administration and planning activities and for public service activities, subject to the caps on such activities as described below.

3. Each grantee must include a description of how it will identify and address the rehabilitation (as defined at 24 CFR 570.202), reconstruction, replacement, and new construction of housing and shelters in the areas affected by the disaster. This includes any rental housing that is affordable to low or moderate income households (as defined by the grantee as provided in B.31 of section VI of this notice); public housing (including administrative offices); emergency shelters and housing for the homeless; private market units receiving project-based assistance or with tenants that participate in the Section 8 Housing Choice Voucher Program; and any other housing that is assisted under a HUD program.

4. A description of how the grantee's programs will promote housing for vulnerable populations, including a description of activities it plans to address: (a) The transitional housing, permanent supportive housing, and permanent housing needs of individuals and families (including subpopulations) that are homeless and at-risk of

homelessness; (b) the prevention of low-income individuals and families with children (especially those with incomes below 30 percent of the area median) from becoming homeless; and (c) the special needs of persons who are not homeless but require supportive housing (e.g., elderly, persons with disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents, as identified in 24 CFR 91.315(e)). Grantees are reminded that the use of recovery funds must meet accessibility standards, provide reasonable accommodations to persons with disabilities, and take into consideration the functional needs of persons with disabilities in the relocation process. A checklist of relocation considerations for persons with disabilities may be found in Chapter 3 of HUD's Relocation Handbook 1378.0. Grantees must also assess how planning decisions may affect racial, ethnic, and low-income concentrations, and ways to promote the availability of affordable housing in low-poverty, nonminority areas where appropriate and in response to natural hazard-related impacts.

5. A description of how the grantee plans to minimize displacement of persons or entities, and assist any persons or entities displaced.

6. A description of the maximum amount of assistance available to a beneficiary under each of the grantee's disaster recovery programs. A grantee may find it necessary to provide exceptions on a case-by-case basis to the maximum amount of assistance and must describe the process it will use to make such exceptions in its action plan. At minimum, each grantee must adopt policies and procedures that communicate how it will analyze the circumstances under which an exception is needed and how it will demonstrate that the amount of assistance is necessary and reasonable.

7. A description of how the grantee plans to: (a) Adhere to the advanced elevation requirements established in paragraph B.28 of section VI of this notice; (b) promote sound, sustainable long-term recovery planning informed by a post-disaster evaluation of hazard risk, especially land-use decisions that reflect responsible flood plain management and take into account continued sea level rise, if applicable; and (c) coordinate with other local and regional planning efforts to ensure consistency. This information should be based on the history of FEMA flood mitigation efforts, and take into account projected increase in sea level (if applicable) and frequency and intensity

of precipitation events, which are not considered in current FEMA maps and National Flood Insurance Program premiums.

Additionally, a grantee proposing an allocation of grant funds for infrastructure must include a description of how the proposed infrastructure activities will advance long-term resilience to natural hazards and how the grantee intends to align these investments with other planned state or local capital improvements. Grantees should describe how preparedness and mitigation measures will be integrated into rebuilding activities and how the grantee will promote community-level and/or regional (e.g. multiple local jurisdictions) post-disaster recovery and mitigation planning.

The action plan must provide for the use of CDBG-DR funds to develop a disaster recovery and response plan that addresses long-term recovery and pre- and post-disaster hazard mitigation, if one does not currently exist.

8. A description of how the grantee will leverage CDBG-DR funds with funding provided by other Federal, State, local, private, and nonprofit sources to generate a more effective and comprehensive recovery. Examples of other Federal sources are those provided by HUD, FEMA (specifically the Public Assistance Program, Individual Assistance Program, and Hazard Mitigation Grant Program), SBA (specifically the Disaster Loans program), Economic Development Administration, USACE, and the U.S. Department of Agriculture. The grantee should seek to maximize the number of activities and the degree to which CDBG funds are leveraged. Grantees shall identify leveraged funds for each activity, as applicable, in the DRGR system.

9. A description of how the grantee will: (a) Design and implement programs or activities with the goal of protecting people and property from harm; (b) emphasize high quality, durability, energy efficiency, sustainability, and mold resistance; (c) support adoption and enforcement of modern building codes and mitigation of hazard risk, including possible sea level rise, high winds, storm surge, and flooding, where appropriate; and (d) implement and ensure compliance with the Green Building standards required in paragraph B.28 of section VI of this notice. All rehabilitation, reconstruction, and new construction should be designed to incorporate principles of sustainability, including water and energy efficiency, resilience, and mitigating the impact of future

disasters. Whenever feasible, grantees should follow best practices such as those provided by the U.S. Department of Energy's Guidelines for Home Energy Professionals—Professional Certifications and Standard Work Specifications. HUD also encourages grantees to implement green infrastructure policies to the extent practicable. Additional tools for green infrastructure are available at the Environmental Protection Agency's Web site <https://www.epa.gov/green-infrastructure>; the Indoor AirPlus Web site <https://www.epa.gov/indoorairplus>; the Healthy Indoor Environment Protocols for Home Energy Upgrades Web site https://www.epa.gov/sites/production/files/2014-12/documents/epa_retrofit_protocols.pdf; and the ENERGY STAR Web site www.epa.gov/greenbuilding.

10. A description of the standards to be established for construction contractors performing work in the jurisdiction and a mechanism for homeowners and small business owners to appeal rehabilitation contractor work. HUD strongly encourages the grantee to require a warranty period post-construction, with formal notification to homeowners on a periodic basis (e.g., 6 months and one month prior to expiration date of the warranty).

11. A description of how the grantee will manage program income, and the purpose(s) for which it may be used. Waivers and alternative requirements related to program income can be found in this notice at paragraph A.17 of section VI.

12. A description of monitoring standards and procedures that are sufficient to ensure program requirements, including an analysis for duplication of benefits, are met and that provide for continual quality assurance and adequate program oversight.

b. *Method of Distribution.* The action plan shall describe the method of distribution of funds to units of general local government (UGLG) and/or descriptions of specific programs or activities the State will carry out directly. The description must include:

1. How the needs assessment informed allocation determinations, including the rationale behind the decision(s) to provide funds to State-identified "most impacted and distressed" areas that were not defined by HUD as being "most impacted and distressed," if applicable.

2. The threshold factors and grant size limits that are to be applied.

3. The projected uses for the CDBG-DR funds, by responsible entity, activity, and geographic area, when the State carries out an activity directly.

4. For each proposed program and/or activity carried out directly, its respective CDBG activity eligibility category (or categories) as well as national objective(s).

5. How the method of distribution to local governments or programs/activities carried out directly will result in long-term recovery from specific impacts of the disaster.

6. When funds are allocated to UGLGs, all criteria used to distribute funds to local governments including the relative importance of each criterion.

7. When applications are solicited for programs carried out directly, all criteria used to select applications for funding, including the relative importance of each criterion.

c. *Clarification of disaster-related activities.* All CDBG-DR funded activities must clearly address an impact of the disaster for which funding was allocated. Given standard CDBG requirements, this means each activity must: (1) Be a CDBG-eligible activity (or be eligible under a waiver or alternative requirement in this notice); (2) meet a national objective; and (3) address a direct or indirect impact from the disaster in a Presidentially-declared county. A disaster-related impact can be addressed through any eligible CDBG-DR activity. Additional details on disaster-related activities are provided under section VI, parts B through D. Additionally, HUD has developed a series of CDBG-DR toolkits that guide grantees through specific grant implementation activities. These can be found on the HUD Exchange Web site at <https://www.hudexchange.info/programs/cdbg-dr/toolkits/>.

1. *Housing.* Typical housing activities include new construction and rehabilitation of single-family or multifamily units. Most often, grantees use CDBG-DR funds to rehabilitate damaged homes and rental units. However, grantees may also fund new construction (see paragraph B.28 of section VI of this notice) or rehabilitate units *not* damaged by the disaster if the activity clearly addresses a disaster-related impact and is located in a disaster-affected area. This impact can be demonstrated by the disaster's overall effect on the quality, quantity, and affordability of the housing stock and the resulting inability of that stock to meet post-disaster needs and population demands.

a. *Prohibition on forced mortgage payoff.* In some instances, homeowners with an outstanding mortgage balance are required, under the terms of their loan agreement, to repay the balance of the mortgage loan prior to using

assistance to rehabilitate or reconstruct their homes. *CDBG-DR funds, however, may not be used for a forced mortgage payoff.* The ineligibility of a forced mortgage payoff with CDBG-DR funds does not affect HUD's longstanding guidance that when other non-CDBG disaster assistance is taken by lenders for a forced mortgage payoff, those funds are not considered to be available to the homeowner and do not constitute a duplication of benefits for the purpose of housing rehabilitation or reconstruction.

b. Housing Counseling Services. Grantees are encouraged to coordinate with HUD-approved housing counseling services to ensure that information and services are made available to both renters and homeowners. Additional information is available for Louisiana at: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=LA>, for Texas at: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=TX>, and for West Virginia at: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=WV>.

2. Economic Revitalization. For CDBG-DR purposes, economic revitalization may include any CDBG-DR eligible activity that demonstrably restores and improves some aspect of the local economy. The activity may address job losses, or negative impacts to tax revenues or businesses. Examples of eligible activities include providing loans and grants to businesses, funding job training, making improvements to commercial/retail districts, and financing other efforts that attract/retain workers in devastated communities.

All economic revitalization activities must address an economic impact(s) caused by the disaster (e.g., loss of jobs, loss of public revenue). Through its needs assessment and action plan, the grantee must clearly identify the economic loss or need resulting from the disaster, and how the proposed activities will address that loss or need. In proposing an allocation of CDBG-DR funds for economic revitalization under this notice, a grantee must identify how any remaining unmet housing needs will be addressed or how its economic revitalization activities will contribute to the long-term recovery and restoration of housing in the most impacted and distressed areas.

3. Infrastructure. Typical infrastructure activities include the repair, replacement, or relocation of damaged public facilities and improvements including, but not limited to, bridges, water treatment facilities, roads, and sewer and water

lines. In proposing an allocation of CDBG-DR funds under this notice for infrastructure, a grantee must identify how any remaining unmet housing needs will be addressed or how its infrastructure activities will contribute to the long-term recovery and restoration of housing in the most impacted and distressed areas.

Grantees that use CDBG-DR funds to assist flood control structures (i.e., dams and levees) are prohibited from using CDBG-DR funds to enlarge a dam or levee beyond the original footprint of the structure that existed prior to the disaster event. Grantees that use CDBG-DR funds for levees and dams are required to: (1) Register and maintain entries regarding such structures with the U.S. Army Corps of Engineers National Levee Database or National Inventory of Dams; (2) ensure that the structure is admitted in the U.S. Army Corps of Engineers PL 84-99 Program (Levee Rehabilitation and Improvement Program); (3) ensure the structure is accredited under the FEMA National Flood Insurance Program; (4) upload into DRGR the exact location of the structure and the area served and protected by the structure; and (5) maintain file documentation demonstrating that the grantee has both conducted a risk assessment prior to funding the flood control structure and that the investment includes risk reduction measures.

4. Preparedness and Mitigation. The Appropriations Act states that funds shall be used for recovering from a Presidentially declared major disaster and all assisted activities must respond to the impacts of the declared disaster. HUD encourages grantees to incorporate preparedness and mitigation measures into the aforementioned rebuilding activities, to rebuild communities that are more resilient to future disasters. Mitigation measures that are not incorporated into those rebuilding activities must be a necessary expense related to disaster relief or long-term recovery that responds to the eligible disaster. Furthermore, the costs associated with these measures may not prevent the grantee from meeting unmet needs.

5. Connection to the Disaster. Grantees must maintain records about each activity funded, as described in paragraph A.14 of section VI of this notice. In regard to physical losses, damage or rebuilding estimates are often the most effective tools for demonstrating the connection to the disaster. For housing market, economic, and/or nonphysical losses, post-disaster analyses or assessments may best

document the relationship between the loss and the disaster.

d. Clarity of Action Plan. All grantees must include sufficient information so that all interested parties will be able to understand and comment on the action plan and, if applicable, be able to prepare responsive applications to the grantee. The action plan (and subsequent amendments) must include a single chart or table that illustrates, at the most practical level, how all funds are budgeted (e.g., by program, subrecipient, grantee-administered activity, or other category).

e. Review and Approval of Action Plan. For funds provided under the Appropriations Act, the action plan must be submitted to HUD (including SF-424 and certifications) within 90 days of the date of the effective date this notice. HUD will review each action plan within 60 days from the date of receipt. The Secretary may disapprove an action plan as substantially incomplete if it is determined that the action plan does not meet the requirements of this notice.

f. Obligation and expenditure of funds. Once HUD approves the action plan, it will then issue a grant agreement obligating all funds to the grantee. In addition, HUD will establish the line of credit and the grantee will receive DRGR system access (if it does not already have DRGR system access). The grantee must also enter its action plan activities into the DRGR system in order to draw funds for those activities. Each activity must meet the applicable environmental requirements prior to the use of funds. After the Responsible Entity (usually the grantee) completes environmental review(s) pursuant to 24 CFR part 58 (as applicable) or as authorized by the Appropriations Act and receives from HUD or the State an approved Request for Release of Funds and certification (as applicable), the grantee may draw down funds from the line of credit for an activity. The disbursement of grant funds must begin no later than 180 days after the effective date of this notice.

g. Amending the Action Plan. The grantee must amend its action plan to update its needs assessment, modify or create new activities, or reprogram funds, as necessary. Each amendment must be highlighted, or otherwise identified, within the context of the entire action plan. The beginning of every action plan amendment must include a: (1) Section that identifies exactly what content is being added, deleted, or changed; (2) chart or table that clearly illustrates where funds are coming from and where they are moving to; and (3) revised budget allocation

table that reflects the entirety of all funds, as amended. A grantee's current version of its entire action plan must be accessible for viewing as a single document at any given point in time, rather than the public or HUD having to view and cross-reference changes among multiple amendments.

h. *Projection of expenditures and outcomes.* Each grantee must amend its published action plan to project expenditures and outcomes within 90 days of action plan approval. The projections must be based on each quarter's expected performance—beginning with the quarter funds are available to the grantee and continuing each quarter until all funds are expended. The projections will enable HUD, the public, and the grantee to track proposed versus actual performance. The published action plan must be amended for any subsequent changes, updates or revision of the projections. Guidance on the preparation of projection is available on the HUD Web site.

3. HUD performance review authorities and grantee reporting requirements in the Disaster Recovery Grant Reporting (DRGR) System.

a. *Performance review authorities.* 42 U.S.C. 5304(e) requires that the Secretary shall, at least on an annual basis, make such reviews and audits as may be necessary or appropriate to determine whether the grantee has carried out its activities in a timely manner, whether the grantee's activities and certifications are carried out in accordance with the requirements and the primary objectives of the HCD Act and other applicable laws, and whether the grantee has the continuing capacity to carry out those activities in a timely manner.

This notice waives the requirements for submission of a performance report pursuant to 42 U.S.C. 12708 and 24 CFR 91.520. Alternatively, HUD is requiring that grantees enter information in the DRGR system in sufficient detail to permit the Department's review of grantee performance on a quarterly basis through the Quarterly Performance Report (QPR) and to enable remote review of grantee data to allow HUD to assess compliance and risk. HUD-issued general and appropriation-specific guidance for DRGR reporting requirements can be found on the HUD exchange at <https://www.hudexchange.info/programs/drgr/>.

b. *DRGR Action Plan.* Each grantee must enter its action plan for disaster recovery, including performance measures, into HUD's DRGR system. As more detailed information about uses of funds is identified by the grantee, it

must be entered into the DRGR system at a level of detail that is sufficient to serve as the basis for acceptable performance reports and permit HUD review of compliance requirements.

The action plan must also be entered into the DRGR system so that the grantee is able to draw its CDBG-DR funds. The grantee may enter activities into the DRGR system before or after submission of the action plan to HUD. To enter an activity into the DRGR system, the grantee must know the activity type, national objective, and the organization that will be responsible for the activity.

All funds programmed or budgeted at a general level in the DRGR system will be restricted from access on the grantee's line of credit. Grantees must describe activities in DRGR at the necessary level of detail in order for HUD to release funds and make them available for use by the grantee.

Each activity entered into the DRGR system must also be categorized under a "project." Typically, projects are based on groups of activities that accomplish a similar, broad purpose (e.g., housing, infrastructure, or economic revitalization) or are based on an area of service (e.g., Community A). If a grantee describes just one program within a broader category (e.g., single family rehabilitation), that program is entered as a project in the DRGR system. Further, the budget of the program would be identified as the project's budget. If a State grantee has only identified the Method of Distribution (MOD) upon HUD's approval of the published action plan, the MOD itself typically serves as the projects in the DRGR system, rather than activity groupings. Activities are added to MOD projects as subrecipients decide which specific CDBG-DR programs and projects will be funded.

c. *Tracking oversight activities in the DRGR system; use of DRGR data for HUD review and dissemination.* Each grantee must also enter into the DRGR system summary information on monitoring visits and reports, audits, and technical assistance it conducts as part of its oversight of its disaster recovery programs. The grantee's QPR will include a summary indicating the number of grantee oversight visits and reports (see subparagraph e for more information on the QPR). HUD will use data entered into the DRGR action plan and the QPR, transactional data from the DRGR system, and other information provided by the grantee, to provide reports to Congress and the public, as well as to: (1) Monitor for anomalies or performance problems that suggest fraud, abuse of funds, and duplication

of benefits; (2) reconcile budgets, obligations, funding draws, and expenditures; (3) calculate expenditures to determine compliance with administrative and public service caps and the overall percentage of funds that benefit low- and moderate-income persons; and (4) analyze the risk of grantee programs to determine priorities for the Department's monitoring. No personally identifiable information shall be reported in DRGR.

d. *Tracking program income in the DRGR system.* Grantees must use the DRGR system to draw grant funds for each activity. Grantees must also use the DRGR system to track program income receipts, disbursements, revolving loan funds, and leveraged funds (if applicable). If a grantee permits local governments or subrecipients to retain program income, the grantee must establish program income accounts in the DRGR system. The DRGR system requires grantees to use program income before drawing additional grant funds, and ensures that program income retained by one organization will not affect grant draw requests for other organizations.

e. *DRGR system Quarterly Performance Report (QPR).* Each grantee must submit a QPR through the DRGR system no later than 30 days following the end of each calendar quarter. Within 3 days of submission to HUD, each QPR must be posted on the grantee's official Web site. In the event the QPR is rejected by HUD, the grantee must post the revised version, as approved by HUD, within 3 days of HUD approval. The grantee's first QPR is due after the first full calendar year quarter after HUD enters the grant award into the DRGR system. For example, a grant award made in April requires a QPR to be submitted by October 30. QPRs must be submitted on a quarterly basis until all funds have been expended and all expenditures and accomplishments have been reported. If a satisfactory report is not submitted in a timely manner, HUD may suspend access to CDBG-DR funds until a satisfactory report is submitted, or may withdraw and reallocate funding if HUD determines, after notice and opportunity for a hearing, that the jurisdiction did not submit a satisfactory report.

Each QPR will include information about the uses of funds in activities identified in the DRGR action plan during the applicable quarter. This includes, but is not limited to, the project name, activity, location, and national objective; funds budgeted, obligated, drawn down, and expended; the funding source and total amount of any non-CDBG-DR funds to be

expended on each activity; beginning and actual completion dates of completed activities; achieved performance outcomes, such as number of housing units completed or number of low- and moderate-income persons served; and the race and ethnicity of persons assisted under direct-benefit activities. For all housing and economic development activities, the address of each CDBG-DR assisted property must be recorded in the QPR. Grantees must not include such addresses in its public QPR; when entering addresses in the QPR, grantees must select "Not Visible on PDF" to exclude them from the report required to be posted on its Web site. The DRGR system will automatically display the amount of program income receipted, the amount of program income reported as disbursed, and the amount of grant funds disbursed. Grantees must include a description of actions taken in that quarter to affirmatively further fair housing, within the section titled "Overall Progress Narrative" in the DRGR system.

4. *Citizen participation waiver and alternative requirement.* To permit a more streamlined process, and ensure disaster recovery grants are awarded in a timely manner, provisions of 42 U.S.C. 5304(a)(2) and (3), 42 U.S.C. 12707, 24 CFR 570.486, and 24 CFR 91.115(b) and (c), with respect to citizen participation requirements, are waived and replaced by the requirements below. The streamlined requirements do not mandate public hearings but do require providing a reasonable opportunity (at least 14 days) for citizen comment and ongoing citizen access to information about the use of grant funds. The streamlined citizen participation requirements for a grant under this notice are:

a. *Publication of the action plan, opportunity for public comment, and substantial amendment criteria.* Before the grantee adopts the action plan for this grant or any substantial amendment to the action plan, the grantee will publish the proposed plan or amendment. The manner of publication must include prominent posting on the grantee's official Web site and must afford citizens, affected local governments, and other interested parties a reasonable opportunity to examine the plan or amendment's contents. The topic of disaster recovery should be navigable by citizens from the grantee (or relevant agency) homepage. Grantees are also encouraged to notify affected citizens through electronic mailings, press releases, statements by public officials, media advertisements, public service announcements, and/or

contacts with neighborhood organizations.

Grantees are responsible for ensuring that all citizens have equal access to information about the programs, including persons with disabilities and limited English proficiency (LEP). Each grantee must ensure that program information is available in the appropriate languages for the geographic areas to be served. Since State grantees under this notice may make grants throughout the State, including to entitlement communities, States should carefully evaluate the needs of disabled persons and those with limited English proficiency. For assistance in ensuring that this information is available to LEP populations, recipients should consult the *Final Guidance to Federal Financial Assistance Recipients Regarding Title VI, Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons*, published on January 22, 2007, in the *Federal Register* (72 FR 2732).

Subsequent to publication of the action plan, the grantee must provide a reasonable time frame (again, no less than 14 days) and method(s) (including electronic submission) for receiving comments on the plan or substantial amendment. In its action plan, each grantee must specify criteria for determining what changes in the grantee's plan constitute a substantial amendment to the plan. At a minimum, the following modifications will constitute a substantial amendment: A change in program benefit or eligibility criteria; the addition or deletion of an activity; or the allocation or reallocation of a monetary threshold specified by the grantee in their action plan. The grantee may substantially amend the action plan if it follows the same procedures required in this notice for the preparation and submission of an action plan for disaster recovery.

b. *Nonsubstantial amendment.* The grantee must notify HUD, but is not required to undertake public comment, when it makes any plan amendment that is not substantial. HUD must be notified at least 5 business days before the amendment becomes effective. However, every amendment to the action plan (substantial and nonsubstantial) must be numbered sequentially and posted on the grantee's Web site. The Department will acknowledge receipt of the notification of nonsubstantial amendments via email within 5 business days.

c. *Consideration of public comments.* The grantee must consider all comments, received orally or in writing, on the action plan or any substantial amendment. A summary of these

comments or views, and the grantee's response to each must be submitted to HUD with the action plan or substantial amendment.

d. *Availability and accessibility of the Action Plan.* The grantee must make the action plan, any substantial amendments, and all performance reports available to the public on its Web site and on request. In addition, the grantee must make these documents available in a form accessible to persons with disabilities and those with limited English proficiency. During the term of the grant, the grantee will provide citizens, affected local governments, and other interested parties with reasonable and timely access to information and records relating to the action plan and to the grantee's use of grant funds.

e. *Public Web site.* HUD is requiring grantees to maintain a public Web site that provides information accounting for how all grant funds are used and managed/administered, including links to all action plans, action plan amendments, performance reports, citizen participation requirements, and activity/program information for activities described in the action plan, including details of all contracts and ongoing procurement policies. To meet this requirement, each grantee must have a separate page dedicated to its disaster recovery that includes the information described at paragraph A.23 of section VI of this notice.

f. *Application status.* HUD is requiring grantees to provide multiple methods of communication, such as Web sites, toll-free numbers, or other means that provide applicants for recovery assistance with timely information on the status of their application, as provided for in paragraph A.1.b(2) in section VI of this notice.

g. *Citizen complaints.* The grantee will provide a timely written response to every citizen complaint. The response will be provided within 15 working days of the receipt of the complaint.

5. *Direct grant administration and means of carrying out eligible activities.* Requirements at 42 U.S.C. 5306 are waived to the extent necessary to allow a State to use its disaster recovery grant allocation directly to carry out State-administered activities eligible under this notice, rather than distribute all funds to local governments. Pursuant to this waiver, the standard at 24 CFR 570.480(c) and the provisions at 42 U.S.C. 5304(e)(2) will also include activities that the State carries out directly. Activities eligible under this notice may be carried out, subject to State law, by the State through its employees, through procurement

contracts, or through assistance provided under agreements with subrecipients or recipients. State grantees continue to be responsible for civil rights, labor standards, and environmental protection requirements, for compliance with 24 CFR 570.489 relating to conflicts of interest and for compliance with 24 CFR 570.489(m) relating to monitoring and management of subrecipients.

For activities carried out by entities eligible under section 105(a)(15) of the HCD Act, such entity will be subject to the definition of a nonprofit under that section rather than the definition located in 24 CFR 570.204, even in cases where the entity is receiving assistance through a local government that is an Entitlement jurisdiction.

6. Consolidated Plan waiver. HUD is temporarily waiving the requirement for consistency with the consolidated plan (requirements at 42 U.S.C. 12706, 24 CFR 91.325(a)(5) and 24 CFR 91.325(b)(2)), because the effects of a major disaster alter a grantee's priorities for meeting housing, employment, and infrastructure needs. In conjunction, 42 U.S.C. 5304(e), to the extent that it would require HUD to annually review grantee performance under the consistency criteria, is also waived. However, this waiver applies only until the grantee submits its next full (3–5 year) consolidated plan, or for 24 months after the effective date of this notice, whichever is less. If the grantee is not scheduled to submit a new 3–5 year consolidated plan within the next 2 years, HUD expects each grantee to update its existing 3–5 year consolidated plan to reflect disaster-related needs no later than 24 months after the effective date of this notice. Additionally, grantees are encouraged to incorporate disaster-recovery needs into their consolidated plan updates as soon as practicable, but any unmet disaster-related needs and associated priorities must be incorporated into the grantee's next consolidated plan update no later than its Fiscal Year 2019 update. HUD has issued guidance for incorporating CDBG–DR funds into consolidated plans via HUD's eCon Planning Suite. This guidance is on the HUD Exchange at: <https://www.hudexchange.info/resource/4400/updated-the-consolidated-plan-to-reflect-disaster-recovery-needs-and-associated-priorities/>. This waiver does not affect the requirements of HUD's July 16, 2015, final rule on Affirmatively Furthering Fair Housing (80 FR 42272), which requires grantees, among other requirements, to complete an Assessment of Fair Housing in accordance with the requirements of 24

CFR 5.160 and incorporate fair housing strategies and actions consistent with the AFH into the Consolidated Plan.

7. Requirement for consultation during plan preparation. Currently, the HCD Act and regulations require States to consult with affected local governments in nonentitlement areas of the State in determining the State's proposed method of distribution. HUD is waiving 42 U.S.C. 5306(d)(2)(C)(iv), 42 U.S.C. 5306(d)(2)(D), 24 CFR 91.325(b), and 24 CFR 91.110, with the alternative requirement that States receiving an allocation under this notice consult with all disaster-affected local governments (including any CDBG-entitlement communities and any local public housing authorities) in determining the use of funds. This ensures that State grantees sufficiently assess the recovery needs of all areas affected by the disaster. Additional guidance on consultation with local stakeholders can be found in the National Disaster Recovery Framework and its discussion of pre- and post-disaster planning, at: <https://www.fema.gov/national-disaster-recovery-framework>.

Consistent with the approach encouraged through the National Disaster Recovery Framework and National Preparedness Goal, all grantees must consult with States, tribes, local governments, Federal partners, nongovernmental organizations, the private sector, and other stakeholders and affected parties in the surrounding geographic area to ensure consistency of the action plan with applicable regional redevelopment plans. Grantees are encouraged to establish a recovery task force with representative members of each sector to advise the grantee on how its recovery activities can best contribute towards the goals of regional redevelopment plans.

8. Overall benefit requirement. The primary objective of the HCD Act is the "development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income" (42 U.S.C. 5301(c)). To carry out this objective, the statute requires that 70 percent of the aggregate of CDBG program funds be used to support activities benefitting low- and moderate-income persons. To ensure that maximum assistance is provided initially to low- and moderate-income persons, the 70 percent overall benefit requirement shall remain in effect for this allocation, subject to a waiver request by an individual grantee to authorize a lower overall benefit for its CDBG–DR grant based on a

determination by HUD of compelling need for the reduction.

A grantee may seek to reduce the overall benefit requirement below 70 percent of the total grant, but must submit a justification that, at a minimum: (a) Identifies the planned activities that meet the needs of its low- and moderate-income population; (b) describes proposed activity(ies) and/or program(s) that will be affected by the alternative requirement, including their proposed location(s) and role(s) in the grantee's long-term disaster recovery plan; (c) describes how the activities/programs identified in (b) prevent the grantee from meeting the 70 percent requirement; and (d) demonstrates that low- and moderate-income persons' disaster-related needs have been sufficiently met and that the needs of non-low- and moderate-income persons or areas are disproportionately greater, and that the jurisdiction lacks other resources to serve them.

9. Use of the "upper quartile" or "exception criteria" for low- and moderate-income area benefit activities. Section 101(c) of the HCD Act requires each funded activity to meet a national objective of the CDBG program, including the national objective of benefiting low- and moderate-income persons. Grantees may meet this national objective on an area basis, through an activity which is available to benefit all of the residents of an area where at least 51 percent of the residents are low- and moderate income. In some cases, HUD permits an exception to the low- and moderate-income area benefit requirement that an area contain at least 51 percent low- and moderate-income residents. This exception applies to entitlement communities that have few, if any, areas within their jurisdiction that have 51 percent or more low- and moderate-income residents. These communities are allowed to use a percentage less than 51 percent to qualify activities under the low- and moderate-income area benefit category. This exception is referred to as the "exception criteria" or the "upper quartile." A grantee qualifies for this exception when less than one quarter of the populated-block groups in its jurisdictions contain 51 percent or more low- and moderate-income persons. In such communities, activities must serve an area that contains a percentage of low- and moderate-income residents that is within the upper quartile of all census-block groups within its jurisdiction in terms of the degree of concentration of low- and moderate-income residents. HUD assesses each grantee's census-block groups to determine whether a grantee qualifies to

use this exception and identifies the alternative percentage the grantee may use instead of 51 percent for the purpose of qualifying activities under the low- and moderate-income area benefit. HUD determines the lowest proportion a grantee may use to qualify an area for this purpose and advises the grantee, accordingly. Disaster recovery grantees are required to use the most recent data available in implementing the exception criteria. The "exception criteria" apply to disaster recovery activities funded pursuant to this notice in jurisdictions covered by such criteria, including jurisdictions that receive disaster recovery funds from a State.

10. Grant administration responsibilities and general administration cap.

a. *Grantee responsibilities.* Each grantee shall administer its award in compliance with all applicable laws and regulations and shall be financially accountable for the use of all funds provided in this notice.

b. *General administration cap.* For all grantees under this notice, the annual CDBG program administration requirements must be modified to be consistent with the Appropriations Act, which allows up to 5 percent of the grant (plus program income) to be used for administrative costs, by the grantee, UGLGs or by subrecipients. Thus, the total of all costs classified as administrative must be less than or equal to the 5 percent cap.

(1) *Combined technical assistance and administrative expenditures cap.* The provisions of 42 U.S.C. 5306(d) and 24 CFR 570.489(a)(1)(i) and (iii) will not apply to the extent that they cap administration and technical assistance expenditures, limit a State's ability to charge a nominal application fee for grant applications for activities the State carries out directly, and require a dollar-for-dollar match of State funds for administrative costs exceeding \$100,000. 42 U.S.C. 5306(d)(5) and (6) are waived and replaced with the alternative requirement that the aggregate total for administrative and technical assistance expenditures must not exceed 5 percent of the grant plus program income. A State remains limited to spending a maximum of 20 percent of its total grant amount on a combination of planning and program administration costs. Planning costs subject to the 20 percent cap are those defined in 42 U.S.C. 5305(a)(12).

11. *Planning-only activities.* The annual State CDBG program requires that local government grant recipients for planning-only grants must document that the use of funds meets a national objective. In the State CDBG program,

these planning grants are typically used for individual project plans. By contrast, planning activities carried out by entitlement communities are more likely to include non-project-specific plans such as functional land-use plans, master plans, historic preservation plans, comprehensive plans, community recovery plans, development of housing codes, zoning ordinances, and neighborhood plans. These plans may guide long-term community development efforts comprising multiple activities funded by multiple sources. In the CDBG Entitlement program, these more general planning activities are presumed to meet a national objective under the requirements at 24 CFR 570.208(d)(4).

The Department notes that almost all effective recoveries in the past have relied on some form of area-wide or comprehensive planning activity to guide overall redevelopment independent of the ultimate source of implementation funds. To assist grantees, the Department is waiving the requirements at 24 CFR 570.483(b)(5) or (c)(3), which limit the circumstances under which the planning activity can meet a low- and moderate-income or slum-and-bligh national objective. Instead, States must comply with 24 CFR 570.208(d)(4) when funding disaster recovery-assisted, planning-only grants, or directly administering planning activities that guide recovery in accordance with the Appropriations Act. In addition, the types of planning activities that States may fund or undertake are expanded to be consistent with those of entitlement communities identified at 24 CFR 570.205.

As provided in paragraph A.2 of section VI of this notice, grantees are required to use their planning funds to develop a disaster recovery and response plan that addresses long-term recovery and pre- and post-disaster hazard mitigation.

Plans should include an assessment of natural hazard risks, including risks expected to increase due to climate change, to low- and moderate-income residents based on an analysis of data and findings in (1) the National Climate Assessment (NCA),¹ the U.S. Climate Resilience Toolkit,² The Impact of Climate Change and Population Growth on the National Flood Insurance Program Through 2100,³ or the Community Resilience Planning Guide for Buildings and Infrastructure Systems

prepared by the National Institute of Standards and Technology (NIST);⁴ or (2) other climate risk related data published by the Federal Government, or other State or local government climate risk related data, including FEMA-approved hazard mitigation plans that incorporate climate change; and (3) other climate risk data identified by the jurisdiction. For additional guidance also see: The Coastal Hazards Center's *State Disaster Recovery Planning Guide*⁵ and FEMA's *Guide on Effective Coordination of Recovery Resources for State, Tribal, Territorial and Local Incidents*.⁶

12. *Use of the urgent need national objective.* The CDBG certification requirements for documentation of urgent need, located at 24 CFR 570.483(d), are waived for the grants under this notice and replaced with the following alternative requirement. In the context of disaster recovery, the standard urgent need certification requirements may impede recovery. Since the Department only provides CDBG-DR awards to grantees with documented disaster-related impacts and each grantee is limited to spending funds only in the most impacted and distressed areas, the following streamlined alternative requirement recognizes the urgency in addressing serious threats to community welfare following a major disaster.

Grantees need not issue formal certification statements to qualify an activity as meeting the urgent need national objective. Instead, grantees must document how each program and/or activity funded under the urgent need national objective responds to a disaster-related impact. For each activity that will meet an urgent need national objective, grantees must reference in their action plan needs assessment the type, scale, and location of the disaster-related impacts that each program and/or activity is addressing within 24-months of its first obligation of grant funds. Following this 24-month period, no new program or activity intended to meet the urgent need national objective may be introduced and allocated funds without a waiver from HUD. Grantees are advised to use the low- and moderate-income benefit national objective for all activities that qualify under the criteria for that national objective. At least 70 percent of the entire CDBG-DR grant award must

⁴ See <http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.1197.pdf>.

⁵ http://coastalhazardscenter.org/dev/wp-content/uploads/2012/05/State-Disaster-Recovery-Planning-Guide_2012.pdf.

⁶ <https://www.fema.gov/media-library/assets/documents/101940>.

¹ See <http://nca2014.globalchange.gov/highlights#submenu-highlights-overview>.

² See <https://toolkit.climate.gov>.

³ See http://www.acclimatise.uk.com/login/uploaded/resources/FEMA_NFIP_report.pdf.

be used for activities that benefit low- and moderate-income persons.

13. *Waiver and alternative requirement for distribution to CDBG metropolitan cities and urban counties.* 42 U.S.C 5302(a)(7) (definition of "nonentitlement area") and provisions of 24 CFR part 570, including 24 CFR 570.480, are waived to permit a State to distribute CDBG-DR funds to units of local government and tribes.

14. *Recordkeeping.* When a State carries out activities directly, 24 CFR 570.490(b) is waived and the following alternative provision shall apply: The State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the State's administration of CDBG-DR funds, under 24 CFR 570.493. Consistent with applicable statutes, regulations, waivers and alternative requirements, and other Federal requirements, the content of records maintained by the State shall be sufficient to: (1) Enable HUD to make the applicable determinations described at 24 CFR 570.493; (2) make compliance determinations for activities carried out directly by the State; and (3) show how activities funded are consistent with the descriptions of activities proposed for funding in the action plan and/or DRGR system. For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program.

15. *Change of use of real property.* This waiver conforms to the change of use of real property rule to the waiver allowing a State to carry out activities directly. For purposes of this program, all references to "unit of general local government" in 24 CFR 570.489(j), shall be read as "unit of general local government (UGLG) or State."

16. *Responsibility for review and handling of noncompliance.* This change is in conformance with the waiver allowing the State to carry out activities directly. 24 CFR 570.492 is waived and the following alternative requirement applies for any State receiving a direct award under this notice: The State shall make reviews and audits, including on-site reviews of any subrecipients, designated public agencies, and UGLGs, as may be necessary or appropriate to meet the requirements of section 104(e)(2) of the HCD Act, as amended, as modified by this notice. In the case of noncompliance with these requirements, the State shall take such actions as may be appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences,

and prevent a recurrence. The State shall establish remedies for noncompliance by any designated subrecipients, public agencies, or UGLGs.

17. *Program income alternative requirement.* The Department is waiving applicable program income rules at 42 U.S.C. 5304(j) and 570.489(e) to the extent necessary to provide additional flexibility as described under this notice. The alternative requirements provide guidance regarding the use of program income received before and after grant close out and address revolving loan funds.

a. *Definition of program income.*

(1) For purposes of this subpart, "program income" is defined as gross income generated from the use of CDBG-DR funds, except as provided in subparagraph (d) of this paragraph, and received by a State, local government, tribe or a subrecipient of a State, local government, or tribe. When income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used (e.g., a single loan supported by CDBG-DR funds and other funds; a single parcel of land purchased with CDBG funds and other funds). Program income includes, but is not limited to, the following:

(a) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG-DR funds.

(b) Proceeds from the disposition of equipment purchased with CDBG-DR funds.

(c) Gross income from the use or rental of real or personal property acquired by a State, UGLG, or tribe or subrecipient of a State, local government, or tribe with CDBG-DR funds, less costs incidental to generation of the income (i.e., net income).

(d) Net income from the use or rental of real property owned by a State, local government, or tribe or subrecipient of a State, local government, or tribe, that was constructed or improved with CDBG-DR funds.

(e) Payments of principal and interest on loans made using CDBG-DR funds.

(f) Proceeds from the sale of loans made with CDBG-DR funds.

(g) Proceeds from the sale of obligations secured by loans made with CDBG-DR funds.

(h) Interest earned on program income pending disposition of the income, including interest earned on funds held in a revolving fund account.

(i) Funds collected through special assessments made against nonresidential properties and properties

owned and occupied by households not of low- and moderate-income, where the special assessments are used to recover all or part of the CDBG-DR portion of a public improvement.

(j) Gross income paid to a State, local government, or tribe, or paid to a subrecipient thereof, from the ownership interest in a for-profit entity in which the income is in return for the provision of CDBG-DR assistance.

(2) "Program income" does not include the following:

(a) The total amount of funds that is less than \$35,000 received in a single year and retained by a State, local government, tribe, or retained by a subrecipient thereof.

(b) Amounts generated by activities eligible under section 105(a)(15) of the HCD Act and carried out by an entity under the authority of section 105(a)(15) of the HCD Act.

b. *Retention of program income.* State grantees may permit a local government or tribe that receives or will receive program income to retain the program income, but are not required to do so.

c. *Program income—use, close out, and transfer.*

(1) Program income received (and retained, if applicable) before or after close out of the grant that generated the program income, and used to continue disaster recovery activities, is treated as additional disaster recovery CDBG funds subject to the requirements of this notice and must be used in accordance with the grantee's action plan for disaster recovery. To the maximum extent feasible, program income shall be used or distributed before additional withdrawals from the U.S. Treasury are made, except as provided in subparagraph D of this paragraph.

(2) In addition to the regulations dealing with program income found at 24 CFR 570.489(e) and 570.504, the following rules apply: A grantee may transfer program income before close out of the grant that generated the program income to its annual CDBG program. In addition, State grantees may transfer program income before close out to any annual CDBG-funded activities carried out by a local government or tribe within the State. Program income received by a grantee, or received and retained by a subrecipient, after close out of the grant that generated the program income, may also be transferred to a grantee's annual CDBG award. In all cases, any program income received that is *not* used to continue the disaster recovery activity will not be subject to the waivers and alternative requirements of this notice. Rather, those funds will be subject to

the grantee's regular CDBG program rules.

d. *Revolving loan funds.* State grantees, and local governments or tribes (provided assistance by a State grantee) may establish revolving funds to carry out specific, identified activities. A revolving fund, for this purpose, is a separate fund (with a set of accounts that are independent of other program accounts) established to carry out specific activities. These activities generate payments, which will be used to support similar activities going forward. These payments to the revolving fund are program income and must be substantially disbursed from the revolving fund before additional grant funds are drawn from the U.S. Treasury for payments that could be funded from the revolving fund. Such program income is not required to be disbursed for nonrevolving fund activities.

State grantees may also establish a revolving fund to distribute funds to local governments or tribes to carry out specific, identified activities. The same requirements, outlined above, apply to this type of revolving loan fund. Note that no revolving fund established per this notice shall be directly funded or capitalized with CDBG-DR grant funds, pursuant to 24 CFR 570.489(f)(3).

18. *Reimbursement of disaster recovery expenses.* The provisions of 24 CFR 570.489(b) are applied to permit a State to charge to the grant otherwise allowable costs incurred by itself, its recipients or subrecipients (including public housing authorities (PHAs)) on or after the incident date of the covered disaster. The Department expects State grantees to include all preagreement activities in their action plans. Additionally, grantees are permitted to charge to grants the preaward and preapplication costs of homeowners, businesses, and other qualifying entities for eligible costs they have incurred in response to an eligible disaster covered under this notice. However, a grantee may not charge such preaward or preapplication costs to grants if the preaward or preapplication action results in an adverse impact to the environment. Grantees receiving an allocation under this notice are also subject to HUD's guidance on preaward expenses published in CPD Notice 2015-07, "Guidance for Charging Pre-Application Costs of Homeowners, Businesses, and Other Qualifying Entities to CDBG Disaster Recovery Grants," as amended (<https://www.hud.exchange.info/resource/4777/notice-cpd-1507-guidance-for-charging-preapplication-costs-to-cdbg-disaster-recovery-grants/>). Grantees are required

to consult with the State Historic Preservation Officer, Fish and Wildlife Service and National Marine Fisheries Service, to obtain formal agreements for compliance with section 106 of the National Historic Preservation Act (54 U.S.C. 306108) and section 7 of the Endangered Species Act (16 U.S.C. 1536) when designing a reimbursement program. Grantees may also not use CDBG-DR funds to provide compensation to beneficiaries.

19. *One-for-One Replacement Housing, Relocation, and Real Property Acquisition Requirements.* Activities and projects assisted by CDBG-DR are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601 *et seq.*) ("URA") and section 104(d) of the HCD Act (42 U.S.C. 5304(d)) (Section 104(d)). The implementing regulations for the URA are at 49 CFR part 24. The regulations for Section 104(d) are at 24 CFR part 42, subpart C. For the purpose of promoting the availability of decent, safe, and sanitary housing, HUD is waiving the following URA and Section 104(d) requirements for grantees under this notice:

a. *One-for-one replacement.* One-for-one replacement requirements at section 104(d)(2)(A)(i) and (ii) and (d)(3) and 24 CFR 42.375 are waived in connection with funds allocated under this notice for lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation. The section 104(d) one-for-one replacement requirements generally apply to demolished or converted occupied and vacant occupiable lower-income dwelling units. This waiver exempts disaster-damaged units that meet the grantee's definition of "not suitable for rehabilitation" from the one-for-one replacement requirements. Before carrying out a program or activity that may be subject to the one-for-one replacement requirements, the grantee must define "not suitable for rehabilitation" in its action plan or in policies/procedures governing these programs and activities. Grantees with questions about the one-for-one replacement requirements are encouraged to contact the HUD regional relocation specialist responsible for their State.

HUD is waiving the one-for-one replacement requirements because they do not account for the large, sudden changes that a major disaster may cause to the local housing stock, population, or economy. Further, the requirement may discourage grantees from converting or demolishing disaster-damaged housing when excessive costs

would result from replacing all such units. Disaster-damaged housing structures that are not suitable for rehabilitation can pose a threat to public health and safety and to economic revitalization. Grantees should reassess post-disaster population and housing needs to determine the appropriate type and amount of lower-income dwelling units to rehabilitate and/or rebuild. Grantees should note, however, that the demolition and/or disposition of PHA-owned public housing units is covered by section 18 of the United States Housing Act of 1937, as amended, and 24 CFR part 970.

b. *Relocation assistance.* The relocation assistance requirements at section 104(d)(2)(A) of the HCD Act and 24 CFR 42.350 are waived to the extent that they differ from the requirements of the URA and implementing regulations at 49 CFR part 24, as modified by this notice, for activities related to disaster recovery. Without this waiver, disparities exist in relocation assistance associated with activities typically funded by HUD and FEMA (e.g., buyouts and relocation). Both FEMA and CDBG funds are subject to the requirements of the URA; however, CDBG funds are subject to Section 104(d), while FEMA funds are not. The URA provides that a displaced person is eligible to receive a rental assistance payment that covers a period of 42 months. By contrast, Section 104(d) allows a lower-income displaced person to choose between the URA rental assistance payment and a rental assistance payment calculated over a period of 60 months. This waiver of the Section 104(d) requirements assures uniform and equitable treatment by setting the URA and its implementing regulations as the sole standard for relocation assistance under this notice.

c. *Arm's length voluntary purchase.* The requirements at 49 CFR 24.101(b)(2)(i) and (ii) are waived to the extent that they apply to an arm's length voluntary purchase carried out by a person who uses funds allocated under this notice and does not have the power of eminent domain, in connection with the purchase and occupancy of a principal residence by that person. Given the often large-scale acquisition needs of grantees, this waiver is necessary to reduce burdensome administrative requirements following a disaster. Grantees are reminded that tenants occupying real property acquired through voluntary purchase may be eligible for relocation assistance.

d. *Rental assistance to a displaced person.* The requirements at sections 204(a) and 206 of the URA, 49 CFR 24.2(a)(6)(viii), 24.402(b)(2), and 24.404

are waived to the extent that they require the grantee to use 30 percent of a low-income, displaced person's household income in computing a rental assistance payment if the person had been paying rent in excess of 30 percent of household income without "demonstrable hardship" before the project. Thus, if a tenant has been paying rent in excess of 30 percent of household income without demonstrable hardship, using 30 percent of household income to calculate the rental assistance would not be required. Before carrying out a program or activity in which the grantee provides rental assistance payments to displaced persons, the grantee must define "demonstrable hardship" in its action plan or in the policies and procedures governing these programs and activities. The grantee's definition of demonstrable hardship applies when implementing these alternative requirements.

e. *Tenant-based rental assistance.* The requirements of sections 204 and 205 of the URA, and 49 CFR 24.2(a)(6)(vii), 24.2(a)(6)(ix), and 24.402(b) are waived to the extent necessary to permit a grantee to meet all or a portion of a grantee's replacement housing financial assistance obligation to a displaced tenant by offering rental housing through a tenant-based rental assistance (TBRA) housing program subsidy (e.g., Section 8 rental voucher or certificate), provided that the tenant is provided referrals to comparable replacement dwellings in accordance with 49 CFR 24.204(a) where the owner is willing to participate in the TBRA program, and the period of authorized assistance is at least 42 months. Failure to grant this waiver would impede disaster recovery whenever TBRA program subsidies are available but funds for cash relocation assistance are limited.

f. *Moving expenses.* The requirements at section 202(b) of the URA and 49 CFR 24.302, which require that a grantee offer a displaced person the option to receive a fixed moving-cost payment based on the Federal Highway Administration's Fixed Residential Moving Cost Schedule instead of receiving payment for actual moving and related expenses, are waived. As an alternative, the grantee must establish and offer the person a "moving expense and dislocation allowance" under a schedule of allowances that is reasonable for the jurisdiction and that takes into account the number of rooms in the displacement dwelling, whether the person owns and must move the furniture, and, at a minimum, the kinds of expenses described in 49 CFR 24.301. Without this waiver and alternative

requirement, disaster recovery may be impeded by requiring grantees to offer allowances that do not reflect current local labor and transportation costs. Persons displaced from a dwelling remain entitled to choose a payment for actual reasonable moving and related expenses if they find that approach preferable to the locally established "moving expense and dislocation allowance."

g. *Optional relocation policies.* The regulation at 24 CFR 570.606(d) is waived to the extent that it requires optional relocation policies to be established at the grantee level. Unlike the regular CDBG program, States may carry out disaster recovery activities directly or through subrecipients but 24 CFR 570.606(d) does not account for this distinction. This waiver makes clear grantees, including subrecipients, receiving CDBG disaster funds may establish separate optional relocation policies. This waiver is intended to provide States with maximum flexibility in developing optional relocation policies with CDBG-DR funds.

20. *Environmental requirements.*

a. *Clarifying note on the process for environmental release of funds when a State carries out activities directly.* Usually, a State distributes CDBG funds to local governments and takes on HUD's role in receiving environmental certifications from the grant recipients and approving releases of funds. For this grant, HUD will allow a State grantee to also carry out activities directly, in addition to distributing funds to subrecipients. Thus, per 24 CFR 58.4, when a State carries out activities directly, the State must submit the Certification and Request for Release of Funds to HUD for approval.

b. *Adoption of another agency's environmental review.* In accordance with the Appropriations Act, recipients of Federal funds that use such funds to supplement Federal assistance provided under sections 402, 403, 404, 406, 407, or 502 of the Stafford Act may adopt, without review or public comment, any environmental review, approval, or permit performed by a Federal agency, and such adoption shall satisfy the responsibilities of the recipient with respect to such environmental review, approval, or permit that is required by the HCD Act. The grantee must notify HUD in writing of its decision to adopt another agency's environmental review. The grantee must retain a copy of the review in the grantee's environmental records.

c. *Unified Federal Review.* The Sandy Recovery Improvement Act was signed into law on January 29, 2013, and directed the Administration to

"establish an expedited and unified interagency review process (UFR) to ensure compliance with environmental and historic requirements under Federal law relating to disaster recovery projects, in order to expedite the recovery process, consistent with applicable law." The process aims to coordinate environmental and historic preservation reviews to expedite planning and decision-making for disaster recovery projects. This can improve the Federal Government's assistance to States, local, and tribal governments; communities; families; and individual citizens as they recover from future presidentially declared disasters. Grantees receiving and allocation of funds under this notice are encouraged to in this process as one means of expediting recovery. Tools for the UFR process can be found at here: <http://www.fema.gov/unified-federal-environmental-and-historic-preservation-review-presidentially-declared-disasters>.

d. *Release of funds.* In accordance with the Appropriations Act, and notwithstanding 42 U.S.C. 5304(g)(2), the Secretary may, upon receipt of a Request for Release of Funds and Certification, immediately approve the release of funds for an activity or project assisted with allocations under this notice if the recipient has adopted an environmental review, approval, or permit under subparagraph b above, or the activity or project is categorically excluded from review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*).

e. *Historic preservation reviews.*

To facilitate expedited historic preservation reviews under section 106 of the National Historic Preservation Act of 1966 (54 U.S.C. Section 306108), HUD strongly encourages grantees to allocate general administration funds to retain a qualified historic preservation professional, and support the capacity of the State Historic Preservation Officer/Tribal Historic Preservation Officer to review CDBG-DR projects. For more information on qualified historic preservation professional standards see https://www.nps.gov/history/local-law/arch_stnds_9.htm.

21. *Duplication of benefits.* Section 312 of the Stafford Act, as amended, generally prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which such person, business concern, or other entity has received financial assistance under any other program or from insurance or any other source. To comply with Section 312 and the limitation on the use of CDBG-DR

funds under the Appropriations Act for necessary expenses, each grantee must ensure that each activity provides assistance to a person or entity only to the extent that the person or entity has a disaster recovery need that has not been fully met. Grantees are subject to the requirements of a separate notice explaining the duplication of benefit requirements (76 FR 71060, published November 16, 2011). As a reminder, and as noted in the November 16, 2011, notice, in paragraph B of section VI, *CDBG-DR funds may not be used to pay an SBA home or business loan*. Additionally, this notice does not require households and businesses to apply for SBA assistance prior to applying for CDBG-DR assistance. However, CDBG-DR grantees may institute such a requirement in order to target assistance to households and businesses with the greatest need. In addition to the requirements described here and in the November 16, 2011 notice, grantees must comply with HUD's guidance published on July 25, 2013, "HUD Guidance on Duplication of Benefits and CDBG Disaster Recovery (DR) Assistance," as amended, in regards to declined SBA loans (<https://www.hudexchange.info/resource/3137/cdbg-dr-duplication-of-benefit-requirements-and-provision-of-assistance-with-sba-funds/>).

22. Procurement. States must comply with the procurement requirements at 24 CFR 570.489(g).

Additionally, if a State grantee chooses to provide funding to another State agency, the State may specify in its procurement policies and procedures whether that State agency must follow the procurement policies and procedures that the State is subject to, or whether the State agency must follow the same policies and procedures to which all other subrecipients are subject.

HUD may request periodic updates from grantees that employ contractors. A contractor is a third-party firm that the grantee acquires through a procurement process to perform specific functions, consistent with the procurement requirements in the CDBG program regulations. For contractors employed to provide discrete services or deliverables only, HUD is establishing an additional alternative requirement to expand on existing provisions of 2 CFR 200.317 through 200.326 and 24 CFR 570.489(g) as follows:

a. Grantees are also required to ensure all contracts and agreements (with subrecipients, recipients, and contractors) clearly state the period of performance or date of completion;

b. Grantees must incorporate performance requirements and liquidated damages into each procured contract or agreement. Contracts that describe work performed by general management consulting services need not adhere to this requirement; and

c. Grantees may contract for administrative support but may not delegate or contract to any other party any inherently governmental responsibilities related to management of the funds, such as oversight, policy development, and financial management. Technical assistance resources for procurement are available to grantees either through HUD staff or through technical assistance providers engaged by HUD or the grantee.

23. Public Web site. HUD is requiring grantees to maintain a public Web site that provides information accounting for how all grant funds are used and managed/administered, including links to all action plans, action plan amendments, performance reports, citizen participation requirements, and activity/program information for activities described in the action plan, including details of all contracts and ongoing procurement policies. The creation and maintenance of the public Web site is one component of the Department's certification of a grantee's proficient financial controls and procurement processes as provided in paragraph A.1.a. of section VI of this notice. To meet this requirement, each grantee must make the following items available on its Web site: The action plan (including all amendments); each QPR (as created using the DRGR system); procurement policies and procedures; description of services or goods currently being procured by the grantee; a copy of contracts the grantee has procured directly; and a summary of all procured contracts, including those procured by the grantee, recipients, or subrecipients (e.g., a summary list of procurements, the phase of the procurement, requirements for proposals, and any liquidation of damages associated with a contractor's failure or inability to implement the contract, etc.). Grantees should post only contracts as defined in 2 CFR 200.22. To assist grantees in preparing this summary, HUD has developed a template. The template can be accessed at: <https://www.hudexchange.info/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/>. Grantees are required to use this template, and attach an updated version to the DRGR system each quarter as part of their QPR submissions. Updated summaries must also be posted quarterly on each grantee's Web site.

24. Timely distribution of funds. The provisions at 24 CFR 570.494 and 24 CFR 570.902 regarding timely distribution of funds are waived and replaced with alternative requirements under this notice. Each grantee must expend 100 percent of its allocation of CDBG-DR funds on eligible activities within 6 years of HUD's execution of the grant agreement.

25. Review of continuing capacity to carry out CDBG-funded activities in a timely manner. If HUD determines that the grantee has not carried out its CDBG activities and certifications in accordance with the requirements in this notice, HUD will undertake a further review to determine whether or not the grantee has the continuing capacity to carry out its activities in a timely manner. In making the determination, the Department will consider the nature and extent of the recipient's performance deficiencies, types of corrective actions the recipient has undertaken, and the success or likely success of such actions, and apply the corrective and remedial actions specified in paragraph A.26 of section VI of this notice.

26. Corrective and remedial actions. To ensure compliance with the requirements of the Appropriations Act and to effectively administer the CDBG-DR program in a manner that facilitates recovery, particularly the alternative requirements permitting States to act directly to carry out eligible activities, HUD is waiving 42 U.S.C. 5304(e) to the extent necessary to establish the following alternative requirement: HUD may undertake corrective and remedial actions for States in accordance with the authorities applicable to entitlement grantees in subpart O (including corrective and remedial actions in 24 CFR 570.910, 570.911, and 570.913) or under subpart I of the CDBG regulations at 24 CFR part 570. This may include the termination, reduction or limitation of payments to State grantees receiving funds under this notice.

27. Reduction, withdrawal, or adjustment of a grant, or other appropriate action.

Prior to a reduction, withdrawal, or adjustment of a CDBG-DR grant, or other actions taken pursuant to this section, the recipient shall be notified of the proposed action and be given an opportunity for an informal consultation.

Consistent with the procedures described in this notice, the Department may adjust, reduce, or withdraw the CDBG-DR grant or take other actions as appropriate, except for funds that have been expended for eligible approved activities.

B. Housing and Related Floodplain Issues

28. *Housing-related eligibility waivers.* The broadening of eligible activities under the HCD Act is necessary following major disasters in which large numbers of affordable housing units have been damaged or destroyed, as is the case of the disasters eligible under this notice.

Therefore, 42 U.S.C. 5305(a)(24) is waived to the extent necessary to allow: (1) Homeownership assistance for households with up to 120 percent of the area median income; and (2) down payment assistance for up to 100 percent of the down payment (42 U.S.C. 5305(a)(24)(D)). While homeownership assistance may be provided to households with up to 120 percent of the area median income, only those funds used to serve households with up to 80 percent of the area median income may qualify as meeting the low- and moderate-income person benefit national objective.

In addition, 42 U.S.C. 5305(a) is waived and alternative requirements adopted to the extent necessary to permit new housing construction, and to require the following construction standards on structures constructed or rehabilitated with CDBG-DR funds as part of activities eligible under 42 U.S.C. 5305(a). All references to "substantial damage" and "substantial improvement" shall be as defined in 44 CFR 59.1 unless otherwise noted:

a. *Green Building Standard for Replacement and New Construction of Residential Housing.* Grantees must meet the Green Building Standard in this subparagraph for: (i) All new construction of residential buildings and (ii) all replacement of substantially damaged residential buildings. Replacement of residential buildings may include reconstruction (*i.e.*, demolishing and rebuilding a housing unit on the same lot in substantially the same manner) and may include changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls.

b. *Meaning of Green Building Standard.* For purposes of this notice, the Green Building Standard means the grantee will require that all construction covered by subparagraph a, above, meet an industry-recognized standard that has achieved certification under at least one of the following programs: (i) ENERGY STAR (Certified Homes or Multifamily High-Rise), (ii) Enterprise Green Communities; (iii) LEED (New Construction, Homes, Midrise, Existing Buildings Operations and Maintenance, or Neighborhood Development), (iv)

ICC-700 National Green Building Standard, (v) EPA Indoor AirPlus (ENERGY STAR a prerequisite), or (vi) any other equivalent comprehensive green building program acceptable to HUD.

c. *Standards for rehabilitation of nonsubstantially damaged residential buildings.* For rehabilitation other than that described in subparagraph (a), above, grantees must follow the guidelines specified in the HUD CPD Green Building Retrofit Checklist, available at <https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/>. Grantees must apply these guidelines to the extent applicable to the rehabilitation work undertaken, including the use of mold resistant products when replacing surfaces such as drywall. When older or obsolete products are replaced as part of the rehabilitation work, rehabilitation is required to use ENERGY STAR-labeled, WaterSense-labeled, or Federal Energy Management Program (FEMP)-designated products and appliances. For example, if the furnace, air conditioner, windows, and appliances are replaced, the replacements must be ENERGY STAR-labeled or FEMP-designated products; WaterSense-labeled products (*e.g.*, faucets, toilets, showerheads) must be used when water products are replaced. Rehabilitated housing may also implement measures recommended in a Physical Condition Assessment (PCA) or Green Physical Needs Assessment (GPNA).

d. *Implementation of green building standards.* (i) For construction projects completed, under construction, or under contract prior to the date that assistance is approved for the project, the grantee is encouraged to apply the applicable standards to the extent feasible, but the Green Building Standard is not required; (ii) for specific required equipment or materials for which an ENERGY STAR- or WaterSense-labeled or FEMP-designated product does not exist, the requirement to use such products does not apply.

e. *Elevation standards for new construction, repair of substantial damage, or substantial improvement.* The following elevation standards apply to new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1). All structures, defined at 44 CFR 59.1, designed principally for residential use and located in the 1 percent annual (or 100-year) floodplain that receive assistance for new construction, repair

of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the 1 percent annual floodplain elevation. Residential structures with no dwelling units and no residents below two feet above the 1 percent annual floodplain, must be elevated or floodproofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least two feet above the 1 percent annual floodplain.

All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 0.2 percent annual floodplain (or 500-year) floodplain must be elevated or floodproofed (in accordance with the FEMA standards) to the higher of the 0.2 percent annual floodplain flood elevation or three feet above the 1 percent annual floodplain. If the 0.2 percent annual floodplain or elevation is unavailable for Critical Actions, and the structure is in the 1 percent annual floodplain, then the structure must be elevated or floodproofed at least three feet above the 1 percent annual floodplain level. Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed.

f. *Broadband infrastructure in housing.* Any new construction or substantial rehabilitation, as defined by 24 CFR 5.100, of a building with more than four rental units must include installation of broadband infrastructure, except where the grantee documents that: (a) The location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; (b) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or in an undue financial burden; or (c) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

g. *Resilient Home Construction Standard.* Grantees are strongly encouraged to incorporate a Resilient Home Construction Standard, meaning that all construction covered by subparagraph (a) meet an industry-recognized standard such as those set by the FORTIFIED Home™ Gold level for new construction of single-family, detached homes; and FORTIFIED Home™ Silver level for reconstruction of the roof, windows and doors; or FORTIFIED Home™ Bronze level for repair or reconstruction of the roof; or any other equivalent comprehensive

resilient or disaster resistant building program. Further, grantees are strongly encouraged to meet the FORTIFIED Home™ Bronze level standard for roof repair or reconstruction, for all construction covered under subparagraph c. FORTIFIED Home™ is a risk-reduction program providing construction standards for new homes and retrofit standards for existing homes, which will increase a home's resilience to natural hazards, including high wind, hail, and tropical storms. Insurers can provide discounts for homeowner's insurance for properties certified as FORTIFIED. Grantees should advise property owners to contact their insurance agent for current information on what discounts may be available. More information is also available at <https://disastersafety.org/fortified/fortified-home/>.

29. *Primary Consideration of Unmet Housing Needs.* Grantees must propose an allocation of CDBG-DR funds that gives primary consideration to addressing unmet housing needs. Grantees may also allocate funds for infrastructure or economic revitalization, but in doing so grantees must identify how any remaining unmet housing needs will be addressed or how the economic revitalization or infrastructure activities will contribute to the long-term recovery and restoration of housing in the most impacted and distressed areas.

30. *Addressing Unmet Public Housing Needs.* The grantee must identify how it will address the rehabilitation, mitigation, and new construction needs of each disaster-impacted PHA within its jurisdiction, if applicable. The grantee must work directly with impacted PHAs in identifying necessary and reasonable costs and ensure that adequate funding from all available sources is dedicated to addressing the unmet needs of damaged public housing (e.g., FEMA, insurance, and funds available from HUD's Office of Public and Indian Housing. In the rehabilitation, reconstruction and replacement of public housing provided for in the action plan pursuant to paragraph A.2.a.3 of section VI of this notice, each grantee must identify funding to specifically address the unmet needs described in this subparagraph. Grantees are reminded that public housing is eligible for FEMA Public Assistance and must ensure that there is no duplication of benefits when using CDBG-DR funds to assist public housing. Information on the PHAs impacted by the disaster is available on the Department's Web site.

31. *Addressing Unmet Affordable Rental Housing Needs.* As part of the

requirement to give primary consideration to unmet housing needs, the grantee must identify how it will address the rehabilitation, reconstruction, replacement, and new construction of rental housing that is affordable to low or moderate income households in the most impacted and distressed areas and identify funding to specifically address the unmet needs identified in its action plan pursuant to paragraph A.2.a.3 of section VI of this notice. In order to meet the low-moderate housing national objective, affordable rental housing funded under this notice must be rented to a low and moderate income person at affordable rents. The period that the rental housing is affordable must be reasonably related to the amount of CDBG-DR funding used for the rental housing. The grantee should impose the minimum period of affordability through recorded use restrictions or other mechanisms to ensure that rental housing remains affordable for a stated period of time. The action plan must, at a minimum, provide (1) a definition of "affordable rents"; (2) the income limits for tenants of rental housing; (3) and a minimum period of affordability. Grantees may adopt the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f) to comply with this requirement.

32. *Housing incentives in disaster-affected communities.* Incentive payments are generally offered in addition to other programs or funding (such as insurance), to encourage households to relocate in a suitable housing development or an area promoted by the community's comprehensive recovery plan. For example, a grantee may offer an incentive payment (possibly in addition to a buyout payment) for households that volunteer to relocate outside of floodplain or to a lower-risk area.

Therefore, 42 U.S.C. 5305(a) and associated regulations are waived to the extent necessary to allow the provision of housing incentives. These grantees must maintain documentation, at least at a programmatic level, describing how the amount of assistance was determined to be necessary and reasonable, and the incentives must be in accordance with the grantee's approved action plan and published program design(s). This waiver does not permit a compensation program. If the grantee requires the incentives to be used for a particular purpose by the household receiving the assistance, then the eligible use for that activity will be that required use, not an incentive.

In undertaking a larger scale migration or relocation recovery effort that is intended to move households out

of high-risk areas, the grantee should consider how it can protect and sustain the impacted community and its assets. Grantees must also weigh the benefits and costs, including anticipated insurance costs, of redeveloping high-risk areas that were impacted by a disaster. Accordingly, grantees are prohibited from offering incentives to return households to disaster-impacted floodplains, unless the grantee can demonstrate to HUD how it will resettle such areas in a way that mitigates the risks of future disasters and increasing insurance costs resulting from continued occupation of high-risk areas, through mechanisms that can reduce risks and insurance costs, such as new land use development plans, building codes or construction requirements, protective infrastructure development, or through restrictions on future disaster assistance to such properties.

33. *Limitation on emergency grant payments—interim mortgage assistance.* 42 U.S.C. 5305(a)(8) is modified to extend interim mortgage assistance to qualified individuals from 3 months to up to 20 months. Interim mortgage assistance is typically used in conjunction with a buyout program, or the rehabilitation or reconstruction of single-family housing, during which mortgage payments may be due but the home is uninhabitable. The time required for a household to complete the rebuilding process may often extend beyond 3 months, during which mortgage payments may be due but the home is uninhabitable. Thus, this interim assistance will be critical for many households facing financial hardship during this period. Grantees may use interim housing rehabilitation payments to expedite recovery assistance to homeowners, but must establish performance milestones for the rehabilitation that are to be met by the homeowner in order to receive such payments. A grantee using this alternative requirement must document, in its policies and procedures, how it will determine the amount of assistance to be provided is necessary and reasonable.

34. *Rental assistance to displaced homeowners.* The requirement of 42 U.S.C. 5305(a)(8) are modified to authorize grantees to extend rental assistance payments on behalf of qualified homeowners for up to 24 months. After a disaster, many homeowners encounter unanticipated delays and scarcity of available construction and/or elevation contractors in their area. While undergoing rehabilitation of their homes, most of these homeowners are forced to pay not only a mortgage, but

a rental payment as well since their homes are not inhabitable. In other cases, homeowners who have paid off their mortgages must accommodate this additional rental expense into their budgets. In order to provide temporary financial assistance to these families, many of whom are low- or moderate-income households, HUD is modifying the requirements at 42 U.S.C. 5305(a)(8) to the extent necessary to allow grantees to provide up to 24 months of homeowner rental assistance to eligible applicants within the grantee's single-family rehabilitation/reconstruction programs. In the case of rehabilitation programs in which the homeowner is responsible for construction oversight, the grantee must establish performance milestones for the rehabilitation that are to be met by the homeowner in order to receive such payments. A grantee using this alternative requirement must document, in its policies and procedures, how it will determine the amount of assistance to be provided is necessary and reasonable. Homeowners receiving interim mortgage assistance are not eligible for rental assistance.

35. Acquisition of real property; flood and other buyouts. Grantees under this notice are able to carry out property acquisition for a variety of purposes. However, the term "buyouts" as referenced in this notice refers to acquisition of properties located in a floodway or floodplain that is intended to reduce risk from future flooding or the acquisition of properties in Disaster Risk Reduction Areas as designated by the grantee and defined below. HUD is providing alternative requirements for consistency with the application of other Federal resources commonly used for this type of activity.

Grantees are encouraged to use buyouts strategically, as a means of acquiring contiguous parcels of land for uses compatible with open space, recreational, natural floodplain functions, other ecosystem restoration, or wetlands management practices. To the maximum extent practicable, grantees should avoid circumstances in which parcels that could not be acquired through a buyout remain alongside parcels that have been acquired through the grantee's buyout program.

a. Clarification of "Buyout" and "Real Property Acquisition" activities.

Grantees that choose to undertake a buyout program have the discretion to determine the appropriate valuation method, including paying either pre-disaster or post-disaster fair market value (FMV). In most cases, a program that provides pre-disaster FMV to buyout applicants provides

compensation at an amount greater than the post-disaster FMV. When the purchase price exceeds the current FMV, any CDBG-DR funds in excess of the FMV are considered assistance to the seller, thus making the seller a beneficiary of CDBG-DR assistance. If the seller receives assistance as part of the purchase price, this may have implications for duplication of benefits calculations or for demonstrating national objective criteria, as discussed below. However, a program that provides post-disaster FMV to buyout applicants merely provides the actual value of the property; thus, the seller is not considered a beneficiary of CDBG-DR assistance.

Regardless of purchase price, all buyout activities are a type of acquisition of real property (as permitted by 42 U.S.C. 5305(a)(1)). However, only acquisitions that meet the definition of a "buyout" are subject to the post-acquisition land use restrictions imposed by the applicable prior notices. The key factor in determining whether the acquisition is a buyout is whether the intent of the purchase is to reduce risk from future flooding or to reduce the risk from the hazard that lead to the property's Disaster Risk Reduction Area designation. To conduct a buyout in a Disaster Risk Reduction Area, the grantee must establish criteria in its policies and procedures to designate the area subject to the buyout, pursuant to the following requirements: (1) The hazard must have been caused or exacerbated by the Presidentially declared disaster for which the grantee received its CDBG-DR allocation; (2) the hazard must be a predictable environmental threat to the safety and well-being of program beneficiaries, as evidenced by the best available data and science; and (3) the Disaster Risk Reduction Area must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

The distinction between buyouts and other types of acquisitions is important, because grantees may only redevelop an acquired property if the property is not acquired through a buyout program (*i.e.*, the purpose of acquisition was something other than risk reduction). When acquisitions are not acquired through a buyout program, the purchase price must be consistent with applicable uniform cost principles (and the pre-disaster FMV may not be used).

b. Buyout requirements:

1. Any property acquired, accepted, or from which a structure will be removed pursuant to the project will be dedicated and maintained in perpetuity for a use

that is compatible with open space, recreational, or floodplain and wetlands management practices.

2. No new structure will be erected on property acquired, accepted, or from which a structure was removed under the acquisition or relocation program other than: (a) A public facility that is open on all sides and functionally related to a designated open space (*e.g.*, a park, campground, or outdoor recreation area); (b) a rest room; or (c) a flood control structure, provided that structure does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream and that the local floodplain manager approves, in writing, before the commencement of the construction of the structure.

3. After receipt of the assistance, with respect to any property acquired, accepted, or from which a structure was removed under the acquisition or relocation program, no subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the recipient to any Federal entity in perpetuity.

The entity acquiring the property may lease it to adjacent property owners or other parties for compatible uses in return for a maintenance agreement. Although Federal policy encourages leasing rather than selling such property, the property may also be sold.

In all cases, a deed restriction or covenant running with the property must require that the buyout property be dedicated and maintained for compatible uses in perpetuity.

4. Grantees have the discretion to determine an appropriate valuation method (including the use of pre-flood value or post-flood value as a basis for property value). However, in using CDBG-DR funds for buyouts, the grantee must uniformly apply whichever valuation method it chooses.

5. All buyout activities must be classified using the "buyout" activity type in the DRGR system.

6. Any State grantee implementing a buyout program or activity must consult with affected UGLGs.

7. When undertaking buyout activities, in order to demonstrate that a buyout meets the low- and moderate-income housing national objective, grantees must meet all requirements of the HCD Act and applicable regulatory criteria described below. Grantees are encouraged to consult with HUD prior to undertaking a buyout program with the intent of using the low- and moderate-income housing (LMH) national objective. 42 U.S.C. 5305(c)(3) provides that any assisted activity under

this chapter that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low- and moderate-income only to the extent such housing will, upon completion, be occupied by such persons. In addition, the State CDBG regulations at 24 CFR 570.483(b)(3) and entitlement CDBG regulations at 24 CFR 570.208(a)(3) apply the LMH national objective to an eligible activity carried out for the purpose of providing or improving permanent residential structures that, upon completion, will be occupied by low- and moderate-income households. Therefore, a buyout program that merely pays homeowners to leave their existing homes does not result in a low- and moderate-income household occupying a residential structure and, thus, cannot meet the requirements of the LMH national objective. Buyout programs that assist low- and moderate-income persons can be structured in one of the following ways:

(a) The buyout program combines the acquisition of properties with another direct benefit—Low- and Moderate-Income housing activity, such as down payment assistance—that results in occupancy and otherwise meets the applicable LMH national objective criteria in 24 CFR part 570 (e.g., if the structure contains more than two dwelling units, at least 51 percent of the units must be occupied by low- and moderate-income households;

(b) The program meets the low- and moderate income area benefit criteria to demonstrate national objective compliance, provided that the grantee can document that the properties acquired through buyouts will be used in a way that benefits all of the residents in a particular area where at least 51 percent of the residents are low- and moderate-income persons. When using the area benefit approach, grantees must define the service area based on the end use of the buyout properties; or

(c) The program meets the criteria for the low- and moderate-income limited clientele national objective, including the prohibition on the use of the limited clientele national objective when an activity's benefits are available to all residents of the area. A buyout program could meet the national objective criteria for the limited clientele national objective if it restricts buyout program eligibility to exclusively low- and moderate-income persons, and the buyout provides an actual benefit to the low- and moderate income sellers by providing pre-disaster valuation uniformly to those who participate in the program.

c. Redevelopment of acquired properties.

1. Properties purchased through a buyout program may not typically be redeveloped, with a few exceptions. (see subparagraph a.2 above).

2. Grantees may redevelop an acquired property if the property is not acquired through a buyout program and the purchase price is based on the property's post-disaster value, consistent with applicable cost principles (the pre-disaster value may not be used). In addition to the purchase price, grantees may opt to provide relocation assistance to the owner of a property that will be redeveloped if the property is purchased by the grantee or subrecipient through voluntary acquisition, and the owner's need for additional assistance is documented.

3. In carrying out acquisition activities, grantees must ensure they are in compliance with their long-term redevelopment plans.

36. *Alternative requirement for housing rehabilitation—assistance for second homes.* The Department is instituting an alternative requirement to the rehabilitation provisions at 42 U.S.C. 5305(a) as follows: Properties that served as second homes at the time of the disaster, or following the disaster, are not eligible for rehabilitation assistance, residential incentives, or to participate in a CDBG-DR buyout program (as defined by this notice). "Second homes" are defined in Internal Revenue Service (IRS) Publication 936 (Mortgage Interest Deductions).

37. *Flood insurance.* Grantees, recipients, and subrecipients must implement procedures and mechanisms to ensure that assisted property owners comply with all flood insurance requirements, including the purchase and notification requirements described below, prior to providing assistance. For additional information, please consult with the field environmental officer in the local HUD field office or review the guidance on flood insurance requirements on HUD's Web site.

a. *Flood insurance purchase requirements.* HUD does not prohibit the use of CDBG-DR funds for existing residential buildings in a Special Flood Hazard Area (or 100-year floodplain). However, Federal, State, local, and tribal laws and regulations related to both flood insurance and floodplain management must be followed, as applicable. With respect to flood insurance, a HUD-assisted homeowner for a property located in a Special Flood Hazard Area must obtain and maintain flood insurance in the amount and duration prescribed by FEMA's National Flood Insurance Program. Section 102(a)

of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) mandates the purchase of flood insurance protection for any HUD-assisted property within a Special Flood Hazard Area. HUD also recommends the purchase of flood insurance outside of a Special Flood Hazard Area for properties that have been damaged by a flood, to better protect property owners from the economic risks of future floods and reduce dependence on Federal disaster assistance in the future, but this is not a requirement.

b. Future Federal assistance to owners remaining in a floodplain.

1. Section 582 of the National Flood Insurance Reform Act of 1994, as amended, (42 U.S.C. 5154a) prohibits flood disaster assistance in certain circumstances. In general, it provides that no Federal disaster relief assistance made available in a flood disaster area may be used to make a payment (including any loan assistance payment) 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. This means that a grantee may not provide disaster assistance for the repair, replacement, or restoration to a person who has failed to meet this requirement and must implement a process to check and monitor for compliance.

2. Section 582 also imposes a responsibility on a grantee that receives CDBG-DR funds or that designates annually appropriated CDBG funds for disaster recovery. That responsibility is to inform property owners receiving disaster assistance that triggers the flood insurance purchase requirement that they have a statutory responsibility to notify any transferee of the requirement to obtain and maintain flood insurance, and that the transferring owner may be liable if he or she fails to do so. These requirements are enumerated at <http://uscode.house.gov/view.xhtml?req=granuleid:U.S.C.-prelim-title42-section5154a&num=0&edition=prelim>.

C. Infrastructure (Public Facilities, Public Improvements, Public Buildings)

38. *Buildings for the general conduct of government.* 42 U.S.C. 5305(a) is waived to the extent necessary to allow grantees to fund the rehabilitation or reconstruction of public buildings that are otherwise ineligible. HUD believes

this waiver is consistent with the overall purposes of the HCD Act, and is necessary for many grantees to adequately address critical infrastructure needs created by the disaster.

39. Elevation of Nonresidential Structures. Nonresidential structures must be elevated or floodproofed, in accordance with FEMA floodproofing standards at 44 CFR 60.3(c)(3)(ii) or successor standard, up to at least two feet above the 1 percent annual floodplain. All Critical Actions, as defined at 24 CFR 55.2(b)(3), within the 0.2 percent annual floodplain (or 500-year) floodplain must be elevated or floodproofed (in accordance with the FEMA standards) to the higher of the 0.2 percent annual floodplain flood elevation or three feet above the 1 percent annual floodplain. If the 0.2 percent annual floodplain or elevation is unavailable for Critical Actions, and the structure is in the 1 percent annual floodplain, then the structure must be elevated or floodproofed at least three feet above the 1 percent annual floodplain level. Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, will be followed.

40. Use of CDBG as Match. Additionally, as provided by the HCD Act, funds may be used to meet a matching, share, or contribution requirement for any other Federal program when used to carry out an eligible CDBG-DR activity. This includes programs or activities administered by the Federal Emergency Management Agency (FEMA) or the U.S. Army Corps of Engineers (USACE). By law, the amount of CDBG-DR funds that may be contributed to a USACE project is \$250,000 or less. Note that the Appropriations Act prohibits the use of CDBG-DR funds for any activity reimbursable by, or for which funds are also made available by FEMA or USACE.

D. Economic Revitalization.

41. National Objective Documentation for Economic Revitalization Activities. 24 CFR 570.483(b)(4)(i) is waived to allow the grantees under this notice to identify the low- and moderate-income jobs benefit by documenting, for each person employed, the name of the business, type of job, and the annual wages or salary of the job. HUD will consider the person income-qualified if the annual wages or salary of the job is at or under the HUD-established income limit for a one-person family. This method replaces the standard CDBG

requirement—in which grantees must review the annual wages or salary of a job in comparison to the person's total household income and size (*i.e.*, the number of persons). Thus, it streamlines the documentation process because it allows the collection of wage data for each position created or retained from the assisted businesses, rather than from each individual household.

42. Public benefit for certain Economic Revitalization activities. The public benefit provisions set standards for individual economic revitalization activities (such as a single loan to a business) and for economic revitalization activities in the aggregate. Currently, public benefit standards limit the amount of CDBG assistance per job retained or created, or the amount of CDBG assistance per low- and moderate-income person to which goods or services are provided by the activity. These dollar thresholds were set two decades ago and can impede recovery by limiting the amount of assistance the grantee may provide to a critical activity.

This notice waives the public benefit standards at 42 U.S.C. 5305(e)(3), 24 CFR 570.482(f)(1), (f)(2), (f)(3), (f)(4)(i), (f)(5), and (f)(6) for economic revitalization activities designed to create or retain jobs or businesses (including, but not limited to, long-term, short-term, and infrastructure projects). However, grantees shall report and maintain documentation on the creation and retention of total jobs; the number of jobs within certain salary ranges; the average amount of assistance provided per job, by activity or program; and the types of jobs. Paragraph (g) of 24 CFR 570.482 is also waived to the extent these provisions are related to public benefit.

43. Clarifying note on Section 3 resident eligibility and documentation requirements. The definition of "low-income persons" in 12 U.S.C. 1701u and 24 CFR 135.5 is the basis for eligibility as a section 3 resident. This notice authorizes grantees to determine that an individual is eligible to be considered a section 3 resident if the annual wages or salary of the person are at, or under, the HUD-established income limit for a one-person family for the jurisdiction. This authority does not impact other section 3 resident eligibility requirements in 24 CFR 135.5. All direct recipients of CDBG-DR funding must submit form HUD-60002 annually through the Section 3 Performance Evaluation and Registry System (SPEARS) which can be found on HUD's Web site: http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3/spears.

44. Waiver and modification of the job relocation clause to permit assistance to help a business return. CDBG requirements prevent program participants from providing assistance to a business to relocate from one labor market area to another if the relocation is likely to result in a significant loss of jobs in the labor market from which the business moved. This prohibition can be a critical barrier to reestablishing and rebuilding a displaced employment base after a major disaster. Therefore, 42 U.S.C. 5305(h), 24 CFR 570.210, and 24 CFR 570.482 are waived to allow a grantee to provide assistance to any business that was operating in the disaster-declared labor market area before the incident date of the applicable disaster and has since moved, in whole or in part, from the affected area to another State or to a labor market area within the same State to continue business.

45. Prioritizing small businesses. To target assistance to small businesses, the Department is instituting an alternative requirement to the provisions at 42 U.S.C. 5305(a) to require grantees to prioritize assisting businesses that meet the definition of a small business as defined by SBA at 13 CFR part 121 or, for businesses engaged in "farming operations" as defined at 7 CFR 1400.3, and that meet the United States Department of Agriculture Farm Service Agency (FSA), criteria that are described at 7 CFR 1400.500, which are used by the FSA to determine eligibility for certain assistance programs.

46. Prohibiting assistance to private utilities. Funds made available under this notice may not be used to assist a privately owned utility for any purpose.

E. Certifications and Collection of Information

47. Certifications waiver and alternative requirement. 24 CFR 91.325 is waived. Each State receiving a direct allocation under this notice must make the following certifications with its action plan:

- The grantee certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the CDBG program.
- The grantee certifies its compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by part 87.
- The grantee certifies that the action plan for disaster recovery is authorized under State and local law (as applicable) and that the grantee, and any entity or entities designated by the grantee, and any contractor, subrecipient, or

designated public agency carrying out an activity with CDBG-DR funds, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and this notice. The grantee certifies that activities to be undertaken with funds under this notice are consistent with its action plan.

d. The grantee certifies that it will comply with the acquisition and relocation requirements of the URA, as amended, and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided for in this notice.

e. The grantee certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

f. The grantee certifies that it is following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.115 (except as provided for in notices providing waivers and alternative requirements for this grant). Also, each UGLG receiving assistance from a State grantee must follow a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486 (except as provided for in notices providing waivers and alternative requirements for this grant).

g. The grantee certifies that it has consulted with affected UGLGs in counties designated in covered major disaster declarations in the non-entitlement, entitlement, and tribal areas of the State in determining the uses of funds, including the method of distribution of funding, or activities carried out directly by the State.

h. The grantee certifies that it is complying with each of the following criteria:

1. Funds will be used solely for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing and economic revitalization in the most impacted and distressed areas for which the President declared a major disaster in 2016 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (42 U.S.C. 5121 *et seq.*) but prior to September 29, 2016.

2. With respect to activities expected to be assisted with CDBG-DR funds, the action plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income families.

3. The aggregate use of CDBG-DR funds shall principally benefit low- and moderate-income families in a manner that ensures that at least 70 percent (or another percentage permitted by HUD in a waiver published in an applicable

Federal Register notice) of the grant amount is expended for activities that benefit such persons.

4. The grantee will not attempt to recover any capital costs of public improvements assisted with CDBG-DR grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (a) Disaster recovery grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than under this title; or (b) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient CDBG funds (in any form) to comply with the requirements of clause (a).

i. The grantee certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d).

j. The grantee certifies that the grant will be conducted and administered in conformity with the Fair Housing Act (42 U.S.C. 3601–3619) and implementing regulations, and that it will affirmatively further fair housing, which means that it will take meaningful actions to further the goals identified in an AFH conducted in accordance with the requirements of 24 CFR 5.150 through 5.180, and that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing.

k. The grantee certifies that it has adopted and is enforcing the following policies, and, in addition, States receiving a direct award must certify that they will require UGLGs that receive grant funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

l. The grantee certifies that it (and any subrecipient or administering entity) currently has or will develop and maintain the capacity to carry out disaster recovery activities in a timely manner and that the grantee has reviewed the requirements of this notice and requirements of the Appropriations

Act applicable to funds allocated by this notice, and certifies to the accuracy of its certification documentation referenced at A.1.a. under section VI and its risk analysis document referenced at A.1.b. under section VI.

m. The grantee certifies that it will not use CDBG-DR funds for any activity in an area identified as flood prone for land use or hazard mitigation planning purposes by the State, local, or tribal government or delineated as a Special Flood Hazard Area in FEMA's most current flood advisory maps, unless it also ensures that the action is designed or modified to minimize harm to or within the floodplain, in accordance with Executive Order 11988 and 24 CFR part 55. The relevant data source for this provision is the State, local, and tribal government land use regulations and hazard mitigation plans and the latest-issued FEMA data or guidance, which includes advisory data (such as Advisory Base Flood Elevations) or preliminary and final Flood Insurance Rate Maps.

n. The grantee certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

o. The grantee certifies that it will comply with environmental requirements at 24 CFR part 58.

p. The grantee certifies that it will comply with applicable laws.

VII. Duration of Funding

The Appropriations Act directs that these funds be available until expended. However, in accordance with 31 U.S.C. 1555, HUD shall close the appropriation account and cancel any remaining obligated or unobligated balance if the Secretary or the President determines that the purposes for which the appropriation has been made have been carried out and no disbursements have been made against the appropriation for two consecutive fiscal years. In such case, the funds shall not be available for obligation or expenditure for any purpose after the account is closed.

VIII. Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance numbers for the disaster recovery grants under this notice are as follows: 14.218; 14.228.

IX. Finding of No Significant Impact

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C.

4332(2)(C)). The FONSI is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Room 10276, Washington, DC 20410-0500. Due to security measures at the HUD Headquarters building, an advance appointment to review the docket file must be scheduled by calling the Regulations Division at 202-708-3055 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the Federal Relay Service at 800-877-8339 (this is a toll-free number).

Dated: November 15, 2016.

Nani A. Coloretti,
Deputy Secretary.

Appendix A—Allocation of CDBG-DR Funds to Most Impacted and Distressed Areas Due to 2016 Federally Declared Disasters Thru September 29, 2016

This section describes the methods behind HUD's allocation of \$500 million in the 2016 CDBG-DR Funds. Section 145(a) of Division C of the Continuing Appropriations Act, Public Law 114-223, enacted on September 29, 2016, appropriates \$500 million through the Community Development Block Grant (CDBG) program for necessary expenses for authorized activities related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared in 2016 and occurring prior to September 29, 2016.

This section requires that funds be awarded directly to the State or unit of general local government at the discretion of the Secretary. The key underlying metric used in the allocation process is the unmet need that remains to be addressed from qualifying disasters. Although funds may be used to address infrastructure and economic revitalization needs in addition to housing, this allocation only uses unmet needs related to housing to determine the most impacted and distressed areas that are eligible for grants and then to determine the amount of funding to be made available to each grantee. HUD only uses unmet housing needs for two reasons: (1) There is very limited data on infrastructure and economic revitalization unmet needs for the largest of the eligible disasters, and (2) the total funding provided through this allocation is limited relative to need.

Methods for estimating unmet housing needs. The data HUD staff have identified as being available to calculate unmet needs for qualifying disasters come from the FEMA Individual Assistance program data on housing-unit damage as of September 28, 2016.

The core data on housing damage for both the unmet housing needs calculation and the concentrated damage are based on home inspection data for FEMA's Individual Assistance program. HUD calculates "unmet

housing needs" as the number of housing units with unmet needs times the estimated cost to repair those units less repair funds already provided by FEMA, where:

Each of the FEMA inspected owner units are categorized by HUD into one of five categories:

- *Minor-Low*: Less than \$3,000 of FEMA inspected real property damage.
- *Minor-High*: \$3,000 to \$7,999 of FEMA inspected real property damage.
- *Major-Low*: \$8,000 to \$14,999 of FEMA inspected real property damage.
- *Major-High*: \$15,000 to \$28,800 of FEMA inspected real property damage and/or 4 to 6 feet of flooding on the first floor.
- *Severe*: Greater than \$28,800 of FEMA inspected real property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

To meet the statutory requirement of "most impacted" in this legislative language, homes are determined to have a high level of damage if they have damage of "major-low" or higher. That is, they have a real property FEMA inspected damage of \$8,000 or flooding over 1 foot. Furthermore, a homeowner is determined to have unmet needs if they reported damage and no insurance to cover that damage.

FEMA does not inspect rental units for real property damage so personal property damage is used as a proxy for unit damage. Each of the FEMA inspected renter units are categorized by HUD into one of five categories:

- *Minor-Low*: Less than \$1,000 of FEMA inspected personal property damage.
- *Minor-High*: \$1,000 to \$1,999 of FEMA inspected personal property damage.
- *Major-Low*: \$2,000 to \$3,499 of FEMA inspected personal property damage.
- *Major-High*: \$3,500 to \$7,499 of FEMA inspected personal property damage or 4 to 6 feet of flooding on the first floor.
- *Severe*: Greater than \$7,500 of FEMA inspected personal property damage or determined destroyed and/or 6 or more feet of flooding on the first floor.

For rental properties, to meet the statutory requirement of "most impacted" in this legislative language, homes are determined to have a high level of damage if they have damage of "major-low" or higher. That is, they have a FEMA personal property damage assessment of \$2,000 or greater or flooding over 1 foot. Furthermore, landlords are presumed to have adequate insurance coverage unless the unit is occupied by a renter with income of \$20,000 or less. Units that are occupied by a tenant with income less than \$20,000 are used to calculate likely unmet needs for affordable rental housing.

The average cost to fully repair a home for a specific disaster to code within each of the damage categories noted above is calculated using the average real property damage repair costs determined by the Small Business Administration for its disaster loan program for the subset of homes inspected by both SBA and FEMA for 2011 to 2013 disasters. Because SBA is inspecting for full repair costs, it is presumed to reflect the full cost to repair the home, which is generally more than the FEMA estimates on the cost to make the home habitable.

For each household determined to have unmet housing needs (as described above), their estimated average unmet housing need less assumed assistance from FEMA, SBA, and Insurance was calculated at \$27,455 for major damage (low); \$45,688 for major damage (high); and \$59,493 for severe damage.

Most Impacted and Distressed Designation. President Obama signed the Continuing Resolution into law on September 29, 2016 and 33 disasters had received major declarations in calendar year 2016 by that date. To meet the statutory requirement that the funds be targeted to "the most impacted or distressed areas," this allocation:

(1) Limits allocations to those disasters where FEMA had determined the damage was sufficient to declare the disaster as eligible to receive Individual and Households Program (IHP) funding. Only 11 of 33 disasters that were declared in 2016 have an IHP designation.

(2) Limits the allocations to data from counties with high levels of damage. For this allocation, HUD is using the amount of serious unmet housing need as its measure of concentrated damage and limits the data used for the allocation only to counties exceeding a "natural break" in the data for their total amount of serious unmet housing needs. For the 2016 events, the serious unmet housing needs break at the county level occurs at \$25 million.

(3) Among disasters with data meeting the first two thresholds, HUD limits the allocation to jurisdictions that have substantially higher unmet needs than other jurisdictions. Louisiana, Texas, and West Virginia have far greater unmet needs than other jurisdictions affected by major disasters declared since January 1, 2016.

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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR- 5849-N-10]

Notice of a Federal Advisory Committee; Manufactured Housing Consensus Committee; Teleconference

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development (HUD).

ACTION: Notice of a Federal Advisory Committee Meeting: Manufactured Housing Consensus Committee (MHCC).

SUMMARY: This notice sets forth the schedule and proposed agenda for a teleconference meeting of the MHCC. The teleconference meeting is open to the public. The agenda provides an opportunity for citizens to comment on the business before the MHCC.

DATES: The teleconference meeting will be held on December 12, 2016, 1:00 p.m. to 4:00 p.m. Eastern Standard Time

Attachment 3

CDBG-DR Rider

The contract contemplated under the preceding Request for Proposals (RFP) is funded in part by a Community Development Block Grant Disaster Recovery grant ("CDBG-DR") from the Department of Housing and Urban Development ("HUD"). This CDBG – DR Rider contains supplementary general conditions which will apply as required to the contract entered into with the procured contractor(s) ("Contractor"). Accordingly, this CDBG-DR Rider shall be included as an attachment, expressly made a part thereof, and fully incorporated therein by reference.

SECTION 3 NOTICE

HUD has previously issued proposed amendments to the Section 3 regulations in 24 CFR Part 135. If HUD finalizes and promulgates the amendments to 24 CFR Part 135 during the term of this Agreement, the Contractor will be required to adhere to the amended 24 CFR Part 135.

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ARTICLE 1. DEFINITIONS

As used in this CDBG-DR Rider:

(a) "Act" means Title 1 of the Housing and Community Development Act of 1974 (Pub. L. 93-383) as amended.

(b) "Agreement" means the "contract" (as defined by 2 CFR § 200.22) between WVDO and the Contractor.

(c) "State" means the State of West Virginia by and through the West Virginia Development Office (WVDO).

(d) "Construction" means the building, rehabilitation, alteration, conversion, extension, demolition, painting or repair of any improvement to real property.

(e) "Contractor" means the entity or entities executing a contract entered into as a result of this RFP, other than WVDO.

(f) "Equipment" means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000.

(g) "Grant" means Community Development Block Grant Program funds provided to the State of West Virginia by the Federal Department of Housing and Urban Development or a pass-through entity.

(h) "HUD" means the Secretary of Housing and Urban Development or a person authorized to act on his or her behalf.

(i) "Program(s)" means the West Virginia Community Development Block Grant Program – Disaster Recovery approved by HUD and contemplated under the RFP as the same may from time to time be amended.

(k) "Real property" means land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and moveable equipment.

(l) "Subcontractor" means any person, firm or corporation, other than employees of the Contractor or another subcontractor who is engaged by the Contractor to furnish (i) services, (ii) labor or (iii) services and/or labor and materials at the site of the work performed under this Agreement.

ARTICLE 2. HOUSING AND COMMUNITY DEVELOPMENT ACT AND NATIONAL ENVIRONMENTAL POLICY ACT

The Agreement is subject to Title 1 of the Housing and Community Development Act of 1974 (P.L. 93-383) as amended (The Act) and all rules, regulations and requirements now issued or hereafter issued pursuant to the Act; the Agreement may be suspended and/or terminated without liability to the State if the Grant to the State pursuant to the Act is suspended or terminated, and unless and until the State or WVDO receives Community Development funds in an amount that is deemed sufficient to enable it to fund the Agreement, the State or WVDO is under no obligation to make any payments to the Contractor. In this regard, WVDO is

under no obligation to make any payments to the Contractor, and shall not make any such payment, and the Contractor shall not commence performance, until:

- (a) WVDO has received from HUD an Authorization to Use Grant Funds and/or instructions to proceed, evidencing compliance with the National Environmental Policy Act, as amended, and with regulations of the U.S. Department of Housing and Urban Development, related thereto, found at 24 CFR Part 58, and
- (b) the Contractor has been notified of such instructions by WVDO. Furthermore, the Contractor and WVDO mutually agree that the Contractor shall not advance any funds, from any source without limitation, to pay for costs intended to be paid for under the Agreement prior to the receipt and notification described in this paragraph (a), and WVDO shall not reimburse the Contractor for any costs incurred in violation of this provision.

ARTICLE 3. LABOR REQUIREMENTS

The following labor requirements shall be applicable to the Agreement and must be included in all subcontracts entered into by the Contractor.

- (a) **Section 3.** This Agreement is subject to Section 3 of the Housing and Urban Development Act of 1968 (P.L. 90-448) and implementing regulations at 24 CFR Part 135, as may be amended during the term of this Agreement. Pursuant to 24 CFR § 135.38, the Contractor agrees to the following:
 - 1. The work to be performed under the Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. § 1701 u (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.
 - 2. The parties to the Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to the Agreement certify that they are under no contractual or other impediments that would prevent them from complying with the Part 135 regulations.
 - 3. 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.
 - 4. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Contractor will not subcontract with any subcontractor where the Contractor has notice or

knowledge that the Subcontractor has been found in violation of the regulations in 24 CFR Part 135.

5. The Contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the Contractor is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the Contractor's obligations under 24 CFR Part 135.
 6. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of the Agreement for default, and debarment or suspension from future HUD assisted contracts.
 7. 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 the Agreement. 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 the Agreement 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).
 8. The Contractor agrees to submit, and shall cause its subcontractors to submit, quarterly reports to the State detailing the number of new employees hired, the number of new Section 3 employees hired, and any affirmative efforts made to direct hiring efforts to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing during the previous quarter.
- (b) ***The Davis-Bacon Act (40 U.S.C. §§ 3141 et seq.).*** In Construction contracts involving an excess of \$2000, unless exclusively in connection with the rehabilitation of residential property containing fewer than 8 units, the Contractor shall pay all laborers and mechanics at a rate not less than those determined by the Secretary of Labor to be prevailing for the State, which rates are to be provided by the State. These wage rates are a federally mandated minimum only, and will be superseded by any State or State requirement mandating higher wage rates. The Contractor also agrees to comply with Department of Labor Regulations pursuant to the Davis-Bacon Act found in 29 CFR Parts 1, 3, 5 and 7, which enforce statutory labor standards provisions. **This provision supersedes section D(1)(a) of the Uniform Federal Contract Provisions Rider for Federally Funded Procurement Contracts.**
- (c) ***Overtime.*** In Construction contracts involving an excess of \$2000, and subject to the exception in 24 CFR section 570.603 (regarding the rehabilitation of residential property containing less than 8 units), Contractor shall comply with sections 103 and 107 of the Contract Work Hours and Safe Standards Act (40 U.S.C. §§ 3701 et seq.), which provides that no laborer or mechanic shall be required or permitted to work more than eight hours in a calendar day or in excess of forty hours in any workweek, unless such laborer or mechanic is paid at an overtime rate of 1½ times his/her basic rate of pay for all hours worked in excess of these limits. In the event of a violation of this provision, the Contractor shall not only be liable to any affected employee for his/her unpaid wages, but shall be additionally liable to the United States for liquidated damages. **This provision supersedes section D(1)(b) of the Uniform Federal Contract Provisions Rider for Federally Funded Procurement Contracts.**

ARTICLE 4. {Reserved}

ARTICLE 5. FEDERAL NON-DISCRIMINATION LAWS

The Agreement is subject to:

- (a) Section 109 of the Act, which requires that no person in the United States shall on the grounds 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 receiving Federal financial assistance made available pursuant to the Act. Section 109 also directs that the prohibitions against discrimination on the basis of age under the Age Discrimination Act and the prohibitions against discrimination on the basis of disability under Section 504 shall apply to programs or activities receiving Federal financial assistance under Title I programs. The Contractor agrees to comply with provisions of 24 CFR Part 6, 8, and 146.
- (b) Title VIII of the Civil Rights Act of 1968 (P.L. 90-284; 42 U.S.C. §§ 3602-3620), as amended, which prohibits discrimination in the sale or rental of housing and in the provision of brokerage services based on race, color, religion, sex, national origin, disability, or familial status, and which requires affirmative action in the furtherance of Fair Housing objectives.
- (c) Executive Order 11063, as amended by Executive Order 12259, pursuant to regulations issued at 24 CFR Part 107, which prohibits discrimination on the basis of race, color, religion, sex or national origin and requires equal opportunity in housing constructed, operated or provided with federal funds.
- (d) Title VI of the Civil Rights Act of 1964 (P.L. 88-352; 42 U.S.C. §§ 2000d *et seq.*) and implementing regulations in 24 CFR Part 1, which states that no person shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subject to discrimination under any Program or activity made possible by, or resulting from, this Agreement.
- (e) Consistent with 24 CFR § 570.614, the Contractor warrants that all services, programs, and/or Construction (including design and alteration) under this Agreement shall be performed in accordance with all federal, state and local laws and regulations regarding accessibility standards for persons with disabilities including, but not limited to, the following: Section 504 of the Rehabilitation Act, the Architectural Barriers Act of 1968 (42 U.S.C. § 4151-4157), the Uniform Federal Accessibility Standards (Appendix A to 24 CFR Part 40 and Appendix A to 41 CFR Part 101-19, subpart 101-19.6), and the Americans with Disabilities Act (42 U.S.C. § 12131; 47 U.S.C. §§ 155, 201, 218, and 225).
- (f) If the Contractor is, or may be deemed to be, a religious or denominational institution or organization operated for religious purposes which is supervised or controlled by or in connection with a religious or denominational institution or organization, the Contractor agrees that in connection with services to be provided under this Agreement:
 - i. it shall not discriminate against any employee or applicant for employment on the basis of religion and shall not limit employment or give preference in employment to persons on the basis of religion.
 - ii. it shall not discriminate against any person applying for such public services on the basis of religion or religious belief and shall not limit such services or give preference to persons on the basis of religion or religious belief.

- iii. it shall provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services.
- iv. it shall not use CDBG funds for the acquisition, construction, or rehabilitation of structures to the extent that those structures are used for inherently religious activities. CDBG funds may be used for the acquisition, construction, or rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under 24 CFR Part 570. Where a structure is used for both eligible and inherently religious activities, CDBG funds may not exceed the cost of those portions of the acquisition, construction, or rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to CDBG funds in 24 CFR Part 570. Sanctuaries, chapels, or other rooms that a CDBG-funded religious congregation uses as its principal place of worship, however, are ineligible for CDBG-funded improvements. Disposition of real property is subject to 24 CFR § 570.200(j)(5). In addition, payment may be authorized for a portion of eligible rehabilitation or construction costs attributable to the non-religious use of a facility that is not used exclusively for religious purposes, pursuant to Section VI(A)(4)(c) of HUD Docket No. FR-56960-N-01.

The non-discrimination provisions in this Article shall be incorporated in and made a part of all subcontracts executed in connection with the Agreement.

- (g) Along with WVDO, Contractor shall comply with all civil-rights related requirements, pursuant to 24 CFR § 570.503(b)(5).

ARTICLE 6. ENVIRONMENTAL PROTECTION; ENERGY EFFICIENCY; HISTORIC PRESERVATION; FLOOD PROTECTION; LEAD-BASED PAINT

- (a) For agreements, subcontracts, and subgrants of amounts in excess of \$150,000, the Contractor shall comply with all applicable standards, orders, or requirements issued under the Clean Air Act (42 U.S.C. § 7401, Federal Water Pollution control Act (33 U.S.C. §§ 1251, et seq.) Section 508 of the Clean Water Act (33 U.S.C. § 1368), Executive Order 11738, and Environmental Protection Agency regulations (provisions of 40 CFR Part 50 and 2 CFR Part 1532 related to the Clean Air Act and Clean Water Act). Violations must be reported to the Federal Agency and the Regional Office of the Environmental Protection Agency (EPA).
- (b) The Contractor shall comply with mandatory standards and policies relating to energy efficiency that are contained in any of the State's energy conservation plan issued in compliance with the Energy Policy Conservation Act (Pub. L 94-163). Further, the Contractor shall comply with the construction standards concerning energy efficiency set forth in the Notice attached to the RFP as Attachment 2.
- (c) This Agreement is subject to laws and authorities listed in 24 CFR § 58.5, including the Historic Preservation Act of 1966 (P.L. 89-665; 16 U.S.C. §§ 470 *et seq.*), the Archeological and Historic Preservation Act of 1974 (P.L. 93-291; 16 U.S.C. §§ 469-469c), Executive Order 11593 and regulations at 36 CFR Part 800. In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

- (d) This Agreement is subject to the Lead-Based Paint Poison Prevention provisions found in 24 CFR § 570.608, the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4821-4846), the Residential Lead Based Paint Hazard Reduction Act of 1992 (U.S.C. §§ 4851-4856, and 24 CFR Part 35, subparts A, B, J, K, and R. This provision is to be included in all subcontracts, for work in connection with this Agreement, which relate to residential structures.
- (e) Pursuant to the provisions in 24 CFR § 570.605, Section 202(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. § 4106), and the regulations in 44 CFR Parts 59-79 apply to this Agreement.

ARTICLE 7. {Reserved}

ARTICLE 8. UNIFORM ADMINISTRATIVE REQUIREMENTS (INCLUDING PROCUREMENT STANDARDS), COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

- (a) Pursuant to 2 CFR § 2400.101 and 24 CFR § 85.1, Contractors are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200 (commonly referred to the “Super Circular”), as applicable.
- (b) Contractors are subject to the Uniform Federal Contract Provisions Rider, attached hereto as Exhibit 3-1.

ARTICLE 9. UNEARNED PAYMENTS; INCOME; DOCUMENTATION OF COSTS; ACCOUNTING SYSTEM; FIDELITY BONDS; DISBURSEMENT RESTRICTIONS

- (a) Unearned payments under this Agreement may be suspended or terminated upon refusal to accept any additional conditions that may be imposed by HUD at any time, or if the Grant to the State under the Act is suspended or terminated. Unearned payments received by the Contractor will be returned to the State.

The Contractor agrees that if any income is generated from the Community Development Block Grant Program funded activities, Contractor shall return such income to the State’s Community Development Block Grant Program unless expressly authorized by the State. Such funds are subject to all applicable requirements governing the use of Community Development Block Grant funds, including 24 CFR § 570.503(b)(3), which provides that, at the end of the program year, the State may require remittance of all or part of any program income balances (including investments thereof) held by the WVDO (except those needed for immediate cash needs, cash balances of a revolving loan fund, cash balances from a lump sum drawdown, or cash or investments held for section 108 security needs). Alternative program requirements concerning the definition of “program income” are set forth in Section VI(A) (17) (a)-(b) of Docket No. FR-56960-N-01, as amended by Section II (5) of Docket No. FR-5710-N-01.

- (b) All costs shall be supported by properly executed payrolls, time records, invoices, contracts, or vouchers, or other official documentation evidencing in proper detail the nature and propriety of the

charges. All checks, payrolls, invoices, contracts, vouchers, orders or other accounting documents, pertaining in whole or in part to the Agreement, shall be clearly identified and readily accessible.

- (c) {reserved}
- (d) If required by the Federal awarding agency or elsewhere in this Agreement, WVDO must receive a statement from the Contractor's chief fiscal officer or its insurer assuring that all persons handling funds received or disbursed under this Agreement are covered by fidelity insurance in an amount equal to cash advances from the State. If the bond is cancelled or coverage is substantially reduced, the Contractor shall promptly notify the WVDO of this fact in every case not later than 48 hours. In such event, WVDO shall not disburse any more funds to the Contractor until it has received assurance that adequate coverage has subsequently been obtained.
- (e) No money under this Agreement shall be disbursed by the WVDO to any Contractor except pursuant to a written contract which incorporates the applicable Supplementary General Conditions and unless the Contractor is in compliance with HUD requirements with regard to accounting and fiscal matters, to the extent they are applicable, and provided that the State has completed HUD requirements, including but not limited to environmental certifications pursuant to 24 CFR Part 58.

ARTICLE 10. RECORDS AND AUDITS

- (a) Records shall be maintained in accordance with requirements prescribed by or in 2 CFR § 200.333, WVDO, HUD and/or the State with respect to all matters covered by the Agreement and retained for at least three years after the State makes final payments and all other pending matters concerning the Agreement are closed, subject to the exceptions in 2 CFR § 200.333.
- (b) At such times on such forms as WVDO, HUD and/or the State may require, there shall be furnished to WVDO, HUD and/or the State such statements, records, reports, data and information, as WVDO, HUD and/or the State may request pertaining to matters covered by this Agreement. At a minimum, such forms will include the following:
 - (i) Quarterly Data Collection Report forms for the purpose of including specific Program description, accomplishment, expenditure and beneficiary information in the State's Quarterly Performance Reports.
 - (ii) Annual Property Register forms for the purpose of tracking the use of CDBG purchased equipment.
- (c) At any time during normal business hours and as often as WVDO, the State, HUD, Inspector General, U.S. General Accounting Office, and/or the Comptroller General of the United States may deem necessary, the Contractor shall make available for examination to the State, HUD, Inspector General, U.S. General Accounting Office and/or representatives of the Comptroller General all of its books, accounts, records, reports, files, and other papers or property with respect to all matters covered by this Agreement and shall permit WVDO, the State, HUD and/or representatives of the Comptroller General and the U.S. General Accounting Office to audit, examine, make excerpts of, and make transcriptions from such books, accounts, records, reports, files, and other papers or property and to make audits of all contracts, invoices, materials, payrolls, records or personnel, conditions of employment and other data relating to all matters covered by this Agreement.

ARTICLE 11. SUBCONTRACTORS

- (a) The provisions of the Agreement shall apply to Subcontractors and their officers, agents and employees in all respects as if they were employees of the Contractor. The Contractor shall not be discharged from its obligations and liabilities, but shall be liable for all acts and negligence of Subcontractors, and their officers, agents and employees, as if they were employees of the Contractor.
- (b) Employees of the Subcontractor shall be subject to the same provisions as employees of the Contractor.
- (c) The services furnished by Subcontractors shall be subject to the provisions hereof as if furnished directly by the Contractor, and the Contractor shall remain responsible therefor.
- (d) Any subcontracts entered into pursuant to this Agreement shall include Exhibit 3 (Investigations Clause, Conflicts of Interest Clause; and Executive Order No. 50 provisions, which shall be binding on every Subcontractor.)

ARTICLE 12. CONFLICTS; EXHIBITS

- (a) If any provision in this CDBG Rider directly conflicts with any other provision in the Agreement, the provision in CDBG Rider shall be controlling.
- (b) Federal Exhibits 1 and 2 are attached to, and made a part of this CDBG Rider.

ARTICLE 13. {Reserved}

ARTICLE 14. {Reserved}

ARTICLE 15. {Reserved}

ARTICLE 16. {Reserved}

ARTICLE 17. {Reserved}

ARTICLE 18. PERFORMANCE REQUIREMENTS AND REMEDIES

The Disaster Relief Appropriations Act, 2013 (Public L. 113-2) of January 29, 2013, requires contracts to contain "performance requirements and penalties." Accordingly, Contractor shall be subject to any performance requirements and remedial provisions and/or liquidated damages set forth in the Agreement. Contractor acknowledges that negative performance evaluations may impair its ability to win future contracts with WVDO. To the extent allowed by the applicable laws, regulations and rules, such performance evaluations shall be considered by WVDO in:

(1) making a determination of the Contractor's responsibility or non-responsibility in future WVDO procurements, and

(2) deciding to renew or not to renew the Agreement.

Attachment 4

UNIFORM FEDERAL CONTRACT PROVISIONS RIDER

As explained in the Request for Proposals to which this Uniform Federal Contract Provisions Rider (the Rider) is attached, the Programs are funded by a CDBG-DR grant from HUD and administered by the State. By submitting a proposal to this RFP and in the event Respondent is awarded a contract pursuant to its proposal submitted, Respondent understands and expressly agrees that it will be bound by the applicable requirements set forth in this Rider. Accordingly, this Rider which includes various federal regulations are incorporated into the RFP in their entirety, and made an integral part thereof.

A. Definitions. As used in this Rider:

- (1) "Awarding Entity" means the entity awarding the Contract. The Awarding Entity may be the State or a contractor at any tier.
- (2) "Construction" means the building, rehabilitation, alteration, conversion, extension, demolition, painting or repair of any improvement to real property.
- (3) "Contract" refers to the contract or the agreement between the Awarding Entity and the Contractor.
- (4) "Contractor" means the entity performing the services pursuant to a contract.
- (5) "Executive Director" means the head of the State agency entering into this Contract.
- (6) "Federal Agency" means the U.S. agency or agencies funding this Contract in whole or in part.
- (7) "Government" means the U.S. government.
- (8) "Rider" means this Uniform Federal Contract Provisions Rider.
- (9) "State" means the State of West Virginia or its designee (the West Virginia Development Office, the "WVDO")

B. Termination and Remedies for Breach of Contract. The following provisions concerning remedies for breach of contract and termination apply to Contracts between the State and the State's Contractor.

- (1) Remedies for Breach of Contract. If the Contractor violates or breaches the Contract, the State may avail itself of any or all of the remedies provided for elsewhere in this Contract. If there are no remedies provided for elsewhere in this Contract, the State may avail itself of any or all of the following remedies.

After declaring the Contractor in default pursuant to the procedures in paragraph (a) of subdivision (2) of this section (B) below, the State may (i) withhold payment for unsatisfactory services, (ii) suspend or terminate the Contract in whole or in part; and/or

(iii) have the services under this Contract completed by such means and in such manner, by contract procured with or without competition, or otherwise, as the State may deem advisable in accordance with all applicable Contract provisions and law. After completion of the services under this Contract, the State shall certify the expense incurred in such completion, which shall include the cost of procuring that contract. Should the expense of such completion, as certified by the State, exceed the total sum which would have been payable under the Contract if it had been completed by the Contractor, any excess shall be promptly paid by the Contractor upon demand by the State. The excess expense of such completion, including any and all related and incidental costs, as so certified by the State may be charged against and deducted out of monies earned by the Contractor.

(2) Termination. The State shall have the right to terminate the Contract in whole or in part for cause, for convenience, due to force majeure, or due to reductions in federal funding. If the Contract does not include termination provisions elsewhere, the following termination provisions apply:

a. Termination for Cause. The State shall have the right to terminate the Contract, in whole or in part, for cause upon a determination that the Contractor is in default of the Contract. Unless a shorter time is determined by the State to be necessary, the State shall effect termination according to the following procedure:

i. Notice to Cure. The State shall give written notice of the conditions of default signed by the Executive Director, setting forth the ground or grounds upon which such default is declared ("Notice to Cure"). The Contractor shall have ten (10) days from receipt of the Notice to Cure or any longer period that is set forth in the Notice to Cure to cure the default. The Executive Director may temporarily suspend services under the Contract pending the outcome of the default proceedings pursuant to this section.

ii. Opportunity to be Heard. If the conditions set forth in the Notice to Cure are not cured within the period set forth in the Notice to Cure, the Executive Director may declare the Contractor in default. Before the Executive Director may exercise his or her right to declare the Contractor in default, the Contractor must be given an opportunity to be heard upon not less than five (5) business days' notice. The

Executive Director may, in his or her discretion, provide for such opportunity to be in writing or in person. Such opportunity to be heard shall not occur prior to the end of the cure period but notice of such opportunity to be heard may be given prior to the end of the cure period and may be given contemporaneously with the Notice to Cure.

- iii. Notice of Termination. After an opportunity to be heard, the Executive Director may terminate the Contract, in whole or in part, upon finding the Contractor in default. The Executive Director shall give the Contractor written notice of such termination ("Notice of Termination"), specifying the applicable provision(s) under which the Contract is terminated and the effective date of termination. If no date is specified in the Notice of Termination, the termination shall be effective either 10 calendar days from the date the notice is personally delivered or 15 calendar days from the date Notice of Termination is sent by another method. The Notice of Termination shall be personally delivered, sent by certified mail return receipt requested, or sent by fax and deposited in a post office box regularly maintained by the United States Postal Service in a postage pre-paid envelope.
- iv. Grounds for Default. The State shall have the right to declare the Contractor in default:
 1. Upon a breach by the Contractor of a material term or condition of this Contract, including unsatisfactory performance of the services;
 2. Upon insolvency or the commencement of any proceeding by or against the Contractor, either voluntarily or involuntarily, under the Bankruptcy Code or relating to the insolvency, receivership, liquidation, or composition of the Contractor for the benefit of creditors;
 3. If the Contractor refuses or fails to proceed with the services under the Contract when and as directed by the Executive Director;
 4. If the Contractor or any of its officers, directors, partners, five percent (5%) or greater shareholders, principals, or other employee or person

substantially involved in its activities are indicted or convicted after execution of the Contract under any state or federal law of any of the following:

a. a criminal offense incident to obtaining or attempting to obtain or performing a public or private contract;

b. fraud, embezzlement, theft, bribery, forgery, falsification, or destruction of records, or receiving stolen property;

c. a criminal violation of any state or federal antitrust law;

d. violation of the Racketeer Influence and Corrupt Organization Act, 18

U.S.C. § 1961 et seq., or the Mail Fraud Act, 18 U.S.C. § 1341 et seq., for acts about the submission of bids or proposals for a public or private contract;

e. conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any statute described in subparagraph (d) above; or

f. an offense indicating a lack of business integrity that seriously and directly affects responsibility as a State vendor.

5. If the Contractor or any of its officers, directors, partners, five percent (5%) or greater shareholders, principals, or other employee or person substantially involved in its activities are subject to a judgment of civil liability under any state or federal antitrust law for acts or omissions in connection with the submission of bids or proposals for a public or private contract; or

6. If the Contractor or any of its officers, directors, partners, five percent (5%) or greater shareholders, principals, or other employee or person substantially involved in its activities makes or causes to be made any false, deceptive, or fraudulent material statement, or fail to make a required material statement in any bid, proposal, or application for State or other government work.

- v. **Basis of Settlement.** The State shall not incur or pay any further obligation pursuant to this Contract beyond the termination date set by the State in its Notice of Termination. The State shall pay for satisfactory services provided in accordance with this Contract prior to the termination date. In addition, any obligation necessarily incurred by the Contractor on account of this Contract prior to receipt of notice of termination and falling due after the termination date shall be paid by the State in accordance with the terms of this Contract. In no event, shall such obligation be construed as including any lease or other occupancy agreement, oral or written, entered into between the Contractor and its landlord.
- b. **Termination for Convenience.** The State shall have the right to terminate the Contract for convenience, by providing written notice ("Notice of Termination") according to the following procedure. The Notice of Termination shall specify the applicable provision(s) under which the Contract is terminated and the effective date of termination, which shall be not less than 10 calendar days from the date the notice is personally delivered or 15 days from the date the Notice of Termination is sent by another method. The Notice of Termination shall be personally delivered, sent by certified mail return receipt requested, or sent by fax and deposited in a post office box regularly maintained by the United States Postal Service in a postage pre-paid envelope. The basis of settlement shall be as provided for in subparagraph (iv) of paragraph (a) of subdivision (2) of this section (B), above.
- c. **Termination due to Force Majeure**
 - i. For purposes of this Contract, a force majeure event is an act or event beyond the control and without any fault or negligence of the Contractor ("Force Majeure Event"). Force Majeure Events may include, but are not limited to, fire, flood, earthquake, storm or other natural disaster, civil commotion, war, terrorism, riot, and labor disputes not brought about by any act or omission of the Contractor.
 - ii. In the event the Contractor cannot comply with the terms of the Contract (including any failure by the Contractor to make progress in the performance of the services) because of a Force Majeure Event, then the Contractor may ask the Executive Director to

excuse the nonperformance and/or terminate the Contract. If the Executive Director, in his or her reasonable discretion, determines that the Contractor cannot comply with the terms of the Contract because of a Force Majeure Event, then the Executive Director shall excuse the nonperformance and may terminate the Contract. Such a termination shall be deemed to be without cause.

- iii. If the State terminates the Contract due to a Force Majeure Event, the basis of settlement shall be as provided for in subparagraph (iv) of paragraph (a) of subdivision (2) of this section (B), above.

d. Termination due to Reductions in Federal Funding

- i. This Contract is funded in whole or in part by funds secured from the Federal government. Should the Federal government reduce or discontinue such funds, the State shall have, in its sole discretion, the right to terminate this Contract in whole or in part, or to reduce the funding and/or level of services of this Contract caused by such action by the Federal government, including, in the case of the reduction option, but not limited to, the reduction or elimination of programs, services or service components; the reduction or elimination of contract-reimbursable staff or staff-hours, and corresponding reductions in the budget of this Contract and in the total amount payable under this Contract. Any reduction in funds pursuant to this paragraph shall be accompanied by an appropriate reduction in the services performed under this Contract.
- ii. In the case of the reduction option referred to in subparagraph (i), above, any such reduction shall be effective as of the date set forth in a written notice thereof to the Contractor, which shall be not less than 30 calendar days from the date of such notice. Prior to sending such notice of reduction, the State shall advise the Contractor that such option is being exercised and afford the Contractor an opportunity to make within seven calendar days any suggestion(s) it may have as to which program(s), service(s), service component(s), staff or staff-hours might be reduced or eliminated, provided, however,

that the State shall not be bound to utilize any of the Contractor's suggestions and that the State shall have sole discretion as to how to effectuate the reductions.

- iii. If the State reduces funding pursuant to this paragraph (c), the basis of settlement shall be as provided for in subparagraph (iv) of paragraph (a) of subdivision (2) of this section (B), above.

C. **Standard Provisions.** The Contractor shall comply with, include in its subcontracts, and cause its subcontractors to comply with the following provisions, as applicable:

- (1) **Reporting.** Contractor shall be required to produce and deliver such reports relating to the services performed under the Contract as may be required by the Awarding Entity, State or any other State or Federal governmental agency with jurisdiction.
- (2) **Non-Discrimination.** Contractor shall not violate any Federal, State, or State law prohibiting discrimination concerning employment, the provision of services, and, if applicable, housing, funded by this Contract.
- (3) **Environmental Protection.** If the Contract is in excess of \$150,000, the Contractor shall comply with all applicable standards, orders, or regulations issued under the Clean Air Act (42 U.S.C. § 7401-7671q), Federal Water Pollution Control Act (33 U.S.C. §§ 1251-1387) Section 508 of the Clean Water Act (33 U.S.C. § 1368), Executive Order 11738, and Environmental Protection Agency regulations (provisions of 40 CFR Part 50 and 2 CFR Part 1532 related to the Clean Air Act and Clean Water Act). Violations must be reported to the Federal Agency and the Regional Office of the Environmental Protection Agency (EPA). The Contractor shall include this provision in all subcontracts.
- (4) **Energy Efficiency.** The Contractor shall comply with mandatory standards and policies relating to energy efficiency that are contained in the New York State energy conservation plan issued in compliance with the Energy Policy Conservation Act (Pub. L. 94-163).
- (5) **Debarment.** The Contractor certifies that neither it nor its principals is currently in a state of debarment, suspension, or other ineligible status as a result of prior performance, failure, fraud, or violation of State laws. The Contractor further certifies that neither it nor its principals are debarred, suspended, otherwise excluded from or ineligible for participation in Federal assistance programs. The State reserves the right to terminate this Contract if knowledge of debarment, suspension or other ineligibility has been withheld by the Contractor.

- (6) Byrd Anti-Lobbying Amendment (31 USC §1352). Contractor certifies that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any Federal agency, a member of Congress, officer or employee of Congress, or any employee of a member of Congress in connection with obtaining this Contract. If the Contract is \$100,000 or more, the Contractor shall disclose to the State any lobbying with non-Federal funds that took place in connection with obtaining this Contract. Each lower tier subcontractor shall make such certification and forward any required disclosures from tier to tier, up to the State as grant recipient. (Certification appears in Federal Appendix A)
- (7) Solid Waste Disposal Act. Pursuant to 2 CFR § 200.322, Contractor must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (codified at 42 USC § 6962). The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$ 10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$ 10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.
- (8) Documentation of Costs. All costs shall be supported by properly executed payrolls, time records, invoices, or vouchers, or other official documentation evidencing in proper detail the nature and propriety of the charges. All checks, payrolls, invoices, contracts, vouchers, orders or other accounting documents, pertaining in whole or in part to the Agreement, shall be clearly identified and regularly accessible.
- (9) Records Retention. The Contractor shall retain all books, documents, papers, and records relating to the services performed under the Contract for three years after final payment under the Contract is made and all other pending matters are closed.
- (10) Records Access. The Contractor shall grant access to the State, State or any other pass-through entity, the Federal Agency, Inspectors General, and/or the Comptroller General of the United States, or any of their duly authorized representatives, to any books, documents, papers, and/or records of the Contractor that are pertinent to the Contract for the purpose of making audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the Contractor's personnel for the purpose of interview and discussion related to such documents. The rights of access in this section are not limited to the required retention period but last as long as the records are retained.
- (11) Small Firms, M/WBE Firms, and Labor Surplus Area Firms. Contractor shall

take the following affirmative steps in the letting of subcontracts, if subcontracts are to be let, in order to ensure that minority firms, women's business enterprises, and labor surplus area firms are used when possible:

- a. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- b. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- c. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- d. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises; and
- e. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.

(12) Intangible Property.

- a. Pursuant to 2 CFR § 200.315(d), the Government reserves a royalty-free, non-exclusive, and irrevocable right to obtain, reproduce, publish, or otherwise use, and to authorize others to use, for Government purposes: (a) the copyright in any work developed under the Contract or subcontract; and (b) any rights of copyright to which a Contractor purchases ownership with grant support.
- b. Any reports, documents, data, photographs, deliverables, and/or other materials produced pursuant to the Contract ("Copyrightable Materials"), and any and all drafts and/or other preliminary materials in any format related to such items produced pursuant to the contract, shall upon their creation become the exclusive property of the State. The Copyrightable Materials shall be considered "work-made-for-hire" within the meaning and purview of Section 101 of the United States Copyright Act, 17 U.S.C. § 101, and the State shall be the copyright owner thereof and of all aspects, elements and components thereof in which copyright protection might exist. To the extent that the Copyrightable Materials do not qualify as "work-made-for-hire," the Contractor hereby irrevocably transfers,

assigns and conveys exclusive copyright ownership in and to the Copyrightable Materials to the State, free and clear of any liens, claims, or other encumbrances. The Contractor shall retain no copyright or intellectual property interest in the Copyrightable Materials. The Copyrightable Materials shall be used by the Contractor for no purpose other than in the performance of this Contract without the prior written permission of the State. The State may grant the Contractor a license to use the Copyrightable Materials on such terms as determined by the State and set forth in the license.

- c. The Contractor acknowledges that the State may, in its sole discretion, register copyright in the Copyrightable Materials with the United States Copyright Office or any other government agency authorized to grant copyright registrations. The Contractor shall fully cooperate in this effort, and agrees to provide any and all documentation necessary to accomplish this.
- d. The Contractor represents and warrants that the Copyrightable Materials: (i) are wholly original material not published elsewhere (except for material that is in the public domain); (ii) do not violate any copyright law; (iii) do not constitute defamation or invasion of the right of privacy or publiState; and (iv) are not an infringement, of any kind, of the rights of any third party. To the extent that the Copyrightable Materials incorporate any non-original material, the Contractor has obtained all necessary permissions and clearances, in writing, for the use of such non-original material under this Contract, copies of which shall be provided to the State upon execution of this Contract.
- e. The Contractor shall promptly and fully report to the State any discovery or invention arising out of or developed in the course of performance of this Contract and the Contractor shall promptly and fully report to the Government to make a determination as to whether patent protection on such invention shall be sought and how the rights in the invention or discovery, including rights under any patent issued thereon, shall be disposed of and administered in order to protect the public interest.
- f. If the Contractor publishes a work dealing with any aspect of performance under this Agreement, or with the results of such performance, the State shall have a royalty-free, non-exclusive irrevocable license to reproduce, publish,

or otherwise use such work for State governmental purposes.

- D. Special Provisions for Construction Contracts. If this Contract involves Construction work, design for Construction, or Construction services, all such work or services performed by the Contractor and its subcontractors shall be subject to the following requirements in addition to those set forth above in paragraphs (A), (B), and (C):

(1) Federal Labor Standards. The Contractor will comply with the following:

- a. The Davis-Bacon Act (40 U.S.C. §§ 3141-3148): If required by the federal program legislation, in Construction contracts involving an excess of \$2000, and subject to any other federal program limitations, all laborers and mechanics must be paid at a rate not less than those determined by the Secretary of Labor to be prevailing for the State, which rates are to be provided by the State. These wage rates are a federally mandated minimum only, and will be superseded by any State or State requirement mandating higher wage rates. The Contractor also agrees to comply with Department of Labor Regulations pursuant to the Davis-Bacon Act found in 29 CFR Parts 1, 3, 5 and 7 which enforce statutory labor standards provisions.
- b. If required by the federal program legislation and subject to any other federal program limitations, Sections 103 and 107 of the Contract Work Hours and Safe Standards Act (40 U.S.C. §§ 3701-3708), which provides that no laborer or mechanic shall be required or permitted to work more than eight hours in a calendar day or in excess of forty hours in any workweek, unless such laborer or mechanic is paid at an overtime rate of 1½ times his/her basic rate of pay for all hours worked in excess of these limits, under any Construction contract costing in excess of \$2000. In the event of a violation of this provision, the Contractor shall not only be liable to any affected employee for his/her unpaid wages, but shall be additionally liable to the United States for liquidated damages.
- c. The Copeland "Anti-Kickback" Act (18 U.S.C. § 874), as supplemented by the regulations contained in 29 CFR Part 3, requiring that all laborers and mechanics shall be paid unconditionally and not less often than

once a week, and prohibiting all but “permissible” salary deductions.

(2) Equal Employment Opportunity. Executive Order 11246, as amended by Executive Order

11375, and as supplemented in Department of Labor regulations (41 CFR chapter 60) for Construction contracts or subcontracts in excess of \$10,000. The Contractor shall include the notice found at FEDERAL EXHIBIT I in all Construction subcontracts. For the purposes of the Equal Opportunity Construction Contract Specifications and Clause below, the term “Construction Work” means the construction, rehabilitation, alteration, conversion, extension, demolition or repair of buildings, highways, or other changes or improvements to real property, including facilities providing utility services. The term also includes the supervision, inspection, and other onsite functions incidental to the actual construction.

Standard Federal Equal Employment Opportunity Construction Contract Specifications for Contracts and Subcontracts in Excess of \$10,000.

1. As used in these specifications:

a. “Covered area” means the geographical area described in the solicitation from which this Contract resulted;

b. “Director” means Director, Office of Federal Contract Compliance Programs, United States Department of Labor, or any person to whom the Director delegates authority;

c. “Employer identification number” means the Federal Social Security number used on the Employer’s Quarterly Federal Tax Return, U.S. Treasury Department Form 941.

d. “Minority” includes:

(i) Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

(ii) Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish Culture or origin, regardless of race);

(iii) Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

(iv) American Indian or Alaskan Native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

2. Whenever the Contractor, or any subcontractor at any tier, subcontracts a portion of the work involving any Construction trade, it shall physically include in each subcontract in excess of \$10,000 the provisions of these specifications and the Notice which contains the applicable goals for minority and female

participation and which is set forth in the solicitations from which this Contract resulted.

3. If the Contractor is participating (pursuant to 41 CFR 60-4.5) in a Hometown Plan approved by the U.S. Department of Labor in the covered area either individually or through an association, its affirmative action obligations on all work in the Plan area (including goals and timetables) shall be in accordance with that Plan for those trades which have unions participating in the Plan. Contractors must be able to demonstrate their participation in and compliance with the provisions of any such Hometown Plan. Each Contractor or subcontractor participating in an approved Plan is individually required to comply with its obligations under the EEO clause, and to make a good faith effort to achieve each goal under the Plan in each trade in which it has employees. The overall good faith performance by other Contractors or subcontractors toward a goal in an approved Plan does not excuse any covered Contractor's or subcontractor's failure to take good faith efforts to achieve the Plan goals and timetables.

4. The Contractor shall implement the specific affirmative action standards provided in paragraphs 7 a through p of these specifications. The goals set forth in the solicitation from which this Contract resulted are expressed as percentages of the total hours of employment and training of minority and female utilization the Contractor should reasonably be able to achieve in each Construction trade in which it has employees in the covered area. Covered Construction Contractors performing Construction Work in geographical areas where they do not have a Federal or federally assisted Construction contract shall apply the minority and female goals established for the geographical areas where the work is being performed. Goals are published periodically in the Federal Register in notice form, and such notices may be obtained from any Office of Federal Contract Compliance Programs office or from Federal procurement contracting officers. The Contractor is expected to make substantially uniform progress in meeting its goals in each craft during the period specified.

5. Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations under these specifications, Executive Order 11246, or the regulations promulgated pursuant thereto.

6. In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the Contractor during the training period, and the Contractor must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

7. The Contractor shall take specific affirmative actions to ensure equal employment opportunity. The evaluation of the Contractor's compliance with these specifications shall be based upon its effort to achieve maximum results

from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:

- a. Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each Construction project. The Contractor shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.
- b. Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organization's responses.
- c. Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.
- d. Provide immediate written notification to the Director when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.
- e. Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of these programs to the sources compiled under 7b above.
- f. Disseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the company newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the company EEO policy on bulletin boards accessible to all employees at each location where Construction Work is performed.
- g. Review, at least annually, the company's EEO policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination or other

employment decisions including specific review of these items with on-site supervisory personnel such as Superintendents, General Foremen, etc., prior to the initiation of Construction Work at any job site. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

h. Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and subcontractors with whom the Contractor does or anticipates doing business.

i. Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

j. Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the site and in other areas of a Contractor's work force.

k. Validate all tests and other selection requirements where there is an obligation to do so under 41 CFR Part 60-3.

l. Conduct, at least annually, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

m. Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations under these specifications are being carried out.

n. Ensure that all facilities and company activities are non-segregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

o. Document and maintain a record of all solicitations of offers for subcontracts from minority and female Construction contractors and suppliers, including circulation of solicitations to minority and female Contractor associations and other business associations.

p. Conduct a review, at least annually, of all supervisor's adherence to and performance under the Contractor's EEO policies and affirmative action obligations.

8. Contractors are encouraged to participate in voluntary associations which assist in fulfilling one or more of their affirmative action obligations (7a through p). The efforts of a Contractor association, joint Contractor-union, Contractor-community, or other similar group of which the Contractor is a member and participant, may be asserted as fulfilling any one or more of its obligations under 7a through p of these specifications provided that the Contractor actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the Program are reflected in the Contractor's minority and female work force participation, makes a good faith effort to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the Contractor. The obligation to comply, however, is the Contractor's and failure of such a group to fulfill an obligation shall not be a defense for the Contractor's noncompliance.

9. A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation of the Executive Order if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation of the Executive Order if a specific minority group of women is underutilized).

10. The Contractor shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex, or national origin.

11. The Contractor shall not enter into any Subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246 or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs.

12. The Contractor shall carry out such sanctions and penalties for violation of these specifications and of the Equal Opportunity Clause, including suspension, termination and cancellation of existing subcontracts as may be imposed or ordered pursuant to Executive Order 11246, as amended, and its implementing regulations, by the Office of Federal Contract Compliance Programs. Any Contractor who fails to carry out such sanctions and penalties shall be in violation of these specifications and Executive Order 11246, as amended.

13. The Contractor, in fulfilling its obligations under these specifications, shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph 7 of these specifications, so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the Contractor fails to comply with the requirements of the Executive Order, the

implementing regulations, or these specifications, the Director shall proceed in accordance with 41 CFR 60-4.8.

14. The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required by the Government and to keep records. Records shall at least include for each employee the name, address, telephone numbers, Construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g., mechanic, apprentice trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, Contractors shall not be required to maintain separate records.

15. Nothing herein provided shall be construed as a limitation upon the application of other laws which establish different standards of compliance or upon the application of requirements for hiring of local or other areas residents (e.g., those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

(3) (A) Equal Opportunity Clause (for contracts for Construction Work) required by 41

CFR Part 6-1.4(b).

During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive considerations for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

(3) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall

post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The Contractor will furnish all information and reports required by Executive Order

11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(B) Equal Opportunity Clause (for contracts for Construction Work) required by 41

CFR Part 6-1.4(b).

During the performance of this contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender

identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

(3) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.

(4) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(5) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(6) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(7) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures

authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(8) The Contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

E. **Rights to Inventions.** [Special Provisions For Contracts Involving Experimental, Developmental, or Research Work.]

(1) If this Contract involves the performance of experimental, developmental, or research work by the Contractor or its subcontractors, and the entity performing such work is a Nonprofit Organization or Small Business Firm as defined below, the following provisions apply in addition to those set forth above in paragraphs (A), (B), and (C), unless the Contract specifically states that this provision is superseded:

a. **Definitions.** The following definitions apply to this section (D).

- i. "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code, or any novel variety of plant which is or may be protected under the Plant Variety Protection Act (7 U.S.C. § 2321 et seq.).
- ii. "Subject invention" means any invention of the Contractor conceived or first actually reduced to practice in the performance of work under this Contract, provided that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act, 7 U.S.C. 2401(d)) must also occur during the period of Contract performance.

- iii. "Practical Application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or government regulations, available to the public on reasonable terms.
 - iv. "Made" when used in relation to any invention means the conception or first actual reduction to practice of such invention.
 - v. "Small Business Firm" means a small business concern as defined at section 2 of Pub. L. 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standards for small business concerns involved in government procurement and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, will be used.
 - vi. "Nonprofit Organization" means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (25 U.S.C. 501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.
- b. Allocation of Principal Rights. The Contractor may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the Contractor retains title, the Federal government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.
- c. Invention Disclosure, Election of Title and Filing of Patent Application by Contractor.

- i. The Contractor will disclose each subject invention to

the State and the Federal Agency within two months after the inventor discloses it in writing to Contractor personnel responsible for patent matters. Such disclosure shall be in the form of a written report and shall identify the contract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding to the extent known at the time of the disclosure, of the nature, purpose, operation, and the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after such disclosure, the Contractor will promptly notify the State and the Federal Agency of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the Contractor.

- ii. The Contractor will elect in writing whether or not to retain title to any such invention by notifying the State and the Federal Agency within two years of disclosure to the State and the Federal Agency. However, in any case where publication, on sale or public use has initiated the one year statutory period wherein valid patent protection can still be obtained in the United States, the period for election of title may be shortened by the Federal Agency to a date that is no more than 60 days prior to the end of the statutory period.
- iii. The Contractor will file its initial patent application on a subject invention to which it elects to retain title within one year after election of title or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The Contractor will file patent

applications in additional countries or international patent offices within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Executive Director of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

- iv. Requests for extension of the time for disclosure, election, and filing under subparagraphs (1), (2), and (3) may be granted at the discretion of the Federal Agency.

d. Conditions When the Government May Obtain Title

The Contractor will convey to the Federal Agency, upon written request, title to any subject invention --

- i. If the Contractor fails to disclose or elect title to the subject invention within the times specified in (c), above, or elects not to retain title; provided that the Federal Agency may only request title within 60 calendar days after learning of the failure of the Contractor to disclose or elect within the specified times.
- ii. In those countries in which the Contractor fails to file patent applications within the times specified in (c) above; provided, however, that if the Contractor has filed a patent application in a country after the times specified in (c) above, but prior to its receipt of the written request of the Federal Agency, the Contractor shall continue to retain title in that country.
- iii. In any country in which the Contractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding on, a patent on a subject invention.

e. Minimum Rights to Contractor and Protection of the Contractor

Right to
File

- i. The Contractor will retain a nonexclusive royalty-free license throughout the world in each subject

invention to which the Government obtains title, except if the Contractor fails to disclose the invention within the times specified in (c), above. The Contractor's license extends to its domestic subsidiary and affiliates, if any, within the corporate structure of which the Contractor is

a party and includes the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the Contract was awarded. The license is transferable only with the approval of the Federal Agency except when transferred to the successor of that party of the Contractor's business to which the invention pertains.

- ii. The Contractor's domestic license may be revoked or modified by the funding Federal Agency to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions at 37 CFR Part 404 and agency licensing regulations (if any). This license will not be revoked in that field of use or the geographical areas in which the Contractor has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of the funding Federal Agency to the extent the Contractor, its licensees, or the domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.
- iii. Before revocation or modification of the license, the funding Federal Agency will furnish the Contractor a written notice of its intention to revoke or modify the license, and the Contractor will be allowed thirty calendar days (or such other time as may be authorized by the funding Federal Agency for good cause shown by the Contractor) after the notice to show cause why the license should not be revoked or modified. The Contractor has the right to appeal, in accordance with applicable regulations in 37 CFR Part 404 and Federal Agency regulations (if any) concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of the license.

f. Contractor Action to Protect the Government's Interest

- i. The Contractor agrees to execute or to have executed and promptly deliver to the Federal Agency all instruments necessary to (i) establish or confirm the rights the Government has throughout the world in those subject inventions to which the Contractor elects to retain title, and (ii) convey title to the Federal Agency when requested under paragraph (d) above and to enable the Government to obtain patent protection throughout the world in that subject invention.
- ii. The Contractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Contractor each subject invention made under contract in order that the Contractor can comply with the disclosure provisions of paragraph (c), above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. This disclosure format should require, as a minimum, the information required by (c)(1), above. The Contractor shall instruct such employees through employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.
- iii. The Contractor will notify the Federal Agency of any decisions not to continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than thirty calendar days before the expiration of the response period required by the relevant patent office.
- iv. The Contractor agrees to include, within the specification of any United States patent applications and any patent issuing thereon

covering a subject invention, the following statement, "This invention was made with government support under (identify the contract) awarded by (identify the Federal Agency). The government has certain rights in the invention."

g.

Subcontracts

- i. The Contractor will include this clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental or research work to be performed by a small business firm or domestic nonprofit organization. The subcontractor will retain all rights provided for the Contractor in this clause, and the Contractor will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions.
 - ii. The Contractor will include in all other subcontracts, regardless of tier, for experimental developmental or research work the patent rights clause required by 2 CFR § 200.315(c) and Appendix II to 2 CFR Part 200.
- h. Reporting on Utilization of Subject Inventions. The Contractor agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the Contractor or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Contractor, and such other data and information as the Federal Agency may reasonably specify. The Contractor also agrees to provide additional reports as may be requested by the Federal Agency in connection with any march-in proceeding undertaken by the Federal Agency in accordance with paragraph (j) of this clause. As required by 35 U.S.C. § 202(c)(5), the Federal Agency agrees it will not disclose such information to persons outside the Government without permission of the Contractor.
- i. Preference for United States Industry. Notwithstanding any other provision of this clause, the Contractor agrees that neither it nor any assignee will grant to any person the

exclusive right to use or sell any subject inventions in the United States unless such person agrees that any products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by the Federal Agency upon a showing by the Contractor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

- j. **March-in Rights.** The Contractor agrees that with respect to any subject invention in which it has acquired title, the Federal Agency has the right in accordance with the procedures in 37 CFR § 401.6 and any supplemental regulations of the Federal Agency to require the Contractor, an assignee or exclusive licensee of a subject invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the Contractor, assignee, or exclusive licensee refuses such a request the Federal Agency has the right to grant such a license itself if the Federal Agency determines that:
 - i. Such action is necessary because the Contractor or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use.
 - ii. Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Contractor, assignee or their licensees;
 - iii. Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Contractor, assignee or licensees; or
 - iv. Such action is necessary because the agreement required by paragraph (i) of this clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject

invention in the United States is in breach of such agreement.

k. Special Provisions for Contracts with Nonprofit Organizations.

If the Contractor is a nonprofit organization, it agrees that:

- i. Rights to a subject invention in the United States may not be assigned without the approval of the Federal Agency, except where such assignment is made to an organization which has as one of its primary functions the management of inventions, provided that such assignee will be subject to the same provisions as the Contractor;
- ii. The Contractor will share royalties collected on a subject invention with the inventor, including Federal employee co-inventors (when the Federal Agency deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. § 202(e) and 37 CFR § 401.10
;
- iii. The balance of any royalties or income earned by the Contractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, will be utilized for the support of scientific research or education; and
- iv. It will make efforts that are reasonable under the circumstances to attract licensees of subject invention that are Small Business Firms and that it will give a preference to a Small Business Firm when licensing a subject invention if the Contractor determines that the Small Business Firm has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to practical application as any plans or proposals from applicants that are not Small Business Firms; provided, that the Contractor is also satisfied that the Small Business Firm has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the Contractor. However, the Contractor agrees that the

Secretary may review the Contractor's licensing program and decisions regarding Small Business Firm applicants, and the Contractor will negotiate changes to its licensing policies, procedures, or practices with the Secretary when the Secretary's review discloses that the Contractor could take reasonable steps to implement more effectively the requirements of this paragraph (k)(iv).

- I. Communication. The central point of contact at the Federal Agency for communications on matters relating to this clause may be obtained from the State upon request.

RECEIVED

JAN 02 2018

Certification Regarding Lobbying

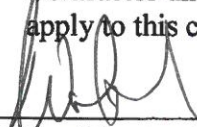
WV DEVELOPMENT OFFICE

The undersigned Contractor certifies, to the best of his or her knowledge, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an 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.
2. 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, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language 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.

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 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). 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.

The Contractor, APPALACHIA SERVICE PROJECT certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. § 3801 et seq., apply to this certification and disclosure, if any.



Signature of Contractor's Authorized Official

WALTER CAOUIT, PRESIDENT/CEO

Name and Title of Contractor's Authorized Official

12/27/17

Date

EXHIBIT B
(PROPOSAL)



**PROPOSAL TO PROVIDE POST-DISASTER
RESIDENTIAL PROPERTY
RECONSTRUCTION SERVICES FOR THE
UP-TO-CODE HOUSING RESTORATION
PROGRAM AND WEST VIRGINIA RENTAL
ASSISTANCE PROGRAM**

Appalachia Service Project Headquarters
4523 Bristol Highway
Johnson City, TN 37601
(423) 854-8800
www.asphome.org

Appalachia Service Project WV Office
201 Kanawha Ave., Rainelle, WV 25962
P.O. Box 743, Rainelle, WV 25962
(423) 946-5006



warmer safer drier

June 21, 2017

West Virginia Development Office
Community Advancement and Development Division
Rise West Virginia CDBG-DR Housing Reconstruction Program
Attn: Sheila Hannah
900 Washington St E # 553
Charleston, WV 25305

Re: Solicitation No. DEV1700000005, Cover Letter

To the West Virginia Development Office:

Appalachia Service Project is pleased to submit this proposal to participate in the Rise West Virginia CDBG-DR Housing Reconstruction Program. Appalachia Service Project is a 49-year-old volunteer service organization that performs housing repair and reconstruction work for low-income families in central Appalachia. ASP will build about 75 new homes and repair over 600 homes this year, performed by a permanent staff of 59, temporary summer staff of 197 and a volunteer work force of over 16,000. ASP's service area covers five states (West Virginia, Kentucky, North Carolina, Tennessee, Virginia) and is currently operating in 28 different communities.

ASP is already part of the long-term flood recovery and rebuild effort in Greenbrier and Nicholas counties. We framed the first home in Rainelle in mid-September 2016, dedicated it one month later as one of the first new homes completed after the flood, and are now nearing completion of 33 homes with another 19 units under construction, while also performing 13 major repairs in this short nine-month period. Much of our work has been in ASP's Rebuilding Rainelle effort working in cooperation with the town of Rainelle and Mayor Andy Pendleton. Eighteen of our flood-recovery homes have been constructed with Neighbors Loving Neighbors as a funding partner.

The home we propose to build is similar to the homes we are now building in Greenbrier and Nicholas counties (see attached photos). It is a 912 sq. ft. base model that serves both our 3 bedroom 2 bathroom and 2 bedroom 2 bathroom homes. In the attached floor plan, we simply

Appalachia Service Project
4523 Bristol Highway
Johnson City, TN 37601
(423) 854-8800 Phone
(423) 854-9771 Fax
www.ASPHome.org

leave out the rear bedroom wall towards the kitchen to create a separate dining area in our two-bedroom model. We have found this method to be highly efficient as all material orders and construction approach are the same for every house. As a result, our two-bedroom home is only minimally less expensive than our three-bedroom home. This is the approach we have used in Rebuilding Rainelle with great success.

We would like to be considered as a grantee for all of Greenbrier County and southern Nicholas County (Richwood area) and would be open to work in northern Nicholas, Summers and Fayette as well. We see our capacity for this program being around new 50 homes a year and would be able to perform at that level immediately. We would consider a larger area and capacity once we understand the flow of work and payments as part of this program.

Thank you for your consideration of this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read 'Walter Crouch', with a long horizontal flourish extending to the right.

Walter Crouch
President & CEO
Appalachia Service Project

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REQUIRED WVDO FORMS

Supporting Documents for Required WVDO Forms

- Addendum Acknowledgment Form
- Certification Regarding Lobbying
- Purchasing Affidavit
- Vendor Preference Certificate

ADDENDUM ACKNOWLEDGEMENT FORM

SOLICITATION NO.:

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification. Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- ☒ Addendum No. 1
- ☐ Addendum No. 2
- ☐ Addendum No. 3
- ☐ Addendum No. 4
- ☐ Addendum No. 5

- ☐ Addendum No. 6
- ☐ Addendum No. 7
- ☐ Addendum No. 8
- ☐ Addendum No. 9
- ☐ Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Appalachia Service Project
Company

[Signature]
Authorized Signature

6-21-17
Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.

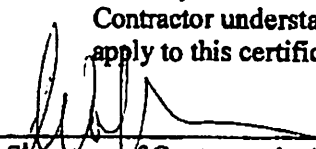
Certification Regarding Lobbying

The undersigned Contractor certifies, to the best of his or her knowledge, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an 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.
2. 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, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language 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.

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 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). 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.

The Contractor, Appalachia Service Project certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. § 3801 et seq., apply to this certification and disclosure, if any.



Signature of Contractor's Authorized Official

Walter Crouch, CEO

Name and Title of Contractor's Authorized Official

6-21-17

Date

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Appalachia Service Project

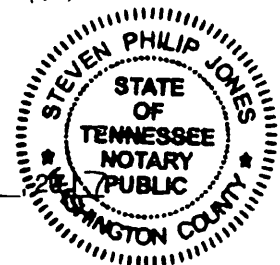
Authorized Signature: [Signature] Date: 6/21/17

State of Tennessee

County of Washington, to-wit:

Taken, subscribed, and sworn to before me this 21 day of June

My Commission expires March 3, 2021.



AFFIX SEAL HERE

NOTARY PUBLIC

[Signature]

Purchasing Affidavit (Revised 08/01/2015)

State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application is hereby made for Preference in accordance with **West Virginia Code**, §5A-3-37. (Does not apply to construction contracts). **West Virginia Code**, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the **West Virginia Code**. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

1. ☐ **Application is made for 2.5% vendor preference for the reason checked:**
☐ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; or,
☐ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification;
☐ Bidder is a resident vendor partnership, association, or corporation with at least eighty percent of ownership interest of bidder held by another entity that meets the applicable four year residency requirement; or,
☐ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; or,
2. ☐ **Application is made for 2.5% vendor preference for the reason checked:**
☐ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; or,
3. ☐ **Application is made for 2.5% vendor preference for the reason checked:**
☐ Bidder is a nonresident vendor that employs a minimum of one hundred state residents, or a nonresident vendor which has an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia and employs a minimum of one hundred state residents, and for purposes of producing or distributing the commodities or completing the project which is the subject of the bidder's bid and continuously over the entire term of the project, on average at least seventy-five percent of the bidder's employees or the bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years and the vendor's bid; or,
4. ☐ **Application is made for 5% vendor preference for the reason checked:**
☐ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; or,
5. ☐ **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**
☐ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; or,
6. ☐ **Application is made for 3.5% vendor preference who is a veteran for the reason checked:**
☐ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.
7. ☐ **Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with West Virginia Code §5A-3-59 and West Virginia Code of State Rules.**
☐ Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) rescind the contract or purchase order; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Appalachia Service Project

Signed: [Signature]

Date: 6-21-17

Title: CEO

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive.

MANAGEMENT SUMMARY

Appalachia Service Project is a non-profit organization committed to the elimination of substandard housing in central Appalachia. We believe that adequate and affordable housing is a major factor that allows families to overcome poverty. We serve low-income families with the goal of making their residences warmer, safer, and drier. If a family's home is beyond reasonable repair, we build modest new homes at no financial burden to the homeowners. Since we are a non-profit, we are mission rather than profit driven. As such, the wellbeing and needs of our client families are our first priority. This overriding philosophy is why we are already doing long-term recovery rebuilds in West Virginia and interested in this opportunity so we can continue building homes for families in need. In disaster recovery efforts, our goal is to shorten the time as much as possible between the disaster and the family returning to a new or repaired home.

ASP is also committed to buying materials and hiring subcontractors locally as much as possible. With this project, we will also hire and train local workers as needed for the completion of the project as supplemented by our volunteer force and partner agencies. We are non-discriminatory in our hiring practices.

PROPOSAL

SERVICE DELIVERY PLAN

Staffing Plan

ASP's staffing plan includes the following positions:

- WV Flood Recovery Coordinator
 - Main responsibilities: Oversight of all flood recovery efforts in West Virginia including both home repair and home replacement programs. Maintain successful partnerships with other service organizations, VOADs, governmental agencies and other community contacts. Ensure compliance with all standards of: home selection, project excellence, volunteer and homeowner interaction, paperwork/record keeping, financial controls and office/facility upkeep. Manage staff. Ensure budget and project schedule are under control. Our WV Flood Recovery Coordinator is certified in Mold Remediation and will manage environmental mitigation projects when applicable.
- Construction Superintendent
 - Main responsibilities: Logistical oversight of new home building- secure permits and general conditions, site preparation, schedule adherence, budget management, material ordering, delivery and inventory control, quality control/code compliance, hiring and oversight of subcontractors, ongoing evaluation of subcontractor performance, safety enforcement.
- 2-3 Skilled Trades People/Carpenters (ASP plans to recruit from local handy-people and provide on-the-job training.)
 - Main responsibilities: Ensure quality and safe work from volunteer crews on site. Perform physical labor on sites. Deliver materials, tools and equipment as needed.
- Four ASP Fellows (Fellows commit to a year-long assignment to carry out the logistics of program management within a given service area.)
 - Center Director
 - Finance Coordinator
 - Case Manager/Volunteer Coordinator
 - Operations Coordinator
- Involvement of various volunteers (See details in narrative below)

With the exception of the 2-3 Skilled Trades People/Carpenters, this team is currently in place. ASP has constructed nearly 33 homes in the last nine months, and we have already identified and trained these staff. Most key subcontractors are also already in place, but would be supplemented as necessary to meet the needs of the workflow at any given time.

ASP plans to advertise locally and leverage our community contacts to identify qualified local candidates to fill the tradesperson/carpenter positions. When possible, minorities and candidates from low-income communities will be given preference. These individuals will be trained by the Construction Superintendent, who already has 9 months' previous experience with

Appalachia Service Project. These positions will be filled as necessitated by workflow, likely in August or September.

In addition to the key positions listed above, ASP mobilizes volunteers throughout the year to assist with construction and repairs. Depending on the volunteers' level of skill, they are assigned to an appropriate project with supervision by ASP staff. We have been partnering with crews from Christian Aid Ministries, Southern Baptist Disaster Relief, and a variety of church groups from across the country who travel to West Virginia to serve with ASP. So far, ASP has deployed approximately 1,350 volunteers to assist our flood recovery efforts in West Virginia. Volunteers traveling to the area are housed by ASP at Highland Church of God and Sewell Baptist Church, located in Rainelle.

Work crews typically vary in size from one group to the next and based on the work to be performed. Depending on the skill level of the volunteers, ASP limits the number of volunteers at any given time to provide appropriate supervision by ASP staff and ensure safety and quality. A typical framing crew consists of anywhere between six and fifteen volunteers. As construction progresses, crew sizes are adjusted to suit the given project. We estimate that ASP has worked with more than 100 work crews in the past nine months. While a few crews volunteer on an ongoing basis, many others come for a week at a time. Groups are recruited and scheduled to match the flow of work and number of houses underway.

The staff at ASP's Headquarters in Johnson City, TN supports all field operations with: volunteer recruitment and placement, program marketing, financial reporting and oversight, business regulation compliance and fleet and warehouse supplies.

Scheduling and Deployment Plan

ASP will target the completion of 50 new homes within 12 months. ASP plans to schedule the start of 4-5 homes per month and complete each project within 60 days. Construction will include work on up to 9 units' worth of "Work in Progress" at any given time.

Work will be completed by a combination of volunteer and subcontracted labor. Assignment of work scope will depend on the skill and availability of volunteers. Generally, volunteers are involved in: framing, drying -in, finishes, flooring, paint, trim work, some sitework/landscaping, porches and ramps. Subcontractors are hired for licensed and skilled-trade work.

We believe, based on our experience doing flood recovery to date, that we are well equipped to perform at this level. All staff except for two of the full-time Skilled Trades/Carpenters are in place and able to begin execution of program logistics and construction immediately. If awarded this contract, we will hire and train additional carpenters in July and August.

Most subcontractors are also already in place and have been working with ASP on a similar floorplan for the last nine months. In July we will release a request for bids on additional homes and increase our subcontractor pool as needed. Placement of staff and subcontractors requires no delay in work schedule.

Construction on homes will take an average of 60 days. Please refer to the proposed project schedule for details.

Quality Assurance Plan

Appalachia Service Project (ASP) recognizes that effective quality systems are essential when providing high-quality, cost-effective services to the families we serve. Management is totally committed to providing new home construction services that comply fully with the specifications and expectations of our valued clients and donors. Therefore, it is the policy of ASP to adhere to this Quality Assurance Plan (QA) and to ensure that the requirements of this plan and our clients are met on each and every project we execute.

I. Purchasing and Material Control

- a. **MATERIAL CERTIFICATION:** The Construction Superintendent shall ensure that all materials and equipment (either purchased or donated) are verified, stored, and maintained until incorporation into the work. Any such items that are damaged or otherwise unsuitable for use shall be removed from the project.
- b. **GENERAL PURCHASING REQUIREMENTS:** The Construction Superintendent has the overall responsibility to ensure that all materials and services purchased are in accordance with the established QA procedures, the project specifications, and drawings.
- c. **MAINTENANCE OF PURCHASING DATA:** All purchasing documents shall contain data clearly describing the material or service ordered, including, where applicable: the type, class, style, grade, or other precise identification of items purchased. All receipts will be classified appropriately for record keeping of all project expenses
- d. **INVENTORY:** The Construction Superintendent has the overall responsibility to ensure inventory control, delivery verification and material storage/security.
- e. **ENERGY EFFICIENCY:** Whenever possible, ASP will follow US Department of Energy guidelines for home energy professionals

II. Subcontractors and Suppliers

- a. **SUBCONTRACTING REQUIREMENTS:** All subcontractors shall be selected on the basis of their ability to meet subcontract requirements, including established quality requirements. ASP qualifies subcontractors used and keeps records of licenses, proof of insurances/bonding, and IRS paperwork as needed. The selection of subcontractors, and the type and extent of control exercised by the Construction Superintendent shall be dependent upon the type of service, client requirements, and, where appropriate, on records of subcontractors' previously demonstrated capability and performance. The Construction Superintendent shall ensure that applicable QA procedures are followed by all subcontractors performing services for ASP.

III. Supervision and Inspection

- a. **BEFORE CONSTRUCTION:** Staff and volunteers should periodically inspect all materials, tools and equipment to ensure conformance with the project requirements before it is released for use in construction.
- b. **DURING CONSTRUCTION:** During actual construction of a project, the Construction Superintendent shall ensure that:
 - i. All work will be performed in accordance with all applicable state and local codes and requirements, HUD requirements, and safety guidelines.
 - ii. Any nonconforming work is identified and corrected.
 - iii. All required inspections have been completed and necessary reports have been received and verified before the finished work is released to the homeowner.
 - iv. Sites are visited by Staff on a regular basis to assure that quality and safety standards are being upheld

IV. Document Control

- a. **HOMEOWNER RELATED DOCUMENTS:** A file will be kept for every homeowner selected for home repair or new home construction. This file shall contain the homeowner application and supporting documentation, signed copies of any agreements and any other pertinent information. The Center Director is ultimately responsible for ensuring accurate and up-to-date homeowner files.
- b. **PROJECT RELATED DOCUMENTS:** Upon selection, each project is assigned a project number and the Staff establishes a project job file along with the homeowner file. This file shall contain a complete set of all project related contract documents, specifications, drawings, etc.
- c. **PROJECT REPORTING:** ASP will utilize online project report tools as required by grant administrators.

Safety Record

Because of our use of volunteers on-site, ASP is not required to abide by OSHA worksite regulations. At this time, ASP does not complete OSHA Form 300; however, we do track all incidents of injury or illness. If an accident involving injury happens to a volunteer, staff member, or homeowner, an ASP staff member is responsible for contacting ASP's Director of Human Resources to provide a description of the incident. In addition, the staff member fills out an Accident/Incident Report which is signed by the affected person and emailed to ASP's Director of Human Resources, the Chief Ministries Officer, and the Home Repair Coordinator/Safety & Quality Assurance Officer. The incident is then logged and ASP follows up with the affected person as needed.

During our summer program during 2016, the time during which ASP sees the highest number of volunteers, ASP recorded 25 injuries that occurred at the construction site. Most of these were cuts or minor injuries that occurred while using hand tools. The total number of work-

hours during this same period was 462,560. Many of the volunteers on ASP projects as a whole are unskilled and under the age of 18, which likely influences the rate of illness and injury. However, volunteers assigned to work on new construction projects are typically skilled crews of adult volunteers with high levels of experience.

A copy of the Employee Accident Log for incidents between 1/1/2016 and 6/22/2017 has been attached to this proposal. Although ASP is not currently required to abide by OSHA regulations, we are willing to adopt OSHA methods for recording work-related injuries and illnesses if required as a condition of being awarded this bid.

Customer Service Plan

ASP strives to provide the highest quality customer service to all who come in contact with the ministry. As for the homeowners who receive our services, the following are in place:

- Volunteers and staff choose to work with ASP because they want to be part of the process of improving lives and rebuilding communities. This emotional investment is visible in both the quality of their work and in their interactions with homeowners.
- ASP will maintain a physical office presence within reasonable distance of any service areas. ASP will also maintain and publicize a phone number and email address for communication during business hours.
- Each homeowner will be connected with a designated Case Manager who will usher the homeowner through the application, paperwork and construction process.
- Whenever possible, homeowners are given the opportunity to select siding, roof and paint color. Depending on the site logistics and needs of a family, the homeowner will also have input into lot configuration and floorplan preference.
- ASP provides homeowners with clear work agreements and will sign off on all work. ASP will also provide a 1-year warranty period during which homeowners are welcome to contact their assigned case manager about any issues that may arise.

Financial and Materials Tracking and Reporting Process

Appalachia Service Project utilizes a financial tracking system which combines an online Excel-based financial transaction tracking program, "Finance Accelerator," with our online banking system through the Bank of Tennessee. Each individual construction project is assigned to one of ASP's field centers based on project geography and the staff at that individual field center are responsible for project management- all WV flood recovery project budgeting will be tracked by ASP's Finance Coordinator in Rainelle, WV.

At each ASP field center, the Finance Coordinator is responsible for entering daily activity into Finance Accelerator and ensuring that all purchases are classified into the correct category; all transactions are categorized by the individual home that the materials have been purchased for, and then are further broken down into general construction categories. The Finance Coordinator has an assigned accounting department liaison, who tracks daily activity on the bank website and reconciles all transactions to the entries and accounting distributions already entered into

the Finance Accelerator system by the Finance Coordinator. Any missing transactions or discrepancies are addressed and rectified as soon as possible. Individual receipts are submitted to the corporate headquarters office weekly, and verified by the responsible accounting department liaisons. All field centers' bank accounts are reconciled monthly.

Construction costs are broken down into general construction categories and reconciled to the general ledger on a weekly basis, at which time a report is provided to management and to the responsible staff, which allows ASP to compare current cost accounting to the overall budget and to other home costs on an ongoing basis. After a Certificate of Occupancy is issued for the home, the home's cost is moved to Cost of Goods Sold.

Monthly financial statements are produced from the Great Plains general ledger system and are reviewed by all levels of management, including comparison to budget and prior years' financial statements.

Purchasing Process

ASP staff and management seek competitive pricing on all materials and services; staff typically obtain price lists from local hardware stores and compare prices to ensure that resources are being used effectively. Furthermore, ASP works to create partnerships with other large suppliers to provide discounts on bulk materials. For example, ASP's partnership with Mullican flooring has allowed the organization to save thousands of dollars on engineered wood flooring. When possible, preference will be given to local vendors.

When selecting subcontractors, ASP emphasizes the importance of supporting and affirming local businesses. As a result, ASP frequently employs small-business owners who live in the community in order to ensure that in low-income communities, the external benefits of ASP's work remain local. Consequently, ASP has already developed close partnerships with a number of local subcontractors who operate in Greenbrier and Nicholas county. Due to the volume of work that ASP is able to provide to a small subcontractor, ASP is often able to secure lower prices for the services performed. Nonetheless, ASP only employs subcontractors who are licensed to work in the area and provide General Liability Insurance, as well as Worker's Compensation insurance.

Purchases of materials require the authorization by signature of a Director within the organization, and all receipts received are checked for this authorization. Any purchase that exceeds \$3,000 requires the additional authorization of the CEO or Executive Vice-President. Dual signatures are required on all checks or ACH payments issued by the corporation. Materials on hand at fiscal year-end are inventoried and recorded.

Procedure for Change Orders

Any revisions to the contract documents shall be date stamped on the date received and reviewed by the Construction Superintendent for any possible impact to the project. All changes after contract award shall be properly documented and any associated addition or deduction to the contract price or project schedule shall be immediately identified and submitted to the Construction Superintendent (and homeowner if needed) for approval. Any field changes to the work shall be notated properly in the project job folder. All changes that affect work scope, specifications, price or schedule must be in writing and approved by both ASP staff and the contractor.

PROPOSAL

STATEMENT OF QUALIFICATIONS

Appalachia Service Project was founded in 1969. We currently have 59 full-time employees and 197 seasonal summer staff members. ASP's corporate headquarters are located in Johnson City, TN, and we also operate 28 field centers. While many of these centers are operational only during the summer, ASP has permanent locations in Tennessee, Kentucky, Virginia, and West Virginia.

The focal point of ASP's operation is low-income families in need of home repair or replacement; since 1969, ASP has repaired nearly 18,000 homes and constructed approximately 150 new homes. Since the fall of 2016, ASP has worked to rebuild homes for low-income families who lost their homes as the result of the June 23, 2016 flood in West Virginia. ASP broke ground on the first new home September 15, 2016, and since then, 33 homes have been completed or are nearing completion and 19 are currently in process.

ASP has a history of providing quality homes to families who have survived natural disasters. In 2012, ASP spearheaded the construction of new homes following a localized flood in Johnson City, TN. Since this time, shrinking the time between the disaster and the family returning to a new or repaired home has become a part of ASP's mission. In November, 2017, ASP became the first nonprofit organization to complete a new home for a flood survivor in West Virginia.

ASP's commitment to delivering a quality product in the shortest amount of time possible sets the organization apart. Because we are mission-based, not profit-based, ASP's staff and volunteers want to be part of the process of improving lives and rebuilding communities. This emotional investment is visible in both the quality of their work and in their interactions with homeowners.

PROPOSAL

PRICING

Please see Attachment 1 in Proposal Supporting Documents.

Residential Property Reconstruction	Fixed-Fee Proposed
<i>2 Bedroom/2 Bathroom Configuration</i>	
Turnkey Price	\$88,950.00
ADA Modification (includes ramp & interior modifications)	\$7,500.00
Structural Elevation (per 8 inches)	\$600.00
<i>3 Bedroom/2 Bathroom Configuration</i>	
Turnkey Price	\$89,950.00
ADA Modification (includes ramp & interior modifications)	\$7,500.00
Structural Elevation (per 8 inches)	\$600.00

Supporting Documents for Proposal

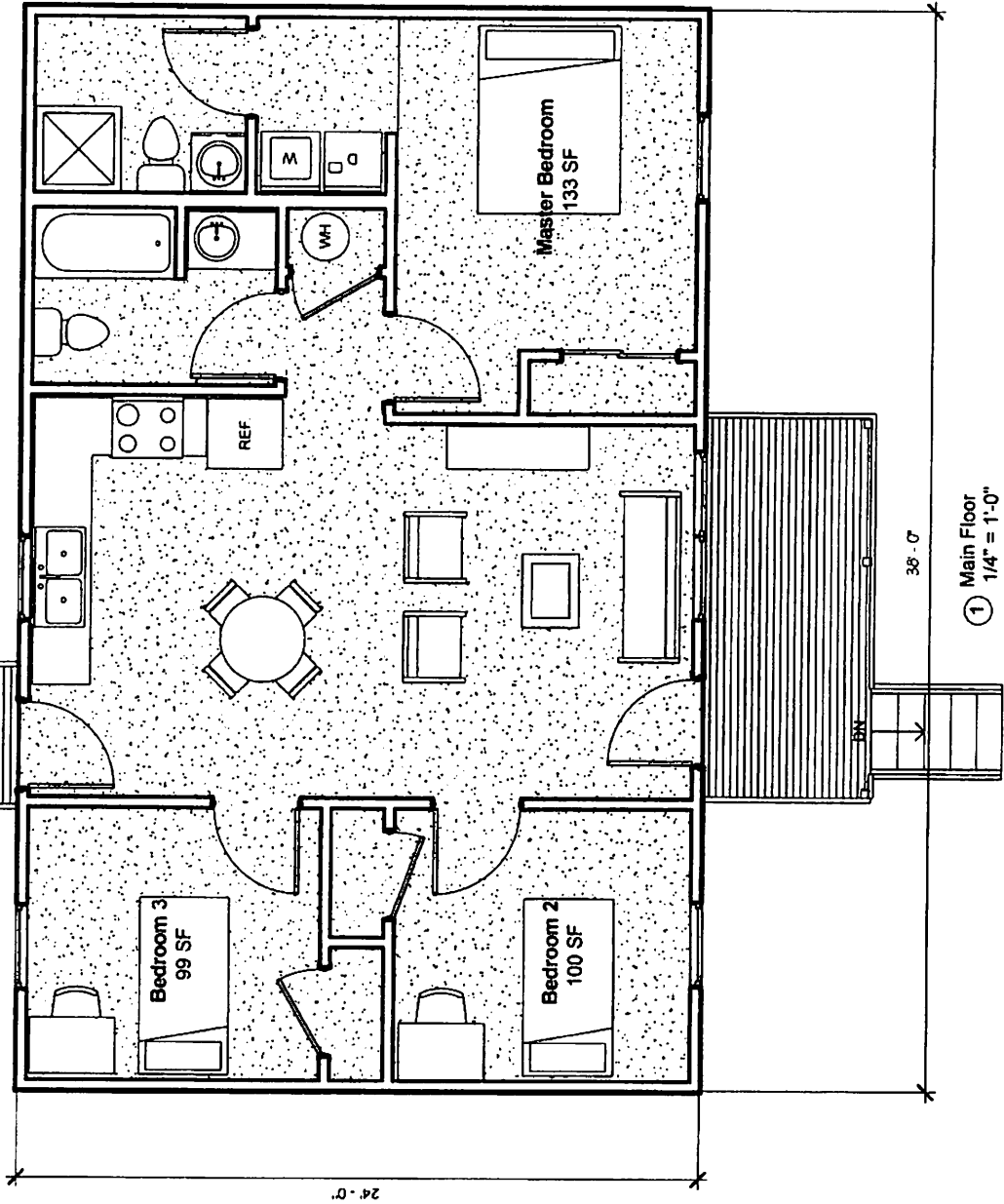
- Attachment 1- Pricing
- Floor Plans
- Project Timeline
- Employee Accident Log

Attachment 1

Residential Property Reconstruction Pricing Template

PRICE PROPOSAL

Residential Property Reconstruction	Fixed-Fee Proposed
<i>2 Bedroom/2 Bathroom Configuration</i>	
Turnkey Price	\$88,950.00
ADA Modification (includes ramp & interior modifications)	\$7,500.00
Structural Elevation (per 8 inches)	\$600.00
<i>3 Bedroom/2 Bathroom Configuration</i>	
Turnkey Price	\$89,950.00
ADA Modification (includes ramp & interior modifications)	\$7,500.00
Structural Elevation (per 8 inches)	\$600.00



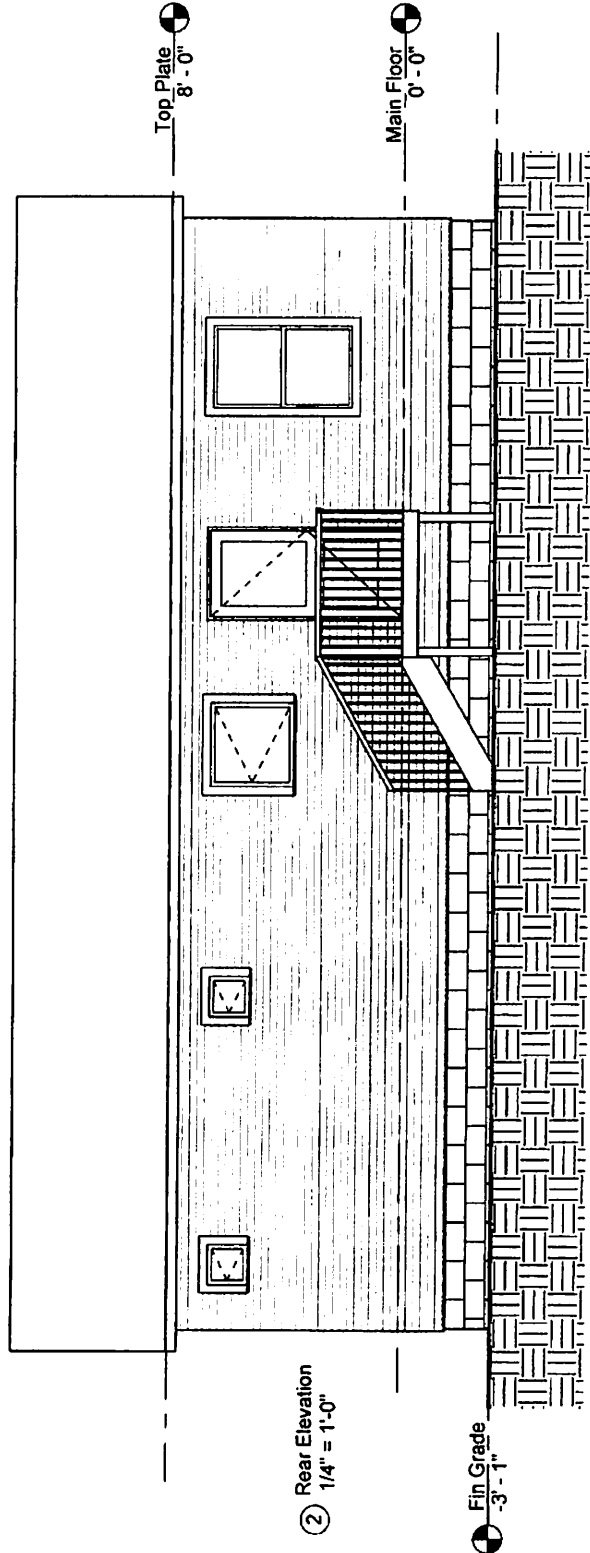
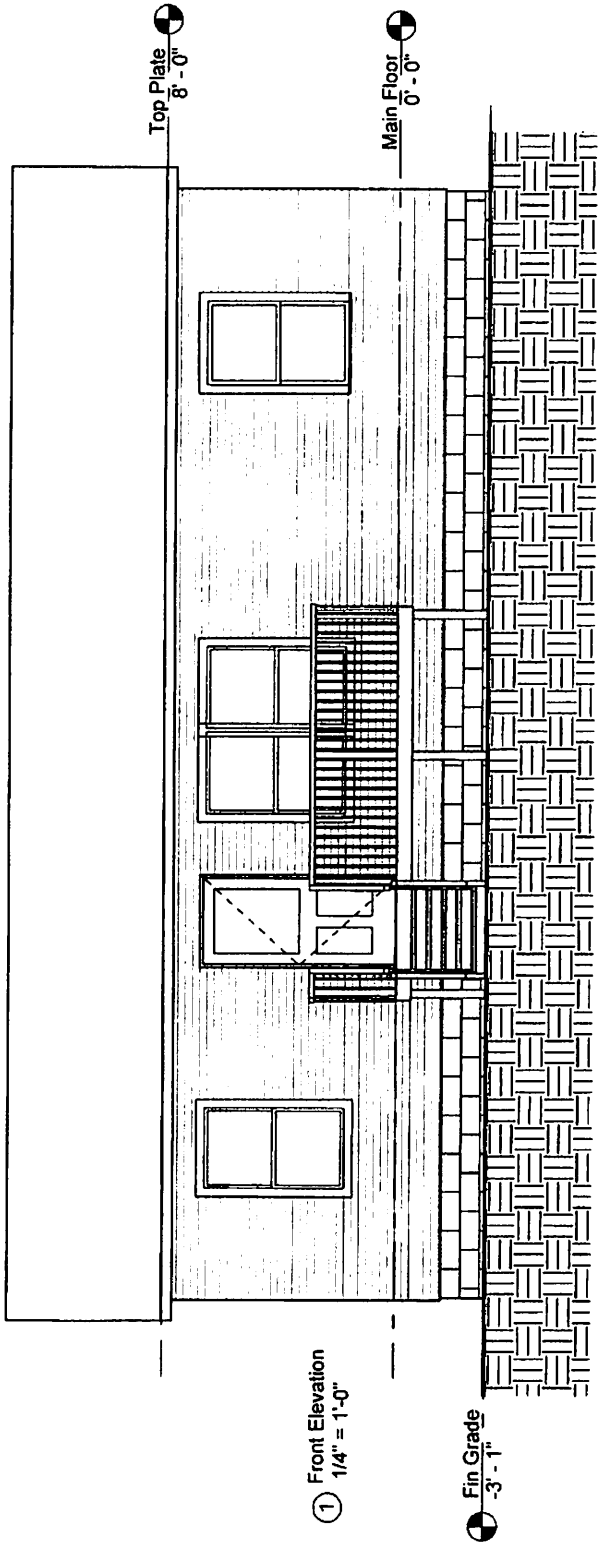
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Checked by: [blank]
Project: [blank]

JOHN JAY CRANDALL, AIA, LLC
Architecture - Project Management - Development

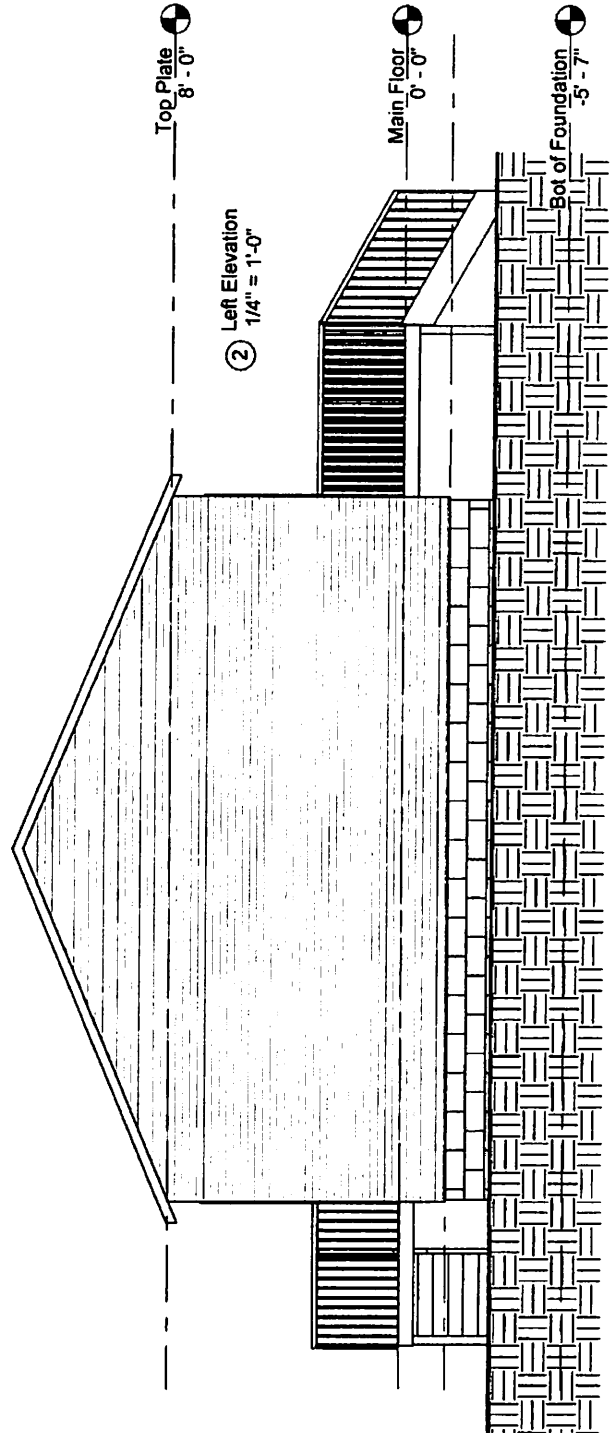
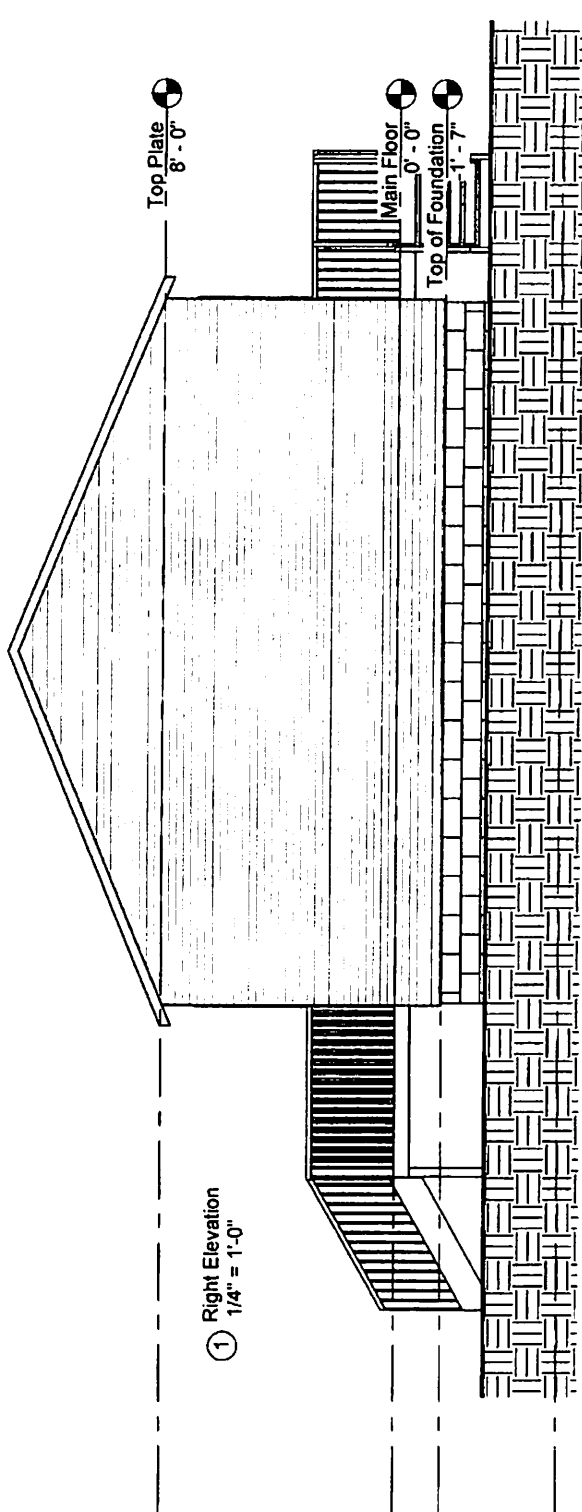
Designed by: [blank]
Drawn by: JJC
Checked by: WPC

Prototype Home
3 Bedroom
2 Bath

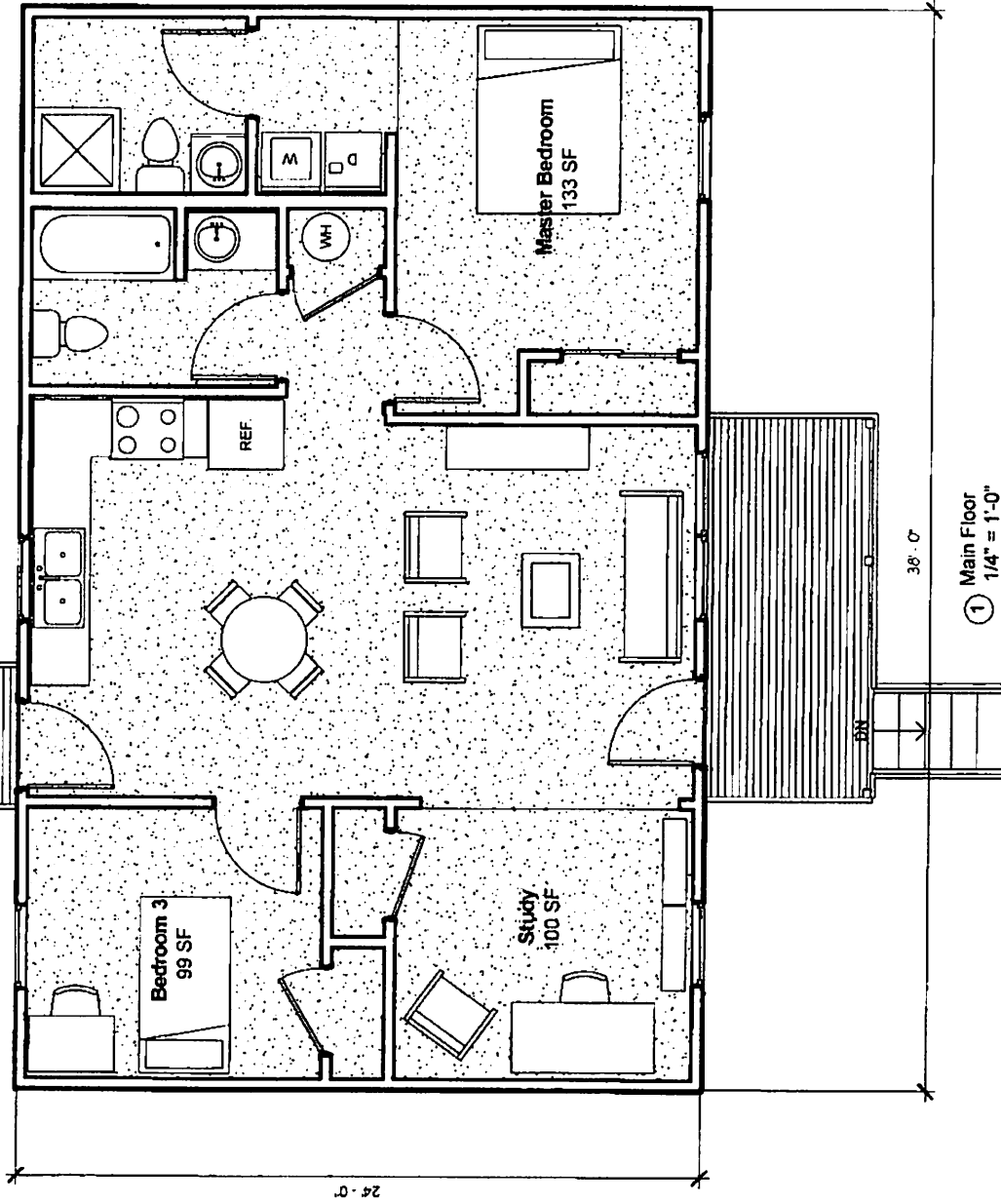
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Title: [blank]



JOHN JAY CRANDALL, AIA, LLC Architect - Project Management - Development	
11 Woodland Drive New Smyrna FL 34959-5634	813.441.1117 Fax: 813.441.1117
Prototype Home 3 Bedroom 2 Bath	
Date: 06/21/17 Scale: 1/4" = 1'-0" Project: 17-019 Author: JJC Check by: JJC	A2

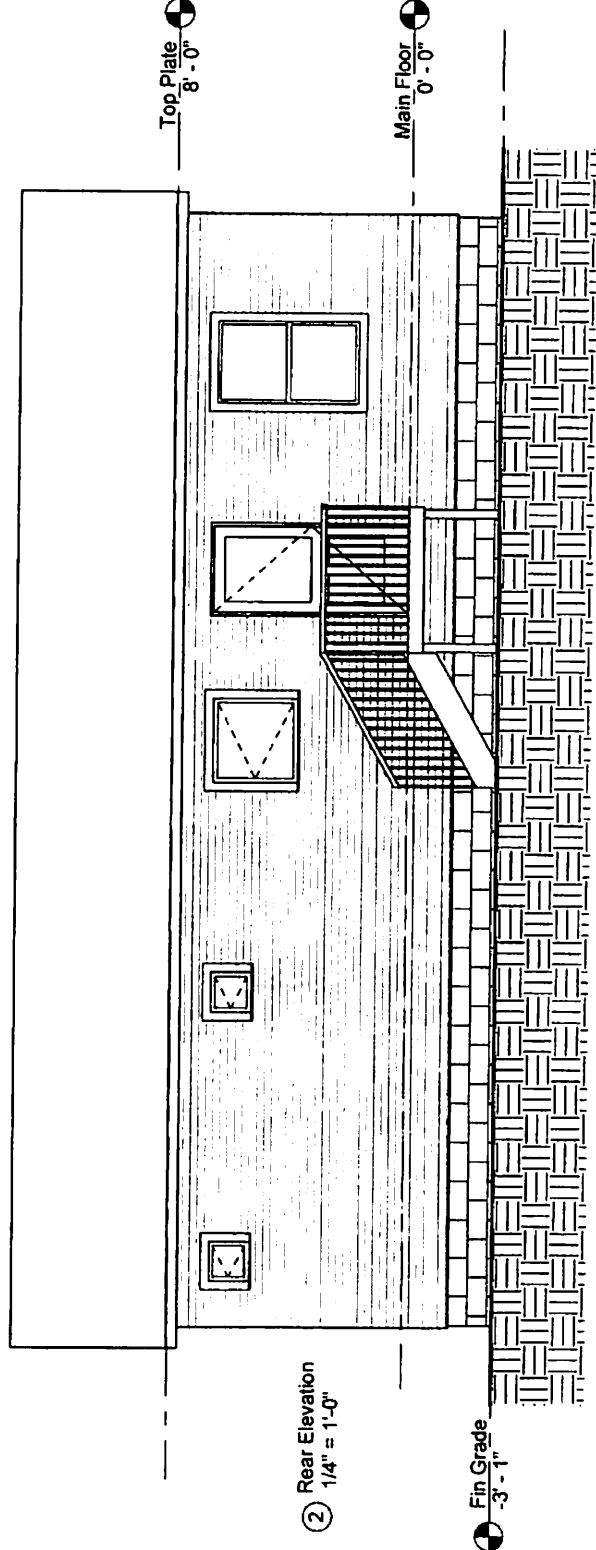
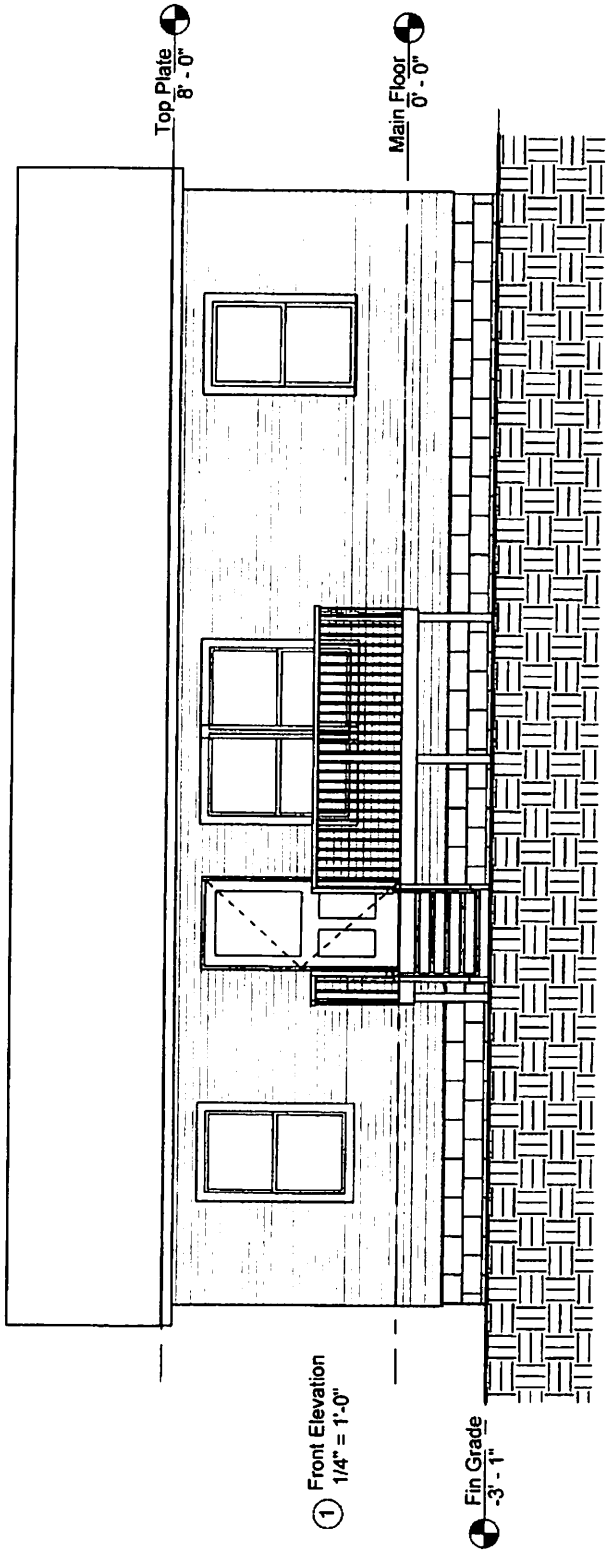


Project	Prototype Home
Architect	JOHN JAY CRANDALL, AIA, LLC
Architect - Project Management - Development	
Contract Date	06/22/17
Architect's License No.	17-019
Architect's License State	WV
Architect's License Expiration	12/31/2019
Architect's License Renewal	12/31/2019
Architect's License Status	Active
Architect's License Type	Professional
Architect's License Category	Architecture
Architect's License Subcategory	Residential
Architect's License Subcategory	Single-Family
Architect's License Subcategory	Multi-Family
Architect's License Subcategory	Commercial
Architect's License Subcategory	Industrial
Architect's License Subcategory	Marine
Architect's License Subcategory	Transportation
Architect's License Subcategory	Utility
Architect's License Subcategory	Other
Architect's License Subcategory	None



① Main Floor
1/4" = 1'-0"

Project: Prototype Home 2 Bedroom 2 Bath	
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Client: JOHN JAY CRANDALL, AIA, LLC. Architects: Project Management, Development Designer: John Jay Crandall, AIA, LLC Date: 10/1/11	



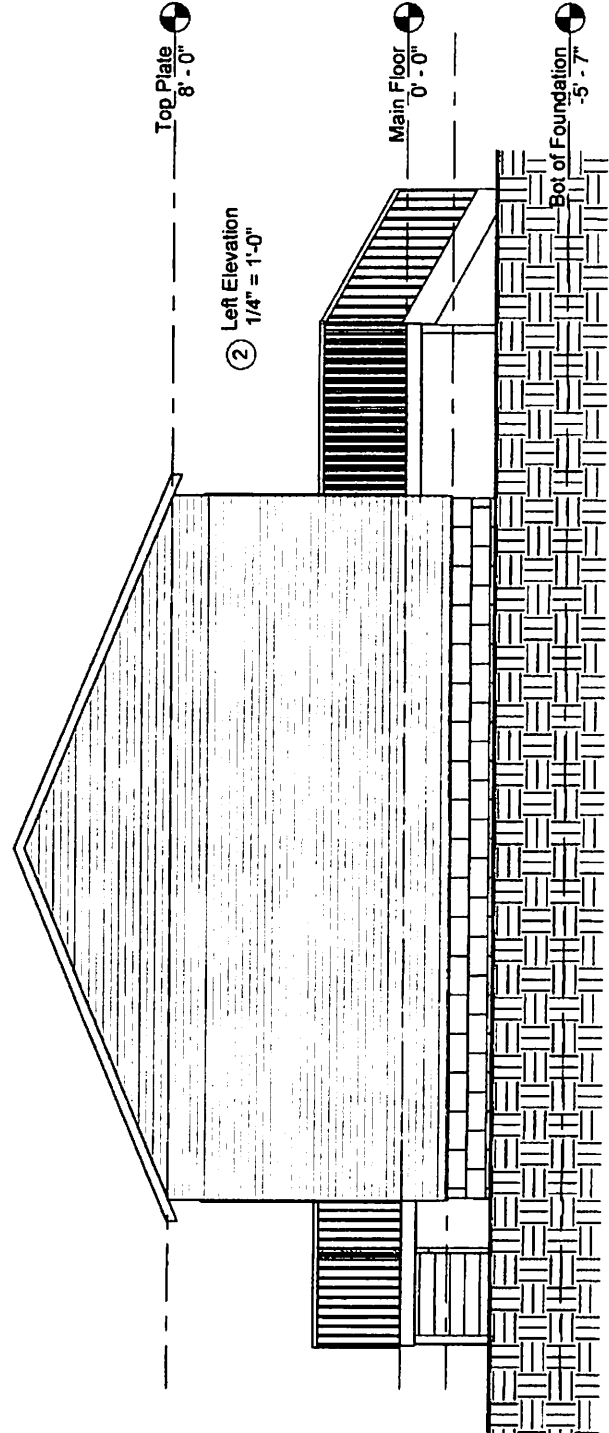
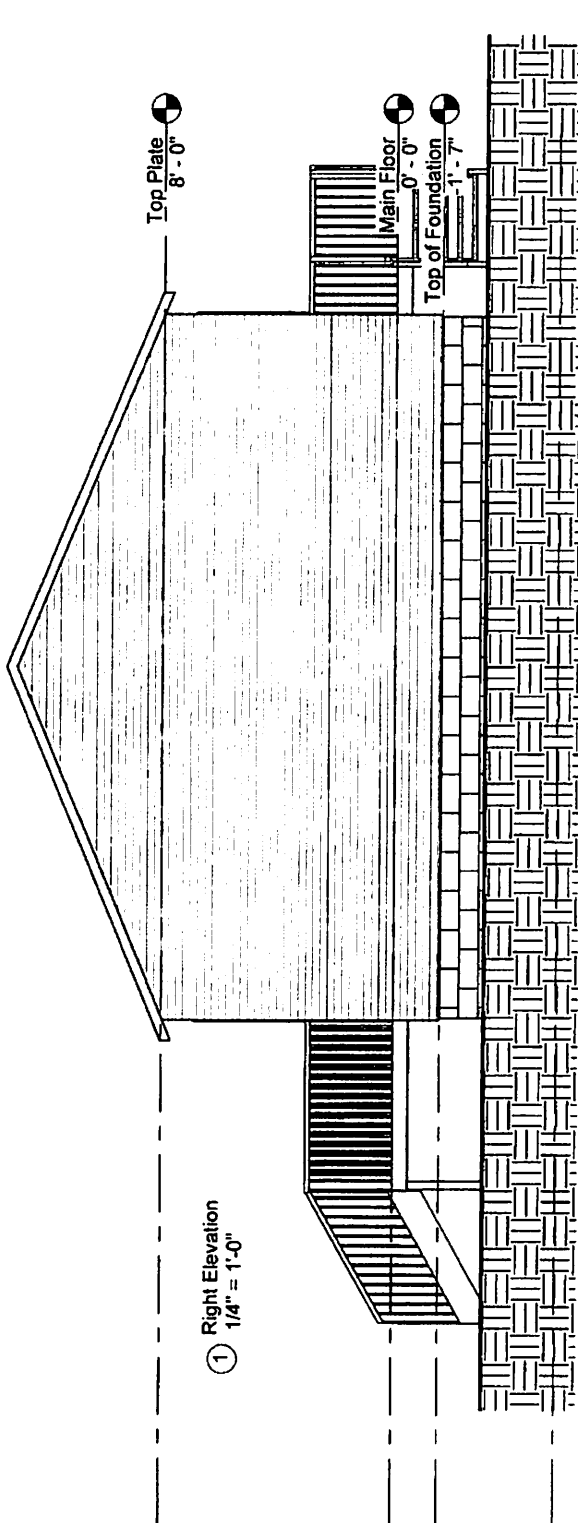
Project	06/21/17
Author	1/4" = 1'-0"
Check by	17-021
Drawn by	October

**Prototype Home
2 Bedroom
2 Bath**

A2

JOHN JAY CRANDALL AIA, LLC
Architect - Project Management - Development

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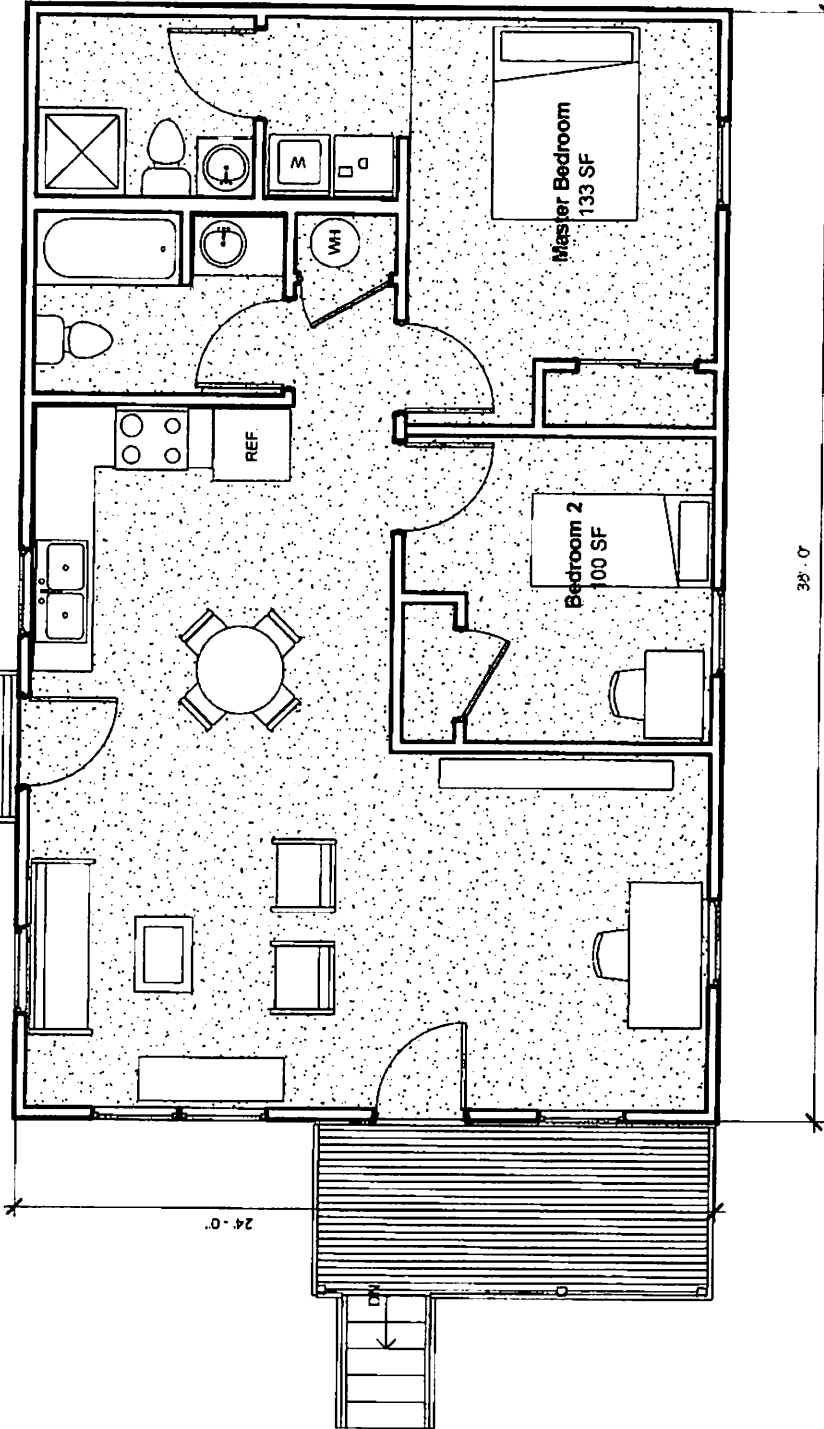
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JOHN JAY CRANDALL, AIA, LLC
Architecture • Project Management • Development

Project: Prototype Home
2 Bedroom
2 Bath

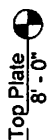
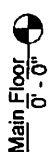
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Author: J.C.
Job Number: 17-024
Checker: C.C.

A3



① Main Floor
1/4" = 1'-0"

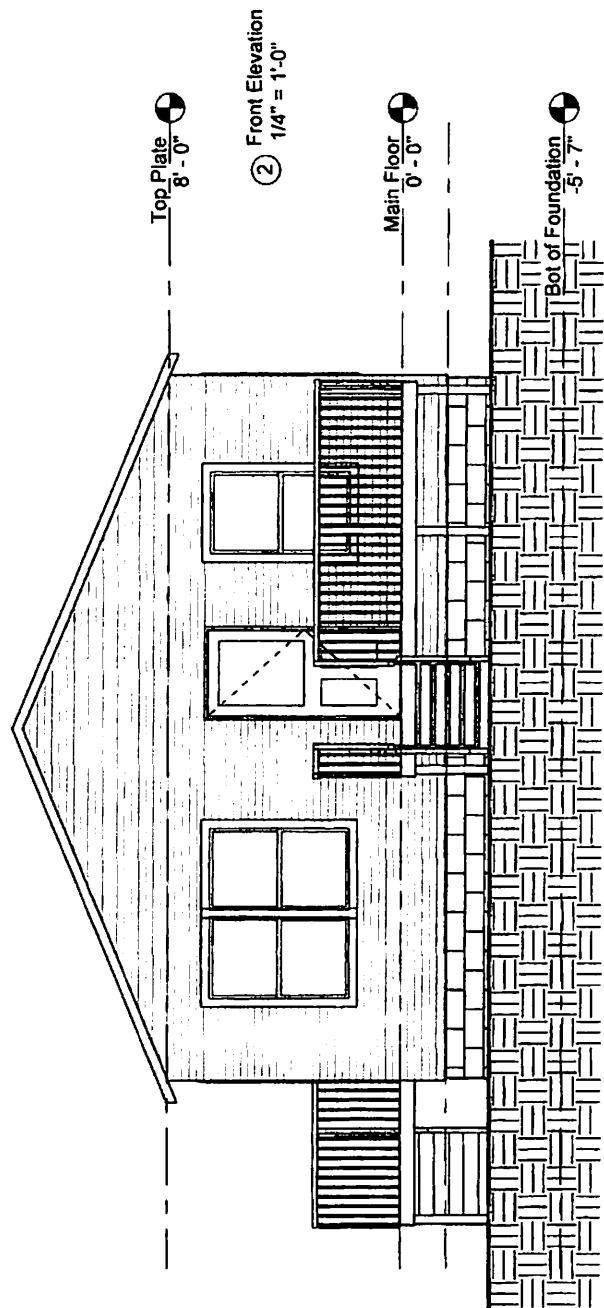
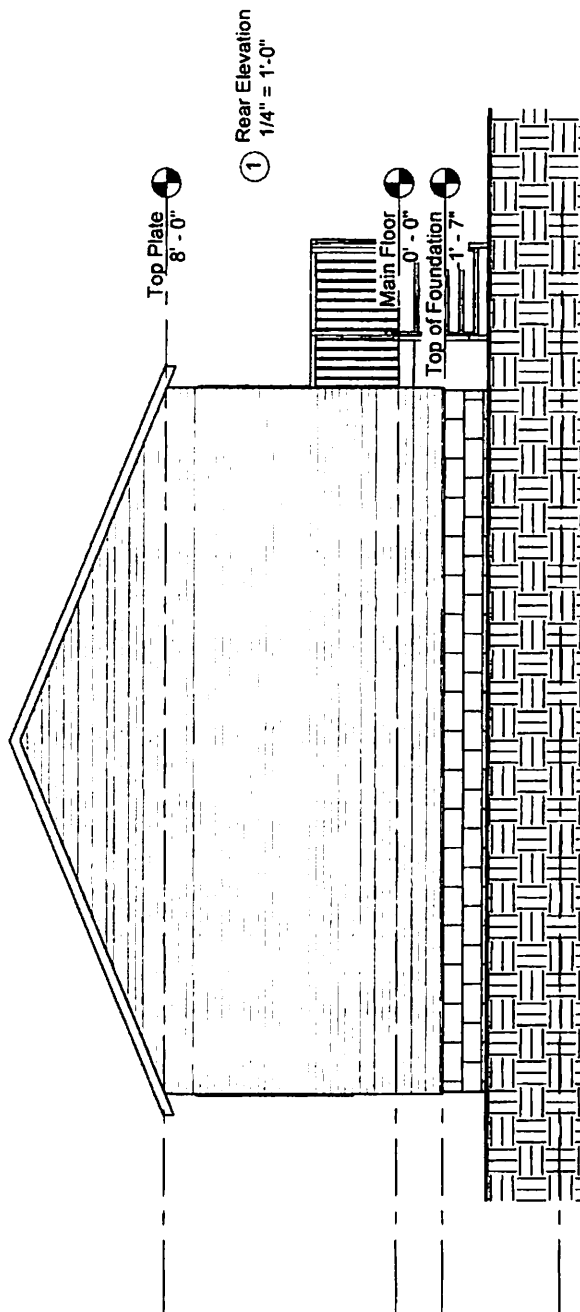
Architect	JOHN JAY CRANDALL, AIA, LLC
Project Manager	Development
Client	Appalachia Service Project
Address	912 SF UNIT N
City	Appalachia
State	NC
Zip	28607
Phone	704-251-1607
Fax	704-251-1607
Project	Prototype Home
Bedrooms	2
Bathrooms	2
Garage	0
Other	
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Sheet	A1



11/ Main Floor

Date	06/21/17
Time	14:00
Author	
Number	17-020

A2



Proposed Project Schedule

Num	Task	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6	Wk 7	Wk 8	Wk 9
1	Contracts									
1.1	- Homeowner Qualification									
1.2	- Confirm Lot Ownership and Paperwork Compliance									
1.3	- Construction/Work Agreement Signed									
1.4	- Supply Plans and Specifications									
1.5	- Supply Other Contracts and Grant Documentation									
2	- DRAW #1- 25% of Project Costs									
3	Document Review & Revision									
3.1	- Review & Finalize Plans									
3.2	- Review & Finalize Specifications									
3.3	- Review & Finalize Site Plan									
3.4	- Print Construction Drawings									
4	Bids & Contracts (most contracts will be pre-bid by floor plan)									
4.1	- Distribute Plans & Specifications									
4.2	- Receive Bids									
4.2	- Review Bids									
4.4	- Execute Subcontractor Agreements									
5	Site Prep and Building Permits									
5.1	- Stake lot									
5.2	- Obtain Building Permit									
5.3	- Post Lot Identification									
5.4	- Install Construction Entrance and Temp Power (as needed)									
6	Site Work									
6.1	- Clear and grade lot									
6.2	- Excavate for foundation									
7	Foundation									
7.1	- Dig Footings & Install Reinforcing									
7.2	- Footing Inspection									
7.3	- Pour footings									
7.4	- Stock Block, Mortar, Sand									
7.5	- Build Block Foundation									
7.7	- Fill Block Cores w/ Concrete									
7.8	- Set Lintels, Bolts, Cap Block									
7.9	- Lumber Delivery									
7.10	- Waterproofing and Drain Tile									
8	Rough Carpentry									

2016-2017 Employee Accidents/Injuries

Name of Employee	Center	Serious	Date	Nature of Injury/Accident	Action Taken
Lindsey Chandler	Johnson County, TN	No	6/15/16	Was stung by bee on left shoulder at worksite. Had allergic reaction	Went to ER, given bendryl and prescription for 2 epi pens. \$500+ I okayed with Amelia Moulder.
Maddie Lancaster	Nicholas, WV	No	6/22/16	Matt Headland called to report that Maddie Lancaster, while at the landfill, had a piece of lumber dropped on the top of her left foot. She is in a lot of pain	Took her to Summerville Medical Center to be checked. Matt will call me later with results. It was either a fracture or contusion. Stay off of foot for 2 days. Elevate and Ice. Given crutches and brace.
Rachel Fowler	Washington, TN	No	7/6/16	While unloading dump, stepped on a nail. Went through her boot and punctured (right) foot. SIT, Mary Catherine, took her to Johnson City Medical Center ER.	Received tetanus shot, x-rayed to see if any debris – none. Cleaned and dressed wound. Was prescribed Ciprofloxacin for infection. I met her at the hospital and paid the \$400+ with credit card (w/40% discount). Told her to use center debit card to purchase her medication.
Josh McClenny	Jonesville, VA	No	8/29/16	While conducting a site visit, Josh was bitten by the homeowner's dog on his left hand. He said it was a small bite mark but did draw a small amount of blood.	Homeowner said dog has had his rabies shot and will provide proof tomorrow for Josh. Josh cleaned the wound and will watch it for redness or pain. W.comp claim- had to have rabies shots as owner could not provide proof of shots for dog.
Nick Esposito	Guyan Valley, WV	No	9/27/16	Cut middle finger of left hand down to the bone.	Paige LaBue took him to the ER for stitches.
Lukas Ray	Greenbrier, WV	No	Sept.	Stepped on nail.	Injury cleaned at hospital

CORPORATE EXPERIENCE AND CAPACITY

Appalachia Service Project was founded in 1969, and has been incorporated since June, 1976 in Tennessee. We currently have 59 full-time employees and 197 seasonal summer staff members. ASP's corporate headquarters are located in Johnson City, TN, and we also operate 28 field centers. While many of these centers are operational only during the summer, ASP has permanent locations in Tennessee, Kentucky, Virginia, and West Virginia.

The focal point of ASP's operation is low-income families in need of home repair or replacement; since 1969, ASP has repaired nearly 18,000 homes and constructed approximately 150 new homes. Since the fall of 2016, ASP has worked to rebuild homes for low-income families who lost their homes as the result of the June 23, 2016 flood in West Virginia. ASP broke ground on the first new home September 15, 2016, and since then, 33 homes have been completed or are nearing completion and 19 are currently in process.

ASP is well capitalized, has a strong balance sheet and income statement with unused lines of credit totaling \$650,000, with the capacity to increase these lines if necessary. Between 2005 and 2015, ASP received approximately \$3.3 million in earmarks from HUD to repair low income housing in Tennessee, Kentucky, Virginia, and West Virginia, and has complied with all grant requirement. ASP also has experience working with funding awarded by the Federal Home Loan Banks in both Cincinnati and Pittsburgh, as well as the Tennessee Housing Development Authority. In our work with these funding sources, ASP has complied with all grant and reporting requirements. There are no pending liens or judgements against ASP. Our most recent audit is attached and we are happy to provide 2017 information if needed.

ASP's operating budget for 2016 was \$8,672,649, not including the value of volunteer labor to the organization. As a result, our capacity is well beyond the scope of work suggested by the operating budget. In 2016, the value of volunteer labor performed by ASP volunteers was \$12,254,381. Based on the value of volunteer hours and our annual operating budget, our capacity is comparable to an organization with an annual budget of \$20,927,030. Appalachia Service Project is not currently debarred from submitting proposals for contracts, nor have we been the subject of any complaints of disciplinary action.

At this time, ASP has the capacity to complete 50 homes per year, including the entire scope of reconstruction work identified by the WVDO as set forth by the *Request for Proposals To Provide Post-Disaster Residential Property Reconstruction Services For the Up-to-Code Housing Restoration Program and West Virginia Rental Assistance Program*. At our current capacity, ASP can carry approximately 4-9 homes at any point in time.

ASP's current work does not necessitate performance and payment bonds, but we are willing and able to obtain them. Please refer to supporting documents section for a letter from our insurer. As a 501 c 3 organization we are exempt from tax bonding.

Description of Similar Services

New Build Washington County (2012-2013)

Mayor Dan Eldridge
Washington County, Tennessee
(423) 753-1666

Damon Allen
Senior Vice President, FHLB Cincinnati
(513) 852-7512

New Build Washington County was ASP's disaster response to a localized flood in Washington County, known as the Dry Creek Flood. In a 43-week period, ASP constructed 25 new homes and 15 major renovation projects. As the disaster was not officially declared by FEMA, ASP partnered with the Federal Home Loan Bank of Cincinnati, the Tennessee Housing Development Agency, and Washington County, TN to provide homes and major repairs at no cost to the recipients.

"Rebuild Rainelle" Initiative (September, 2016 – Present)

Mayor Andrea Pendleton
Town of Rainelle, West Virginia
(304) 667-9233

Rebuilding Rainelle is ASP's long-term recovery effort currently underway in Greenbrier and Nicholas Counties. In the last nine months, 45 homes have been completed or are at various stages of construction. Thirteen major repairs projects have also been completed. While the majority of these homes have been constructed in the Meadow River Valley (Western Greenbrier County), ASP has also completed 5 homes in Richwood, WV (Nicholas County) and has begun work in Eastern Greenbrier County.

Sevier County, TN Wildfire Recovery Effort (2017-Present)

Mayor Larry Watters
Sevier County, Tennessee
(865) 453-6136

Don Watt
Director, Tennessee Housing Development Agency
(615) 815-2032

ASP has committed to building 25 homes for low-income families who lost theirs in the November 28, 2016 wildfires. We started this project two months ago and are nearing the completion of our first home with three others currently under construction.

Supporting Documents for Corporate Experience and Capacity

- **Proof of Insurance**
- **Bonding Capacity**
- **West Virginia Certificate of Authorization**
- **Financial Report**
- **Non-debarment Statement**
- **Statement of No Complaint**



APPAL-8

OP ID: AD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

06/22/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Johnson City Wofford Brothers Insurance Agency 3201 Bristol Highway Johnson City, TN 37601 Mark Sizemore		CONTACT NAME: Angle Dotson PHONE (A/C No, Ext): 423-282-3111 FAX (A/C, No): 423-282-3667 E-MAIL ADDRESS: adotson@jcwbins.com															
INSURED Appalachia Service Project, Inc 4523 Bristol Highway Johnson City, TN 37601		<table border="1"><thead><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A : Philadelphia Insurance Co.</td><td></td></tr><tr><td>INSURER B : Cherokee Insurance Company</td><td>10642</td></tr><tr><td>INSURER C : Scottsdale Insurance Company</td><td></td></tr><tr><td>INSURER D : Travelers</td><td>19046</td></tr><tr><td>INSURER E :</td><td></td></tr><tr><td>INSURER F :</td><td></td></tr></tbody></table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Philadelphia Insurance Co.		INSURER B : Cherokee Insurance Company	10642	INSURER C : Scottsdale Insurance Company		INSURER D : Travelers	19046	INSURER E :		INSURER F :	
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INSURER D : Travelers	19046																
INSURER E :																	
INSURER F :																	

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURED	SUBROGATION	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR ☒ Professional Liab GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☒ PRO-JECT ☒ LOC ☐ OTHER	X	X	PHPK1593853	01/04/2017	01/04/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. \$ 1,000,000
A	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO ALL OWNED AUTOS ☒ HIRED AUTOS ☐ SCHEDULED AUTOS NON-OWNED AUTOS	X	X	PHPK1593853	01/04/2017	01/04/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ -0-	X	X	PHUB568344	01/04/2017	01/04/2018	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N ☐	N/A	WC 180079	07/01/2016	07/01/2017	☒ PER STATUTE ☐ OTH-ER E L EACH ACCIDENT \$ 1,000,000 E L DISEASE - EA EMPLOYEE \$ 1,000,000 E L DISEASE - POLICY LIMIT \$ 1,000,000
A	Fidelity			PHPK1593853	01/04/2017	01/04/2018	Limit 100,000
D	XS Fidelity			105999777	01/04/2017	01/04/2018	Limit 900,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Rise West Virginia CDBG-DR Housing Reconstruction Program
30 Day Notice of Cancellation or material change in coverage applies to all lines of insurance coverage

CERTIFICATE HOLDER

CANCELLATION

WESTVAD

West Virginia
Development Office - WVDO
Attn: Shella L. Hannah

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

June 22, 2017

West Virginia Development Office
Attn: Shelia L. Hannah

Re: Rise West Virginia CDBG-DR Housing Reconstruction Program - Appalachia Service Project, Inc.
Bondability Letter

Appalachia Service Project, Inc. is currently bonded by Philadelphia Indemnity Insurance Company, and is an account in good standing. Philadelphia Indemnity Insurance Company is rated by A.M. Best as "A++" (Superior) and "XV" financial size. Philadelphia Indemnity Insurance Company is admitted to conduct Surety business throughout the United States with an underwriting limitation of \$204,752,000 assigned by the US Department of the Treasury.

We would favorably consider bonding individual projects of \$5,000,000 and an aggregate work program of \$8,000,000 for Appalachia Service Project, Inc.

We will consider specific requests for surety bonds based on our underwriting evaluation at the time of the request. Our underwriting evaluation includes our satisfactory review of contract terms and conditions and bond forms, verification of project financing, appropriate financial information as well as other underwriting conditions which may exist at the time of the request. Any request for bonds is a matter between Appalachia Service Project, Inc. and Philadelphia Indemnity Insurance Company, and Philadelphia Indemnity Insurance Company assumes no liability to any party by providing this letter.

Philadelphia Indemnity Insurance Company

Brian K. Noonan, Attorney-In-Fact



Certificate

*I, Mac Warner, Secretary of State of the
State of West Virginia, hereby certify that*

APPALACHIA SERVICE PROJECT, INC.

a corporation formed under the laws of Tennessee filed an application to be registered as a foreign corporation authorizing it to transact business in West Virginia. The application was found to conform to law and a "Certificate of Authority" was issued by the West Virginia Secretary of State on December 15, 1986.

I further certify that the corporation has not been revoked by the State of West Virginia nor has a Certificate of Withdrawal been issued to the corporation by the West Virginia Secretary of State.

Accordingly, I hereby issue this

CERTIFICATE OF AUTHORIZATION



*Given under my hand and the
Great Seal of the State of
West Virginia on this day of
June 21, 2017*

Mac Warner

Secretary of State

APPALACHIA SERVICE PROJECT, INC.

FINANCIAL REPORT

DECEMBER 31, 2016

APPALACHIA SERVICE PROJECT, INC.

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EDWARDS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Appalachia Service Project, Inc.
Johnson City, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Appalachia Service Project, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Appalachia Service Project, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

— *Your Success is Our Focus*

513 State Street • Bristol, VA 24201 • 276-669-6171 • 276-466-5248 • Fax 276-669-5802 • 276-466-9241 • www.BIPCpas.com

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2017, on our consideration of Appalachia Service Project, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Appalachia Service Project, Inc.'s internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
May 25, 2017

FINANCIAL STATEMENTS

APPALACHIA SERVICE PROJECT, INC
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash and cash equivalents		
Undesignated	\$ 810,136	\$ 461,081
Board designated - Operating reserve	1,230,000	1,230,000
Board designated - Revolving loan fund	49,596	46,179
Board designated - Endowment (Note 5)	<u>36,791</u>	<u>113,593</u>
Unrestricted cash	2,126,523	1,850,853
Board designated endowment fund (Notes 3, 5 and 10)	810,621	702,081
Project income receivable	96,798	118,449
Other receivables	3,400	200
Employee notes receivable (due within one year)	200	1,300
Mortgages receivable current, net (Note 4)	3,536	4,006
Current prepaid expenses	13,810	14,103
Inventories (Note 6)	<u>597,087</u>	<u>268,831</u>
Total current assets	<u>3,651,975</u>	<u>2,959,823</u>
NONCURRENT ASSETS		
Restricted cash (Note 9)	11,393	18,045
Property and equipment, net (Note 7)	2,299,135	2,381,892
Employee notes receivable (due after one year)	-	200
Long-term mortgages receivable, net (Note 4)	43,609	44,552
Long-term prepaid expenses	<u>20,000</u>	<u>25,000</u>
Total noncurrent assets	<u>2,374,137</u>	<u>2,469,689</u>
	<u>\$ 6,026,112</u>	<u>\$ 5,429,512</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 218,799	\$ 168,939
Line of credit	75,000	25,000
Deferred revenue	<u>890,420</u>	<u>1,102,206</u>
Total current liabilities	<u>1,184,219</u>	<u>1,296,145</u>
LONG-TERM LIABILITIES (Note 8)	<u>630,511</u>	<u>630,511</u>
Total liabilities	<u>1,814,730</u>	<u>1,926,656</u>
NET ASSETS (Note 9)		
Unrestricted	3,661,053	3,484,811
Temporarily restricted	<u>550,329</u>	<u>18,045</u>
Total net assets	<u>4,211,382</u>	<u>3,502,856</u>
	<u>\$ 6,026,112</u>	<u>\$ 5,429,512</u>

The Notes to Financial Statements are an integral part of these statements

APPALACHIA SERVICE PROJECT, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
Revenues		
Donations	\$ 3,025,644	\$ 2,179,630
Grants	211,860	100,000
Volunteer work crews fees	5,187,841	5,113,194
Project income	254,797	138,900
In-kind donations	-	120,000
Merchandise sales	207,900	146,294
Interest and investment income	16,190	15,905
Gain on sale of assets	7,700	7,837
Miscellaneous	79,604	120,700
Total unrestricted revenues	8,991,536	7,942,460
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	8,612	6,805
Total unrestricted revenues and net assets released from restrictions	9,000,148	7,949,265
Expenses		
Program services	7,637,598	7,262,061
Supporting services		
Office and administration	585,431	537,722
Fundraising	600,877	670,866
Total supporting services	1,186,308	1,208,588
Total expenses	8,823,906	8,470,649
Change in unrestricted net assets	176,242	(521,384)
Balance, beginning	3,484,811	4,006,195
Balance, ending	\$ 3,661,053	\$ 3,484,811

The Notes to Financial Statements are an integral part of these statements.

(Continued)

APPALACHIA SERVICE PROJECT, INC
 STATEMENTS OF ACTIVITIES
 For the Years Ended December 31, 2016 and 2015
 (Continued)

	<u>2016</u>	<u>2015</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	\$ 540,896	\$ 18,765
Net assets released from restrictions	<u>(8,612)</u>	<u>(6,805)</u>
Change in temporarily restricted net assets	532,284	11,960
Balance, beginning	<u>18,045</u>	<u>6,085</u>
Balance, ending	<u>\$ 550,329</u>	<u>\$ 18,045</u>
SUMMARY OF CHANGES IN NET ASSETS		
Change in total net assets	\$ 708,526	\$ (509,424)
Balance, beginning	<u>3,502,856</u>	<u>4,012,280</u>
Balance, ending	<u>\$ 4,211,382</u>	<u>\$ 3,502,856</u>

The Notes to Financial Statements are an integral part of these statements

APPALACHIA SERVICE PROJECT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2016 and 2015

	Program Services	Supporting Services			
	Home Repair and Building	Office and Administration	Fundraising	2016	2015
Salaries and related taxes	\$ 2,091,801	\$ 283,506	\$ 197,500	\$ 2,572,807	\$ 2,663,708
Employee benefits	<u>402,535</u>	<u>70,999</u>	<u>37,911</u>	<u>511,445</u>	<u>552,365</u>
Total salaries and related expenses	2,494,336	354,505	235,411	3,084,252	3,216,073
Staff expenses	183,233	23,777	18,798	225,808	168,304
Group expenses	621,623	-	-	621,623	736,752
Repair/rehabilitation/construction	2,954,520	-	-	2,954,520	2,336,722
Transportation/maintenance	176,378	3,950	13,956	194,284	196,637
Publications	47,234	-	246,850	294,084	416,398
Office expenses	499,250	70,028	32,880	602,158	653,795
Program expenses	382,403	9,865	45,550	437,818	360,974
Taxes, licenses, and fees	69,547	51,395	5,657	126,599	95,067
Ranch and warehouse	7,667	-	-	7,667	6,836
Professional fees	<u>48,000</u>	<u>64,804</u>	<u>-</u>	<u>112,804</u>	<u>120,795</u>
Total expenses before depreciation	7,484,191	578,324	599,102	8,661,617	8,308,353
Depreciation	<u>153,407</u>	<u>7,107</u>	<u>1,775</u>	<u>162,289</u>	<u>162,296</u>
Total expenses	<u>\$ 7,637,598</u>	<u>\$ 585,431</u>	<u>\$ 600,877</u>	<u>\$ 8,823,906</u>	<u>\$ 8,470,649</u>

The Notes to Financial Statements are an integral part of these statements

APPALACHIA SERVICE PROJECT, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ 708,526	\$ (509,424)
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	162,289	162,296
Gain on sale of assets	(7,700)	(7,837)
In-kind donations	-	(120,000)
(Gain) loss on investments	(38,042)	19,528
Allowance for loan losses	(12,063)	(15,448)
(Increase) decrease in:		
Grant receivables	-	183,995
Project income receivable	21,651	(13,349)
Mortgages receivable	13,476	16,330
Other receivables	(3,200)	1,217
Prepaid expenses	5,293	4,907
Inventories	(328,256)	(28,814)
Increase (decrease) in:		
Accounts payable and accrued expenses	49,860	(14,466)
Deferred revenue	(211,786)	492,822
Net cash provided by operating activities	<u>360,048</u>	<u>171,757</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(79,532)	(177,855)
Proceeds from sale of equipment	7,700	7,837
Payments received on employee receivables	1,300	1,300
Purchase of investments	(56,000)	-
Endowment dividends reinvested	(14,498)	(11,471)
Net cash used in investing activities	<u>(141,030)</u>	<u>(180,189)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from borrowing	<u>50,000</u>	<u>35,511</u>
Net cash provided by financing activities	<u>50,000</u>	<u>35,511</u>
INCREASE IN CASH	269,018	27,079
CASH, beginning	<u>1,868,898</u>	<u>1,841,819</u>
CASH, ending	<u>\$ 2,137,916</u>	<u>\$ 1,868,898</u>
RECONCILIATION OF CASH TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents, unrestricted	\$ 2,126,523	\$ 1,850,853
Cash and cash equivalents, restricted	<u>11,393</u>	<u>18,045</u>
	<u>\$ 2,137,916</u>	<u>\$ 1,868,898</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 30,272</u>	<u>\$ 22,596</u>
Property and equipment purchased with debt financing	<u>\$ -</u>	<u>\$ 620,000</u>

The Notes to Financial Statements are an integral part of these statements.

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 1. Significant Accounting Policies

Nature of Activities

Appalachia Service Project, Inc. (ASP) is a nonprofit corporation organized for the purpose of alleviating sub-standard housing conditions in Appalachia by utilizing volunteers to repair, renovate and construct housing for the individuals affected by these conditions. ASP allows for the exchange of culture, hopes, talents, faith and love between volunteers and Appalachian families. The purpose of the project is to extend a helping hand to fellow human beings in the spirit of love and acceptance. ASP's programs are supported primarily by grants, donations, and fees paid by volunteer work groups. ASP operates year-round centers in Johnson City, TN; Chavies, KY; Jonesville, VA; and Guyan Valley, WV.

ASP performs major remodeling and repairs to various homes. When necessary, ASP has allowed notes to be carried for the remodeling work performed. Individuals apply for assistance through grants and low or non-interest bearing mortgages. Assistance is determined based upon financial need and debt to equity ratios with a varying amount of grants and mortgages per individual.

Basis of Accounting and Presentation

The accompanying financial statements are presented on the accrual basis of accounting.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, ASP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

ASP reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All temporarily restricted contributions in which the restrictions are met in the same reporting period as the donation are reported as unrestricted.

ASP reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, ASP reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

ASP reports gifts of land, buildings, and equipment as permanently restricted support if they are received with donor stipulations that do not expire with the passage of time and cannot be removed or fulfilled by organization actions. Permanently restricted contributions must be maintained by ASP in perpetuity.

Cash and Cash Equivalents

ASP considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(Continued)

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 1. Significant Accounting Policies (Continued)

Cash and Cash Equivalents (continued)

Funds kept in regular checking and savings accounts are secured by the Federal Deposit Insurance Corporation (FDIC). At times, these funds may be in excess of the FDIC insurance limit. ASP has not experienced any losses in such accounts.

ASP also maintains funds in registered money market funds covered by fidelity bonds and held by custodian banks.

The ASP Board of Directors has designated a cash reserve for the purpose of meeting the Organization's cash flow needs. At the end of each calendar year, this Board designation requires a cash reserve of no less than \$1,230,000, not including any cash balance in the Revolving Loan Fund, to be maintained in the General Fund. At December 31, 2016 and 2015, the Organization was in compliance with the Board designated reserve.

Mortgages Receivable

Mortgages receivable are reported at their outstanding unpaid principal balances adjusted by an allowance for loan losses. ASP maintains an allowance for loan losses to absorb an estimate of losses inherent in the receivables. The allowance is reviewed periodically by management to provide assurance that an appropriate level of loan loss reserve is maintained. The allowance for loan losses is maintained at an amount management deems adequate to cover inherent losses at the balance sheet date. The Organization considers a loan to be impaired when, based upon current information and events, it believes it is probable that the Organization will be unable to collect all amounts due according to the contractual terms of the loan agreement. If an impaired loan is forgiven, loss of principal, if any, is recorded through a charge-off to the appropriate expense account.

Inventories

Inventories of resale items and purchased building materials are valued at cost. Small tools and building materials, which are donated, are valued at flea market value.

Property and Equipment

Property and equipment are capitalized at cost for purchases and at fair market value for donated items. Depreciation is computed on a straight-line basis over the estimated service lives of the assets. ASP follows the practice of capitalizing, at cost, all expenses for fixed assets in excess of \$400. Estimated useful lives are as follows:

Vehicles	3 years
Equipment	5-10 years
Furniture and fixtures	10 years
Buildings	30-39 years

Small tools and other materials are included in inventory and are not depreciated.

(Continued)

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 1. Significant Accounting Policies (Continued)

Compensated Absences

Personal days are accrued at a rate of 1.25 days for the first two years of employment, 1.67 days for years 3 through 7, and 2.08 days beginning in the 8th year, for each month worked, based on the employee's anniversary date. Employees are encouraged to use their personal time in the calendar year in which it is earned. A maximum of five days of personal time may be carried over into the first quarter of the following year. If the personal time earned is not taken by the end of the first quarter, it is forfeited. However, ASP is liable for the amount of accrued but unused personal time, up to the maximum allowed, for any employee who left ASP as of the end of the calendar year.

Full-time employees accrue sick leave at the rate of one day per month. Part-time employees earn sick leave on a prorated basis relative to the average number of hours worked per month. At the end of the calendar year, employees with unused sick leave days will be credited with 1/3 of remaining sick days as additional personal days in the first quarter of the new year. ASP does not provide for any payment of unused sick days.

Allocation of Expenses

ASP's expenses are presented on a functional basis, showing basic program activities and support services. ASP allocates expenses to home repair and building, office and administration, and fundraising based on the organizational cost centers in which expenses are incurred. Expenses are allocated between support and program services based upon specific identification, or a defined allocation method.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could vary from the estimates that were used.

Deferred Revenue

Income from prepaid summer program registration fees and prepaid summer volunteer fees are deferred and recognized in the period to which the fees relate. Also, federal grant funds received but not expended are deferred and recognized in the period the grant expenditures are made.

Income Tax Status

ASP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, clarifies the accounting and recognition for income tax positions taken or expected to be taken in ASP's income tax returns. ASP files income tax returns in the U.S. federal jurisdiction. ASP's income tax filings are subject to audit by various taxing authorities. ASP's open audit periods are 2013-2016.

Note 2. Contributed Services

A substantial number of unpaid volunteers make significant contributions of their time to work in ASP's programs. Although these services are necessary to the program, they are, for the most part, not provided by volunteers with specialized skills. In addition, they probably would not be purchased if they were not

(Continued)

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 2. Contributed Services (Continued)

donated, a requirement of FASB ASC 958-605, *Revenue Recognition*, to be recognized in the financial statements. Accordingly, the value of this labor has not been recorded in the financial statements. Management estimates the value of these services to be \$12,254,381 and \$12,333,314 for 2016 and 2015, respectively.

Note 3. Investments

Endowment investments at December 31 included the following:

	2016		
	Cost	Unrealized Gains	Unrealized Losses
Mutual funds	\$ 772,710	\$ 37,911	\$ -
			\$ 810,621
	2015		
	Cost	Unrealized Gains	Unrealized Losses
Mutual funds	\$ 724,015	\$ -	\$ 21,934
			\$ 702,081

Investment expenses netted against investment income in the statement of activities were \$8,396 for the year ended December 31, 2016.

Note 4. Mortgages Receivable

ASP issues non-interest and low-interest loans for construction and remodeling of homes. The mortgages result primarily from funds received from federal and state programs. These funds have a predetermined interest rate set by the grantor agencies. For this reason, no imputed interest has been calculated.

Mortgages receivable, net totaled \$47,145 and \$48,558 at December 31, 2016 and 2015, respectively. Due to the inherent uncertainties associated with the collectability of the loans, the value of the underlying collateral, and the reputational risk associated with foreclosure, mortgages receivable, net are recorded at an amount that management believes approximates net realizable value as stated below.

	2016	2015
Mortgages receivable	\$ 197,224	\$ 210,699
Less: Allowance for loan losses	(150,079)	(162,141)
Mortgages receivable, net	47,145	48,558
Less: Mortgages receivable, current	3,536	4,006
Mortgages receivable, long-term	\$ 43,609	\$ 44,552

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 5. Endowment

ASP's endowment funds consist of contributions received from individuals providing them the opportunity to make charitable gifts to ASP. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

ASP's Board of Directors has segregated a portion of unrestricted net assets as a board designated endowment to be invested to provide income for an unspecified period. The board designated endowment is classified as unrestricted net assets.

**Endowment Net Asset Composition by Type of Fund
as of December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated endowment funds	\$ 847,412	\$ -	\$ -	\$ 847,412

**Endowment Net Asset Composition by Type of Fund
as of December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board designated endowment funds	\$ 815,673	\$ -	\$ -	\$ 815,673

**Changes in Endowment Net Assets
for the Fiscal Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 815,673	\$ -	\$ -	\$ 815,673
Investment return:				
Investment dividend income, net	14,498	-	-	14,498
Net appreciation (realized and unrealized)	<u>38,041</u>	<u>-</u>	<u>-</u>	<u>38,041</u>
Total investment return	52,539	-	-	52,539
Contributions	56,000	-	-	56,000
Appropriation of endowment assets for expenditure	<u>(76,800)</u>	<u>-</u>	<u>-</u>	<u>(76,800)</u>
Endowment net assets, end of year	<u>\$ 847,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 847,412</u>

(Continued)

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 5. Endowment (Continued)

Changes in Endowment Net Assets
for the Fiscal Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 728,941	\$ -	\$ -	\$ 728,941
Investment return:				
Investment dividend income, net	11,471	-	-	11,471
Net appreciation (realized and unrealized)	(19,528)	-	-	(19,528)
Total investment return	(8,057)	-	-	(8,057)
Contributions	94,789	-	-	94,789
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	\$ 815,673	\$ -	\$ -	\$ 815,673

Description of Amounts Classified as Permanently Restricted Net Assets,
Temporarily Restricted Net Assets and Unrestricted Net Assets

	December 31, 2016	December 31, 2015
<u>Unrestricted Net Assets</u>		
Board designated endowment funds	\$847,412	\$815,673

Return Objectives and Risk Parameters

ASP has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results while assuming a moderate level of investment risk. ASP expects its endowment funds, over time, to provide an average rate of return that is above the combined rate of inflation and spending rate of ASP. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, ASP relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ASP targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

ASP has a policy of appropriating distributions only after the endowment exceeds \$500,000. Once the endowment achieves this minimum threshold, the maximum annual distribution permitted is five percent of the average of the previous three years fair market value at December 31. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held.

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 6. Inventories

Inventories consist of the following:

	<u>2016</u>	<u>2015</u>
Resale items (includes homes)	\$ 42,523	\$ 6,832
Homes under construction	438,028	139,392
Small Tools	116,536	115,422
Building materials	<u>-</u>	<u>7,185</u>
	<u>\$ 597,087</u>	<u>\$ 268,831</u>

Note 7. Property and Equipment

Property and equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 1,745,765	\$ 1,720,032
Buildings	2,644,778	2,644,778
Furniture and fixtures	25,230	25,230
Land	646,205	646,205
Equipment	<u>522,602</u>	<u>522,602</u>
	5,584,580	5,558,847
Less: accumulated depreciation	<u>(3,285,445)</u>	<u>(3,176,955)</u>
	<u>\$ 2,299,135</u>	<u>\$ 2,381,892</u>

Note 8. Lines of Credit and Long Term Debt

ASP has the following lines of credit:

Bank of Tennessee, up to \$500,000, interest at 3.25% through May 2017. This line of credit is secured by certain property of ASP and was unused at December 31, 2016 and 2015.

Bank of Tennessee, up to \$100,000, interest at 1.50% through December 2017. This line of credit is secured by certain property of ASP and had a balance of \$75,000 and \$25,000 at December 31, 2016 and 2015, respectively.

Federation of Appalachian Housing Enterprises, Inc. up to \$150,000, interest at 5.25% at December 31, 2016 and 2015, respectively through June 2017. This line of credit is unsecured and was unused at December 31, 2016 and 2015.

In February, 2015, ASP entered into a loan agreement with a financial institution for \$635,000 for the purchase of certain property. The fixed interest rate is 4.57%. The loan terms are quarterly interest only payments to the maturity date of February 24, 2020. The entire outstanding principal along with all accrued interest shall be due and payable on this date. The balance at December 31, 2016 was \$630,511.

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 9. Restricted Net Assets

Temporarily restricted net assets and restricted cash are available for the following purposes:

	2016	2015
Collegiate Weekend fund	\$ 4,119	\$ 4,119
Purchase of vehicles	3,158	485
Front Porch fund	4,116	13,441
New Build West Virginia fund	<u>538,936</u>	<u>-</u>
	<u>\$ 550,329</u>	<u>\$ 18,045</u>

Note 10. Fair Value of Financial Instruments

FASB ASC 820-10, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices in active markets for identical investments and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs where there is little or no market activity. Level 3 inputs have the lowest priority.

The following are the major categories of investments measured at fair value on a recurring basis during the years ended December 31, 2016 and 2015, using quoted prices in active markets for identical assets (Level 1) and significant other observable inputs (Level 2). For these investments, for which there are no quoted market prices available, a reasonable estimate of fair value was based on quoted prices for similar investments in active markets. ASP had no Level 3 valuations at December 31, 2016 and 2015.

Description	Level 2: Significant Other Observable Inputs	
	2016	2015
Mutual funds	<u>\$ 810,621</u>	<u>\$ 702,081</u>

Note 11. Pension Plan

ASP permits employees to contribute to a tax-deferred annuity program for the purchase of an annuity contract or the establishment of a custodial account as described by Internal Revenue Code Section 403(b). ASP matches the employee's contribution up to a maximum of 6% of the employee's salary. Matching funds totaled \$87,738 and \$94,120 for 2016 and 2015, respectively.

Note 12. Supplemental Cash Flow Information

ASP recorded the following non-cash operating and financing transactions:

In-kind donations of \$120,000 are recorded as support in the statements of activities for 2015.

APPALACHIA SERVICE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 13. Commitments and Contingencies

As of December 31, 2016 and 2015, ASP is contingently liable as guarantor with respect to \$72,351 and \$80,750 of indebtedness for certain recipients of federal monies received for the purpose of home repair or construction. No material loss is anticipated by reason of such guarantee.

The ASP endowment program invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and amounts reported in the financial statements.

Note 14. Subsequent Events

In accordance with FASB ASC 855, ASP evaluated subsequent events through May 25, 2017, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

INTERNAL CONTROL AND COMPLIANCE



EDWARDS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Appalachia Service Project, Inc.
Johnson City, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Appalachia Service Project, Inc. (ASP) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ASP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ASP's internal control. Accordingly, we do not express an opinion on the effectiveness of ASP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ASP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Your Success is Our Focus

513 State Street • Bristol VA 24201 • 276-669-6171 • 276-466-5248 • Fax 276-669-5802 • 276-466-9241 • www.Blicpas.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Bristol, Virginia
May 25, 2017

June 21, 2017

West Virginia Development Office
Community Advancement and Development Division
Rise West Virginia CDBG-DR Housing Reconstruction Program
Attn: Sheila Hannah
900 Washington St E # 553
Charleston, WV 25305

Re: Solicitation No. DEV1700000005, Non-debarment Statement

To the West Virginia Development Office:

I certify that Appalachia Service Project, the Respondent, is not currently suspended or debarred from submitting proposals for contracts issued by any political subdivision or agency of the State of West Virginia or the Federal government, and that it is not an entity which is currently suspended or debarred from submitting proposals for contracts issued by any political subdivision or agency of the State or West Virginia or the Federal government.

Sincerely,



Walter Crouch
President & CEO
Appalachia Service Project

Appalachia Service Project
4523 Bristol Highway
Johnson City, TN 37601
(423) 854 8800 Phone
(423) 854-9771 Fax
www.ASPHome.org

June 21, 2017

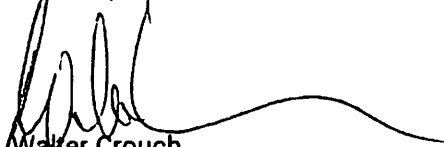
West Virginia Development Office
Community Advancement and Development Division
Rise West Virginia CDBG-DR Housing Reconstruction Program
Attn: Sheila Hannah
900 Washington St E # 553
Charleston, WV 25305

Re: Solicitation No. DEV1700000005, Statement of No Complaint

To the West Virginia Development Office:

I certify that Appalachia Service Project, the Respondent, has not been the subject of any complaints or disciplinary action by any licensing jurisdiction.

Sincerely,



Walter Crouch
President & CEO
Appalachia Service Project

Appalachia Service Project
4523 Bristol Highway
Johnson City, TN 37601
(423) 854-8800 Phone
(423) 854-9771 Fax
www.ASPHome.org

PERSONNEL/STAFFING PLAN

Walter Crouch is ASP's President and CEO. With nearly 15 years of experience as a general contractor and electrician, Walter joined ASP in January of 2011. He also has experience in real estate and mortgages as well as organizational and church leadership. Additionally, he holds a Ph.D. in Biblical Studies from Baylor University and is an ordained Baptist minister.

Melisa Miller, ASP's Chief Ministries Officer, oversees all ministry efforts at ASP, including the Long-Term Recovery Program and New Build Appalachia Program. She has a bachelor's degree in construction management from the University of Florida, and is currently pursuing a Masters of Arts in Christian Practice at Duke Divinity School. The West Virginia Flood Recovery coordinator reports directly to Melisa Miller, and she is directly involved in all major decisions made regarding program direction and resources.

Greg DeGenerro, ASP's Chief Financial Officer, is responsible for overseeing adherence to budget and purchasing procedures. Greg is a Certified Public Accountant, and has served as ASP's CFO since 2000.

Chris Schroeder, the West Virginia Flood Recovery coordinator, is responsible for all new construction efforts in the state of West Virginia. Chris oversees construction logistics throughout the area, in addition to managing ASP's staff based in Greenbrier County. Having served with ASP for two years previously, Chris joined the Flood Recovery team in August 2016 and has supervised rebuilding efforts since this time.

As a whole, ASP employs 59 full-time employees and 197 seasonal summer staff members. We have a strong history of employing and training women in the field of construction as well as construction management. 61% of ASP's full time employees are women and our field staff is made up of 3 women for every 1 man.

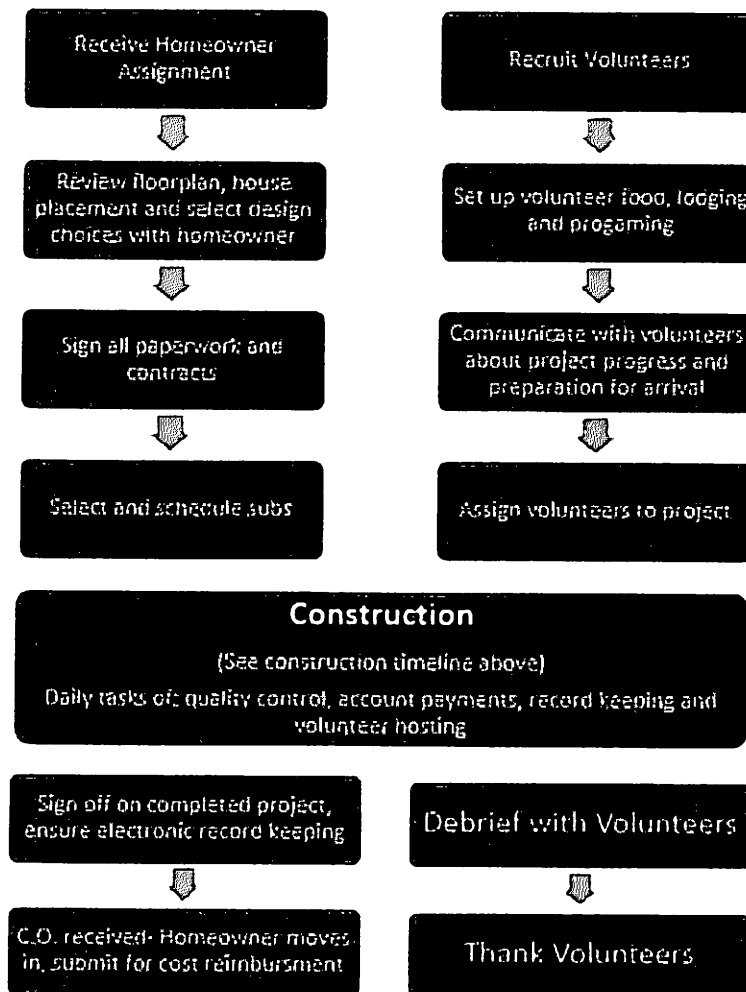
Please see the Supporting Documents section for resumes for each of these key staff members and a copy of our organizational chart.

Logistical Staffing Timeline:

All staff except for 2 of the full-time Skilled Trades/Carpenters are in place and able to execute program logistics immediately. Carpenters will not be needed until work flow is increased in August/September and can be recruited and trained to begin by that time. Placement of staff requires no delay in work schedule.

Internal Process and Work Flow:

Work Flow Diagram



Supporting Documents for Personnel and Staffing Plan

- Resumes of Key Personnel
 - Walter Crouch
 - Melisa Miller
 - Greg Degennero
 - Chris Schroeder
- Organizational Chart

Walter B. Crouch, Ph.D.

209 Americana Lane
Jefferson City, TN 37760
(865) 475-6270 wcrouch@asphome.org

EMPLOYMENT EXPERIENCE

Chief Executive Officer/President APPALACHIA SERVICE PROJECT	2011-Present JOHNSON CITY, TENNESSEE
Vice President for Church Relations/Professor CARSON-NEWMAN COLLEGE	1998-2010 JEFFERSON CITY, TENNESSEE
Senior Pastor VARIOUS CHURCHES	1979-2010 FLORIDA, TEXAS, TENNESSEE
General Contractor/Owner CROUCH CONSTRUCTION COMPANY	1979-1988 WEST PALM BEACH, FLORIDA
Journeyman Electrician CALLOWAY ELECTRIC, COMET ELECTRIC	1975-1979 WEST PALM BEACH, FLORIDA

EDUCATION

Doctor of Philosophy
BAYLOR UNIVERSITY - 1995

Master of Divinity
MIDWESTERN BAPTIST THEOLOGICAL SEMINARY - 1991

Bachelor of Arts
DAVIDSON COLLEGE/PALM BEACH ATLANTIC COLLEGE – 1988

CERTIFICATIONS

**General Contractor (1982), Journeyman Electrician (1977), Real Estate Agent (1984),
Mortgage Broker (1985)**

Melisa L. Miller

Appalachia Service Project
4523 Bristol Highway
Johnson City, TN 37601

Phone: (352) 328-1776
E-mail: miller@asphome.org

Professional Experience

- Sept 2013 - Current** *Appalachia Service Project* *Johnson City, TN*
Executive Vice President/Chief Ministries Officer
- Responsible for program and operational oversight in 28-32 communities across a five-state service area. Oversight of nearly \$7M in program spending annually.
 - Responsible for Ministries Department: staff management/training, strategic planning, budget creation and management, program/project excellence, business administration, resource allocation, field office facility upkeep, fleet and warehouse management, state and federal code compliance and community relations.
 - Oversee operations of all ASP's field programs: Home Repair, New Home Construction, Disaster Recovery, Summer and Year-Round Programs and the Fellowship Program.

- Jan- Sept 2013** *Bahamas Methodist Habitat* *Eleuthera, Bahamas*
Program Development Officer
- Responsible for establishing and formalizing systems and procedures for an international Christian organization that provides mission opportunities to volunteers with the main goal of providing home repair and hurricane relief services for those in need.
 - Evaluate current procedures, participate in strategic planning and initiate protocols for efficiency and effectiveness in program delivery.

- 2004 - 2013** *Rebuilding Together North Central Florida* *Gainesville, FL*
Executive Director
- Founder and manager of the *Rebuilding Together NCF* affiliate.
 - Responsible for program and operational oversight, organizational growth, staff management, strategic planning, budget creation and management, grant administration, project excellence, business administration, fund development and retention, board relations, state and federal compliance, affiliate compliance and community interaction.
 - Directed a repair program that administers all types of major repairs to those in need, including: Roof repair, window and door replacement, siding repair, removal of hazardous materials, accessibility modifications, well and septic installation, foundation work, plumbing, electrical, HVAC, flooring, painting and more.
 - Supervised program implementation. Coordinated repairs on 600+ homes, 1,000+ homeowners, 3,200+ volunteers, and 24,100+ volunteer hours.
 - Founding Member of the Community Weatherization Coalition, a partnership of 30+ local businesses, organizations and government agencies with the collective goal of energy and water use reduction. Developed Energy Curriculum that is now taught on an international scale.
 - Oversaw organizational development as a founding member of *Rebuild Gainesville* in 2004. Responsible for: Board building, corporate paperwork filing, systems creation, program and organizational set up and implementation.
 - Handled the organization's 2008 restructure and transition to affiliation with *Rebuilding Together*, the nation's largest non-profit network providing home repair for families in need.
 - Led the growth of the affiliate from inception and doubled the budget each year for the last three years of tenure.

- Summers 2001, 2003** *Appalachia Service Project* *Wise, VA & Hyden, KY*
Center Director
- Coordinated and managed construction on 18-21 home repair projects with 500 volunteers in rural Appalachia during eight-week summer programs.

- Prioritized projects, including: identifying families in need of emergency home repair, meeting with applicants, and utilization of the home selection process based on need, volunteer ability, time restrictions, and budget
- Allocated spending of \$50,000+ budget for supplies and materials, facility management and volunteer room and board.
- Managed a staff of three; including teaching construction, developing work schedules, forming a collaborative unit, and overseeing specific responsibilities.

Education

Expected Nov 2017

Duke University

Durham, NC

Masters of Arts in Christian Practice

- Curriculum included: Missions, Biblical Studies, Parish Leadership and Care, Spiritual Formation, Community Development and Christian Theologies.

2005

University of Florida

Gainesville, FL

Bachelor of Science in Building Construction Management

- Curriculum included: Construction Contracts, Construction Estimating, Construction Scheduling, Construction Finance, Construction Project Management, Electrical Systems, Mechanical Systems, Structures and General Business Management courses.

Greg DeGennaro

CHIEF FINANCIAL OFFICER

CPA (SINCE 1989)

423-854-8800

gdegennaro@asphome.org

Johnson City, TN

EXPERIENCE

Appalachia Service Project (2000 - Present)

Chief Financial Officer

Bolton, Coker & DeGennaro, CPA's P.C. (1999 - Present)

Co-Owner

EDUCATION

Bachelor of Business Administration and Accounting

College of William and Mary

PROFESSIONAL ASSOCIATIONS

- The American institute of CPAs
- The Tennessee Society of CPAs

CIVIC INVOLVEMENT

- Rotary Club of Johnson City

CHRIS SCHROEDER

Phone: 423.426.0765 (Work) / Cell: 412.398.2896

E-mail: chris.schroeder@asphome.org (Work)

EDUCATION

B.A., English Language & Literature, *University of Maryland*, College Park, Maryland [August 2007-May 2011]

M.F.A., Creative Writing, *California College of the Arts*, San Francisco, California [August 2014-May 2016]

WORK EXPERIENCE

Center Director & West Virginia Flood Recovery Coordinator, *Appalachia Service Project*, Rainelle, WV

[April 2016-Present]

—Coordinate volunteers, funds, logistics, and operations for home repairs and new home construction in wake of 2016 flooding

Center Director, *Appalachia Service Project*, Rocky Gap, VA

[Seasonal: May 2014-August 2015]

—Facilitated home repairs for low-income families through management of staff, volunteers, materials, and budgets.

Construction Coordinator, *Appalachia Service Project*, Brenton, WV

[August 2013-August 2014]

—Planned and helped oversee volunteer-centric construction projects performed for low-income families.

ACTIVITIES & SKILLS

Mold Remediation Training & Certification, *Southern Baptist Disaster Relief Convention*

[September 2016]

Food Safety Manager Training Certification, *National Registry of Food Safety Professionals*

[May 2012]

Volunteer, *Appalachia Service Project*

[Seasonal: Summer 2003-Summer 2013]

[illegible]APPALACHIA SERVICE PROJECT
PAGE 70 OF 95

REFERENCES

The projects listed have also been listed in our similar services section. The three individuals listed below are best equipped to speak to our project performance.

New Build Washington County (2012-2013)

Mayor Dan Eldridge
Washington County, Tennessee
423-753-1666

New Build Washington County was ASP's disaster response to a localized flood in Washington County, known as the Dry Creek Flood. In a 43-week period, ASP constructed 25 new homes and 15 major renovation projects. As the disaster was not officially declared by FEMA, ASP partnered with the Federal Home Loan Bank of Cincinnati, the Tennessee Housing Development Authority, and Washington County, TN to provide homes and major repairs at no cost to the recipients.

"Rebuild Rainelle" Initiative (September, 2016 – Present)

Mayor Andrea Pendleton
Town of Rainelle, West Virginia
304-667-9233

Rebuilding Rainelle is ASP's long-term recovery effort currently underway in Greenbrier and Nicholas Counties. In the last nine months, 45 homes have been completed or are at various stages of construction. Thirteen major repairs projects have also been completed. While the majority of these homes have been constructed in the Meadow River Valley (Western Greenbrier County), ASP has also completed 5 homes in Richwood, WV (Nicholas County) and has begun work in Eastern Greenbrier County.

Sevier County, TN Wildfire Recovery Effort (2017-Present)

Mayor Larry Watters
Sevier County, Tennessee
865-453-6136

ASP has committed to building 25 homes for low-income families who lost theirs in the November 28, 2016 wildfires. We started this project two months ago and are nearing the completion of our first home with three others currently under construction.

ACCEPTANCE OF CONDITIONS

Appalachia Service Project accepts the general terms and conditions as set forth by the RFP, and further accepts the insurance, bonding and other requirements.

We would like to be considered as a grantee for all of Greenbrier County and southern Nicholas county (Richwood area) and would be open to additional work in northern Nicholas County as well as Summers County and Fayette County. We would consider expanding our area of service as our experience with the program progresses.

ASP also agrees to the general terms and conditions as stated in the RFP, as well as the additional terms and conditions.

Supporting Documents for Terms and Conditions

- Letter of Acceptance of Conditions
- General Terms and Conditions
- Additional Terms and Conditions
- Contractor's License

June 21, 2017

West Virginia Development Office
Community Advancement and Development Division
Rise West Virginia CDBG-DR Housing Reconstruction Program
Attn: Sheila Hannah
900 Washington St E # 553
Charleston, WV 25305

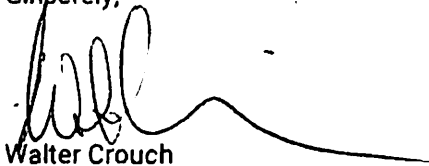
Re: Solicitation No. DEV1700000005, Acceptance of Conditions

To the West Virginia Development Office:

Appalachia Service Project accepts the General Terms and Conditions as set forth by the *Request for Proposals To Provide Post-Disaster Residential Property Reconstruction Services For the Up-to-Code Housing Restoration Program and West Virginia Rental Assistance Program*. Appalachia Service Project further accepts the insurance, bonding, and other requirements.

We would like to be considered as a grantee for all of Greenbrier County and southern Nicholas County (Richwood area) and would be open to additional work in northern Nicholas County, as well as Summers County and Fayette County. We would consider expanding our area of service as our experience with the program progresses.

Sincerely,



Walter Crouch
President & CEO
Appalachia Service Project

Appalachia Service Project
4523 Bristol Highway
Johnson City, TN 37601
(423) 854-8800 Phone
(423) 854-9771 Fax
www.ASPHome.org

**GENERAL TERMS AND CONDITIONS:
(Agency Delegated Procurements Only)**

1. CONTRACTUAL AGREEMENT: Issuance of a Award Document signed by the Agency and approved as to form by the Attorney General's office, if required, constitutes acceptance of this Contract made by and between the State of West Virginia and the Vendor. Vendor's signature on its bid signifies Vendor's agreement to be bound by and accept the terms and conditions contained in this Contract.

2. DEFINITIONS: As used in this Solicitation/Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation/Contract.

2.1. "Agency" or "Agencies" means the agency, board, commission, or other entity of the State of West Virginia that is identified on the first page of the Solicitation or any other public entity seeking to procure goods or services under this Contract.

2.2. "Bid" or "Proposal" means the vendors submitted response to this solicitation.

2.3. "Contract" means the binding agreement that is entered into between the State and the Vendor to provide the goods or services requested in the Solicitation.

2.4. "Director" means the Director of the West Virginia Department of Administration, Purchasing Division.

2.5. "Purchasing Division" means the West Virginia Department of Administration, Purchasing Division.

2.6. "Award Document" means the document signed by the Agency that identifies the Vendor as the contract holder.

2.7. "Solicitation" means the official notice of an opportunity to supply the State with goods or services.

2.8. "State" means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.

2.9. "Vendor" or "Vendors" means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

3. CONTRACT TERM; RENEWAL; EXTENSION: The term of this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below:

☒ **Term Contract**

Initial Contract Term: This Contract becomes effective on upon award and extends for a period of one to three year(s).

Renewal Term: This Contract may be renewed upon the mutual written consent of the Agency, and the Vendor. Any request for renewal should be submitted to the Agency thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Renewal of this Contract is limited to two successive one (1) year periods or multiple renewal periods of less than one year, provided that the multiple renewal periods do not exceed thirty six months in total. Automatic renewal of this Contract is prohibited.

Delivery Order Limitations: In the event that this contract permits delivery orders, a delivery order may only be issued during the time this Contract is in effect. Any delivery order issued within one year of the expiration of this Contract shall be effective for one year from the date the delivery order is issued. No delivery order may be extended beyond one year after this Contract has expired.

☐ **Fixed Period Contract:** This Contract becomes effective upon Vendor's receipt of the notice to proceed and must be completed within _____ days.

☐ **Fixed Period Contract with Renewals:** This Contract becomes effective upon Vendor's receipt of the notice to proceed and part of the Contract more fully described in the attached specifications must be completed within _____ days. Upon completion, the vendor agrees that maintenance, monitoring, or warranty services will be provided for _____ successive one year periods or multiple periods of less than one year provided that the multiple renewal periods do not exceed _____ months in total.

☐ **One Time Purchase:** The term of this Contract shall run from the issuance of the Award Document until all of the goods contracted for have been delivered, but in no event will this Contract extend for more than one fiscal year.

☐ **Other:** See attached.

4. NOTICE TO PROCEED: Vendor shall begin performance of this Contract immediately upon receiving notice to proceed unless otherwise instructed by the Agency. Unless otherwise specified, the fully executed Award Document will be considered notice to proceed.

5. QUANTITIES: The quantities required under this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below.

☒ **Open End Contract:** Quantities listed in this Solicitation are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover the quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown.

☐ **Service:** The scope of the service to be provided will be more clearly defined in the specifications included herewith.

☒ **Combined Service and Goods:** The scope of the service and deliverable goods to be provided will be more clearly defined in the specifications included herewith.

☐ **One Time Purchase:** This Contract is for the purchase of a set quantity of goods that are identified in the specifications included herewith. Once those items have been delivered, no additional goods may be procured under this Contract without an appropriate change order approved by the Vendor, Agency, Purchasing Division, and Attorney General's office.

6. EMERGENCY PURCHASES: The Purchasing Division Director may authorize the Agency to purchase goods or services in the open market that Vendor would otherwise provide under this Contract if those goods or services are for immediate or expedited delivery in an emergency. Emergencies shall include, but are not limited to, delays in transportation or an unanticipated increase in the volume of work. An emergency purchase in the open market, approved by the Purchasing Division Director, shall not constitute a breach of this Contract and shall not entitle the Vendor to any form of compensation or damages. This provision does not excuse the State from fulfilling its obligations under a One Time Purchase contract.

7. REQUIRED DOCUMENTS: All of the items checked below must be provided to the Agency by the Vendor as specified below.

☒ **PERFORMANCE BOND:** The apparent successful Vendor shall provide a performance bond in the amount of equal to the contract award. The performance bond must be received by the Agency prior to Contract award. On construction contracts, the performance bond must be 100% of the Contract value.

☐ **LABOR/MATERIAL PAYMENT BOND:** The apparent successful Vendor shall provide a labor/material payment bond in the amount of 100% of the Contract value. The labor/material payment bond must be delivered to the Purchasing Division prior to Contract award.

In lieu of the Bid Bond, Performance Bond, and Labor/Material Payment Bond, the Vendor may provide certified checks, cashier's checks, or irrevocable letters of credit. Any certified check, cashier's check, or irrevocable letter of credit provided in lieu of a bond must be of the same amount and delivered on the same schedule as the bond it replaces. A letter of credit submitted in lieu of a performance and labor/material payment bond will only be allowed for projects under \$100,000. Personal or business checks are not acceptable. Notwithstanding the foregoing, West Virginia Code § 5-22-1(d) mandates that a vendor provide a performance and labor/material payment bond for construction projects. Accordingly, substitutions for the performance and labor/material payment bonds for construction projects is not permitted.

☐ **MAINTENANCE BOND:** The apparent successful Vendor shall provide a two (2) year maintenance bond covering the roofing system. The maintenance bond must be issued and delivered to the Agency prior to Contract award.

☒ **LICENSE(S) / CERTIFICATIONS / PERMITS:** In addition to anything required under the Section entitled Licensing, of the General Terms and Conditions, the apparent successful Vendor shall furnish proof of the following licenses, certifications, and/or permits prior to Contract award, in a form acceptable to the Agency.

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The apparent successful Vendor shall also furnish proof of any additional licenses or certifications contained in the specifications prior to Contract award regardless of whether or not that requirement is listed above.

8. INSURANCE: The apparent successful Vendor shall furnish proof of the insurance identified by a checkmark below prior to Contract award. Subsequent to contract award, and prior to the insurance expiration date, Vendor shall provide the Agency with proof that the insurance mandated herein has been continued. Vendor must also provide Agency with immediate notice of any changes in its insurance policies mandated herein, including but not limited to, policy cancelation, policy reduction, or change in insurers. The insurance coverages identified below must be maintained throughout the life of this contract. The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether or not that insurance requirement is listed in this section.

Vendor must maintain:

☒ **Commercial General Liability Insurance** in at least an amount of:

1,000,000

☐ **Automobile Liability Insurance** in at least an amount of: 1,000,000

☐ **Professional/Malpractice/Errors and Omission Insurance** in at least an amount of:

☐ **Commercial Crime and Third Party Fidelity Insurance** in an amount of:

☐ **Cyber Liability Insurance** in an amount of: _____

☐ **Builders Risk Insurance** in an amount equal to 100% of the amount of the Contract.

☒ **Fidelity bond insurance** with minimum limits of 1,000,000

☒ **Umbrella coverage** of 5,000,000

☒ **Other insurance requirements** in the discretion of WVDO as may be contained within a construction contract for the work to be performed by the vendor.

☐

☐

Revised 04/07/2017

9. WORKERS' COMPENSATION INSURANCE: The apparent successful Vendor shall comply with laws relating to workers compensation, shall maintain workers' compensation insurance when required, and shall furnish proof of workers' compensation insurance upon request.

10. LIQUIDATED DAMAGES: Vendor shall pay liquidated damages in the amount of _____ for _____. This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other available remedy.

11. ACCEPTANCE: Vendor's signature on its bid, or on the certification and signature page, constitutes an offer to the State that cannot be unilaterally withdrawn, signifies that the product or service proposed by vendor meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise indicated, and signifies acceptance of the terms and conditions contained in the Solicitation unless otherwise indicated.

12. PRICING: The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification.

13. PAYMENT: Payment in advance is prohibited under this Contract. Payment may only be made after the delivery and acceptance of goods or services. The Vendor shall submit invoices, in arrears.

14. PURCHASING CARD ACCEPTANCE: The State of West Virginia currently utilizes a Purchasing Card program, administered under contract by a banking institution, to process payment for goods and services. The Vendor must accept the State of West Virginia's Purchasing Card for payment of all orders under this Contract unless the box below is checked.

☒ Vendor is not required to accept the State of West Virginia's Purchasing Card as payment for all goods and services.

15. ADDITIONAL FEES: Vendor is not permitted to charge additional fees or assess additional charges that were not either expressly provided for in the solicitation published by the State of West Virginia or included in the unit price or lump sum bid amount that Vendor is required by the solicitation to provide. Including such fees or charges as notes to the solicitation may result in rejection of vendor's bid. Requesting such fees or charges be paid after the contract has been awarded may result in cancellation of the contract.

16. TAXES: The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.

17. FUNDING: This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1 of the fiscal year for which funding has not been appropriated or otherwise made available.

18. CANCELLATION: The State reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract. The Agency may also cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-5.2.b.

19. TIME: Time is of the essence with regard to all matters of time and performance in this Contract.

20. APPLICABLE LAW: This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code or West Virginia Code of State Rules is void and of no effect.

21. COMPLIANCE: Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendor acknowledges that it has reviewed, understands, and will comply with all applicable laws, regulations, and ordinances.

22. ARBITRATION: Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.

23. MODIFICATIONS: This writing is the parties' final expression of intent. Notwithstanding anything contained in this Contract to the contrary, no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor.

24. WAIVER: The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.

25. SUBSEQUENT FORMS: The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by Vendor to the Agency or Purchasing Division such as price lists, order forms, invoices, sales agreements, or maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.

26. ASSIGNMENT: Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency and any other government agency or office that may be required to approve such assignments.

27. WARRANTY: The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.

28. STATE EMPLOYEES: State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.

29. BANKRUPTCY: In the event the Vendor files for bankruptcy protection, the State of West Virginia may deem this Contract null and void, and terminate this Contract without notice.

30. PRIVACY, SECURITY, AND CONFIDENTIALITY: The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/default.html>

31. YOUR SUBMISSION IS A PUBLIC DOCUMENT: Vendor's entire response to the Solicitation and the resulting Contract are public documents. As public documents, they will be disclosed to the public following the bid/proposal opening or award of the contract, as required by the competitive bidding laws of West Virginia Code §§ 5A-3-1 et seq., 5-22-1 et seq., and 5G-1-1 et seq. and the Freedom of Information Act West Virginia Code §§ 29B-1-1 et seq.

DO NOT SUBMIT MATERIAL YOU CONSIDER TO BE CONFIDENTIAL, A TRADE SECRET, OR OTHERWISE NOT SUBJECT TO PUBLIC DISCLOSURE.

Submission of any bid, proposal, or other document to the Purchasing Division constitutes your explicit consent to the subsequent public disclosure of the bid, proposal, or document. The Purchasing Division will disclose any document labeled "confidential," "proprietary," "trade secret," "private," or labeled with any other claim against public disclosure of the documents, to include any "trade secrets" as defined by West Virginia Code § 47-22-1 et seq. All submissions are subject to public disclosure without notice.

32. LICENSING: In accordance with West Virginia Code of State Rules § 148-1-6.1.e, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Agency to verify that the Vendor is licensed and in good standing with the above entities.

33. ANTITRUST: In submitting a bid to, signing a contract with, or accepting an Award Document from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.

34. VENDOR CERTIFICATIONS: By signing its bid or entering into this Contract, Vendor certifies (1) that its bid or offer was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid or offer for the same material, supplies, equipment or services; (2) that its bid or offer is in all respects fair and without collusion or fraud; (3) that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; and (4) that it has reviewed this Solicitation in its entirety; understands the requirements, terms and conditions, and other information contained herein. Vendor's signature on its bid or offer also affirms that neither it nor its representatives have any interest, nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency. The individual signing this bid or offer on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or offer or any documents related thereto on

Vendor's behalf; that he or she is authorized to bind the Vendor in a contractual relationship; and that, to the best of his or her knowledge, the Vendor has properly registered with any State agency that may require registration.

35. VENDOR RELATIONSHIP: The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting, supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, etc. and the filing of all necessary documents, forms, and returns pertinent to all of the foregoing. Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

36. INDEMNIFICATION: The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.

37. PURCHASING AFFIDAVIT: In accordance with West Virginia Code § 5A-3-10a, all Vendors are required to sign, notarize, and submit the Purchasing Affidavit stating that neither the Vendor nor a related party owe a debt to the State in excess of \$1,000. The affidavit must be submitted prior to award, but should be submitted with the Vendor's bid. A copy of the Purchasing Affidavit is included herewith.

38. CONFLICT OF INTEREST: Vendor, its officers or members or employees, shall not presently have or acquire an interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder. Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

39. REPORTS: Vendor shall provide the Agency and/or the Purchasing Division with the following reports identified by a checked box below:

☒ Such reports as the Agency and/or the Purchasing Division may request. Requested reports may include, but are not limited to, quantities purchased, agencies utilizing the contract, total contract expenditures by agency, etc.

☒ Quarterly reports detailing the total quantity of purchases in units and dollars, along with a listing of purchases by agency. Quarterly reports should be delivered to the Purchasing Division via email at purchasing.requisitions@wv.gov.

40. BACKGROUND CHECK: In accordance with W. Va. Code § 15-2D-3, the Director of the Division of Protective Services shall require any service provider whose employees are regularly employed on the grounds or in the buildings of the Capitol complex or who have access to sensitive or critical information to submit to a fingerprint-based state and federal background inquiry through the state repository. The service provider is responsible for any costs associated with the fingerprint-based state and federal background inquiry. After the contract for such services has been approved, but before any such employees are permitted to be on the grounds or in the buildings of the Capitol complex or have access to sensitive or critical information, the service provider shall submit a list of all persons who will be physically present and working at the Capitol complex to the Director of the Division of Protective Services for purposes of verifying compliance with this provision. The State reserves the right to prohibit a service provider's employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check.

Service providers should contact the West Virginia Division of Protective Services by phone at (304) 558-9911 for more information.

41. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS: Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code § 5A-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code § 5A-3-56. As used in this section:

- a. "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 2001.
- b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or such operations, from steel made by the open hearth, basic oxygen, electric furnace, Bessemer or other steel making process. The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:
- c. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or
- d. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.

42. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL: In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-10-1 et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars (\$50,000) or public works contracts that require more than ten thousand pounds of steel products.

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a "substantial labor surplus area", as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products. This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference. If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.

ADDITIONAL TERMS AND CONDITIONS (Construction Contracts Only)

1. CONTRACTOR'S LICENSE: West Virginia Code § 21-11-2 requires that all persons desiring to perform contracting work in this state be licensed. The West Virginia Contractors Licensing Board is empowered to issue the contractor's license. Applications for a contractor's license may be made by contacting the West Virginia Division of Labor. West Virginia Code § 21-11-11 requires any prospective Vendor to include the contractor's license number on its bid. Failure to include a contractor's license number on the bid shall result in Vendor's bid being disqualified. Vendors should include a contractor's license number in the space provided below.

Contractor's Name: Appalachia Service Project
Contractor's License No.: WV- 012515

The apparent successful Vendor must furnish a copy of its contractor's license prior to the issuance of a Award Document.

2. AIA DOCUMENTS: All construction contracts that will be completed in conjunction with architectural services procured under Chapter 5G of the West Virginia Code will be governed by the AIA A101-2007 and A201-2007 or the A107-2007 documents, as amended by the Supplementary Conditions for the State of West Virginia, in addition to the terms and conditions contained herein.

3. GREEN BUILDINGS MINIMUM ENERGY STANDARDS: In accordance with § 22-29-4, all new building construction projects of public agencies that have not entered the schematic design phase prior to July 1, 2012, or any building construction project receiving state grant funds and appropriations, including public schools, that have not entered the schematic design phase prior to July 1, 2012, shall be designed and constructed complying with the ICC International Energy Conservation Code, adopted by the State Fire Commission, and the ANSI/ASHRAE/IESNA Standard 90.1-2007: Provided, That if any construction project has a commitment of federal funds to pay for a portion of such project, this provision shall only apply to the extent such standards are consistent with the federal standards.

**ADDITIONAL TERMS AND CONDITIONS
(Architectural and Engineering Contracts Only)**

1. PLAN AND DRAWING DISTRIBUTION: All plans and drawings must be completed and available for distribution at least five business days prior to a scheduled pre-bid meeting for the construction or other work related to the plans and drawings.

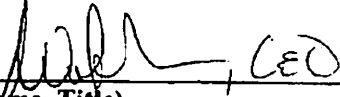
2. PROJECT ADDENDA REQUIREMENTS: The Architect/Engineer and/or Agency shall be required to abide by the following schedule in issuing construction project addenda. The Architect/Engineer shall prepare any addendum materials for which it is responsible, and a list of all vendors that have obtained drawings and specifications for the project. The Architect/Engineer shall then send a copy of the addendum materials and the list of vendors to the State Agency for which the contract is issued to allow the Agency to make any necessary modifications. The addendum and list shall then be forwarded to the Purchasing Division buyer by the Agency. The Purchasing Division buyer shall send the addendum to all interested vendors and, if necessary, extend the bid opening date. Any addendum should be received by the Purchasing Division at least fourteen (14) days prior to the bid opening date.

3. PRE-BID MEETING RESPONSIBILITIES: The Architect/Engineer shall be available to attend any pre-bid meeting for the construction or other work resulting from the plans, drawings, or specifications prepared by the Architect/Engineer.

4. AIA DOCUMENTS: Contracts for architectural and engineering services will be governed by the AIA document B101-2007, as amended by the Supplementary Conditions for the State of West Virginia, in addition to the terms and conditions contained herein when procured under Chapter 5G of the West Virginia Code.

5. GREEN BUILDINGS MINIMUM ENERGY STANDARDS: In accordance with West Virginia Code § 22-29-4, all new building construction projects of public agencies that have not entered the schematic design phase prior to July 1, 2012, or any building construction project receiving state grant funds and appropriations, including public schools, that have not entered the schematic design phase prior to July 1, 2012, shall be designed and constructed complying with the ICC International Energy Conservation Code, adopted by the State Fire Commission, and the ANSI/ASHRAE/IESNA Standard 90.1-2007: Provided, That if any construction project has a commitment of federal funds to pay for a portion of such project, this provision shall only apply to the extent such standards are consistent with the federal standards.

DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.



(Name, Title)
Walter Crouch, CEO

(Printed Name and Title)
4523 Bristol Highway, Johnson City, TN 37601

(Address)
423-854-8800 voice 423-854-9771 fax

(Phone Number) / (Fax Number)
Walter.Crouch@asphome.org

(E-mail address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Appalachia Service Project

(Company)

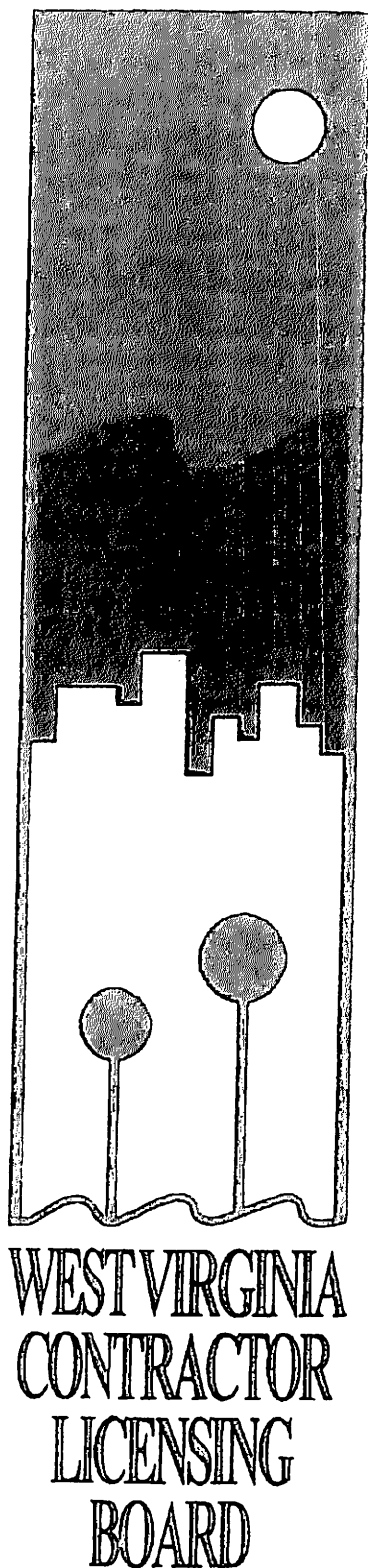

(Authorized Signature) (Representative Name, Title)
Walter Crouch, CEO

(Printed Name and Title of Authorized Representative)
6/21/17

(Date)
423-854-8800 voice 423-854-9771 fax

(Phone Number) (Fax Number)

Revised 04/07/2017



CONTRACTOR LICENSE

Authorized by the
West Virginia Contractor Licensing Board

Number: WV012515

Classification:
RESIDENTIAL

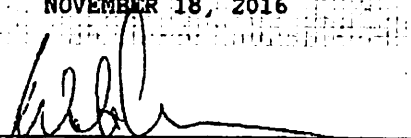
APPALACHIA SERVICE PROJECT INC
DBA APPALACHIA SERVICE PROJECT INC
4523 BRISTOL HWY
JOHNSON CITY, TN 37601-2937

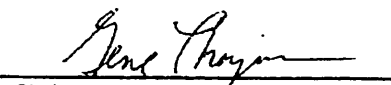
Date Issued

NOVEMBER 18, 2016

Expiration Date

NOVEMBER 18, 2017


Authorized Company Signature


Chair, West Virginia Contractor
Licensing Board

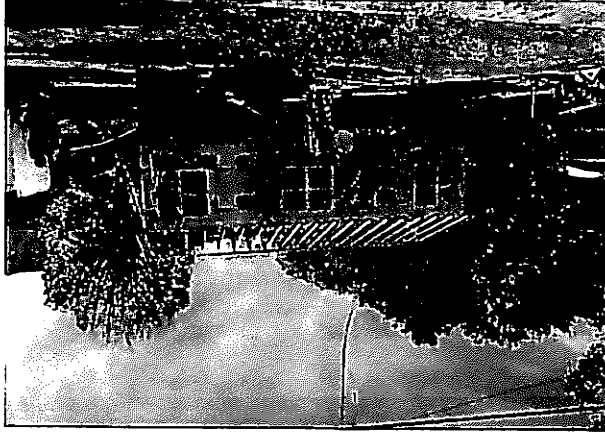
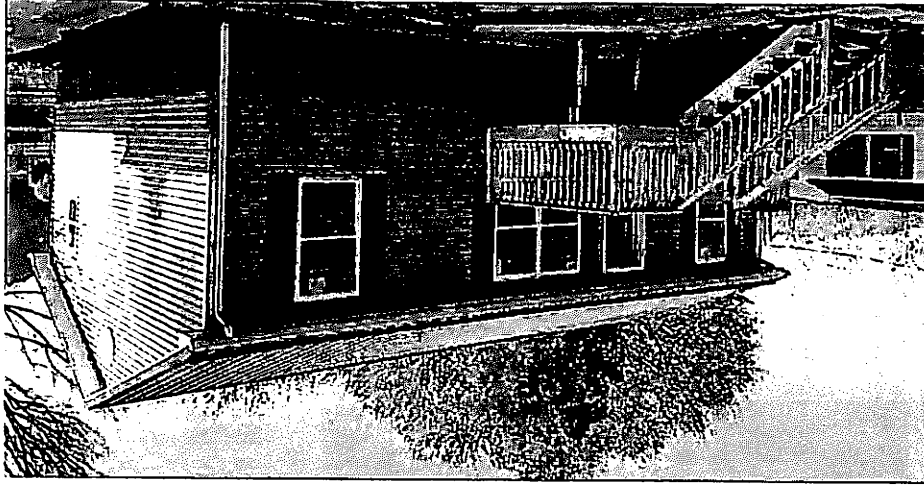
This license, or a copy thereof, must be posted in a conspicuous place at every construction site where work is being performed. This license number must appear in all advertisements, on all bid submissions and on all fully executed and binding contracts. This license cannot be assigned or transferred by licensee. Issued under provisions of West Virginia Code, Chapter 21, Article 11.

ADDITIONAL DATA

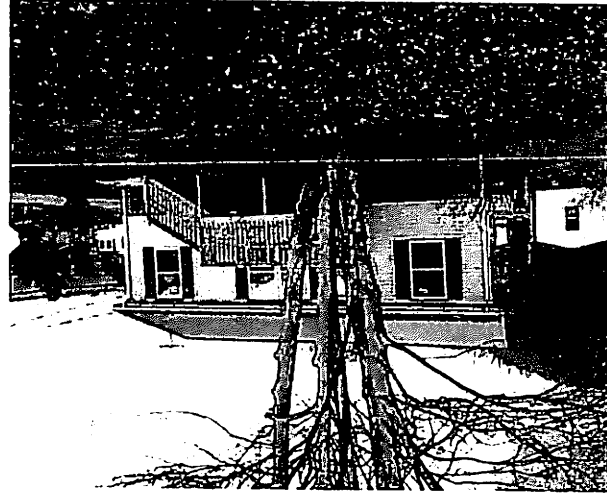
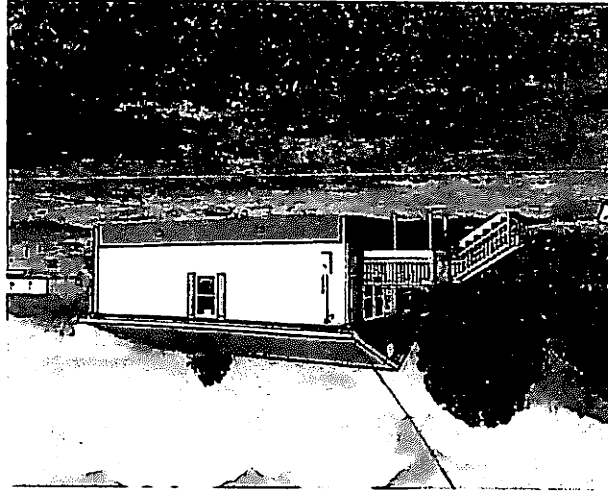
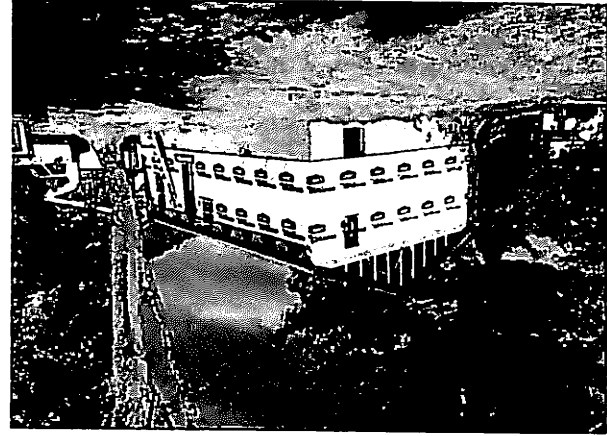
Please see our non-discrimination policy, as well as photos from projects completed in West Virginia in the last nine months.

Supporting Documents for Additional Data

- Project Photos
- Non-discrimination policy



ASP Appalachia SERVICE PROJECT®



EQUAL EMPLOYMENT OPPORTUNITY

POLICY:

Appalachia Service Project provides equal employment opportunities to employees and applicants for employment. No person will be discriminated against because of race, religion, color, age, veteran status, gender, disability, creed, ancestry, marital status, sexual orientation, genetic information, or national origin. Each person is judged on his/her own merit in determining employment and advancement opportunities.

PRACTICE:

1. This commitment to provide equal opportunity encompasses all phases of employment including recruitment, selection, classification, promotion, demotion, and selection for training. Similarly all salaries, wages, other compensation, insurance programs, retirement programs, and all other benefits or privileges of employment will be administered in conformity with this policy.
2. It is the objective of Appalachia Service Project to hire individuals who are qualified for positions of employment by virtue of job-related standards of education, training, and experience, and who have appropriate personal aptitudes.
3. The spirit of this policy applies also to persons served by Appalachia Service Project, to membership on the governing board, and to all committees and other volunteers.
4. ASP will hire any qualified candidate with a known disability unless it causes an undue hardship to ASP.

AGREEMENT

Appalachia Service Project agrees to perform the entire scope of reconstruction work provided in the RFP.

Supporting Document for Agreement:

- Agreement- Scope of Work Agreement Letter

June 21, 2017

West Virginia Development Office
Community Advancement and Development Division
Rise West Virginia CDBG-DR Housing Reconstruction Program
Attn: Sheila Hannah
900 Washington St E # 553
Charleston, WV 25305

Re: Solicitation No. DEV1700000005, Agreement

To the West Virginia Development Office:

Appalachia Service Project agrees to perform the entire scope of reconstruction work identified by the WVDO, including all change orders as set forth by the *Request for Proposals To Provide Post-Disaster Residential Property Reconstruction Services For the Up-to-Code Housing Restoration Program and West Virginia Rental Assistance Program*. The proposed structure complies with all applicable state and federal regulations.

Sincerely,



Walter Crouch
President & CEO
Appalachia Service Project

Appalachia Service Project
4523 Bristol Highway
Johnson City, TN 37601
(423) 854 8800 Phone
(423) 854-9771 Fax
www.ASPHome.org

EXHIBIT C

SPECIAL PROVISIONS AND REGULATIONS REQUIRED BY THE US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.

Contractor agrees to comply with the following Special Provisions and Regulations. Furthermore, the Contractor shall include each of the following Special Provisions and Regulations in each sub-contract executed by Contractor for the West Virginia Development Office.

1. Access of the West Virginia Development Office (WVDO), the State of West Virginia, HUD and Others to CDBG Documents Papers, and Books. The Contractor agrees to allow the WVDO, the departments and agencies of the State of West Virginia, HUD, the Comptroller General of the United States, and any of their duly authorized representatives access to any books, documents, papers, and records of the Contractor which are directly pertinent to the CDBG Program for the purpose of making audits, examinations, excerpts, and transcriptions.

2. Termination of Contract for Cause. If, through any cause, the Contractor shall fail to fulfill in a timely and proper manner any obligations under this Contract, or if the Contractor shall violate any of the covenants, agreements, or stipulations of this Contract, the WVDO shall thereupon have the right to terminate this Contract by giving written notice to the Contractor of such termination and specifying the effective date of such termination. In such event, all finished or unfinished documents, data, studies, and reports prepared by the Contractor shall entitle the Contractor's receipt of just and equitable compensation for any satisfactory work completed on such documents. Notwithstanding the above, the Contractor shall not be relieved of liability to the WVDO for damage sustained to the WVDO by virtue of any breach of the Contract by the Contractor. The SC DOC may withhold any payments to the Contractor for the purpose of set off until such time as the exact amount of damages due the WVDO from the Contractor is determined.

3. Termination for Convenience of the WVDO. The WVDO may terminate this Contract any time by a notice in writing from the WVDO to the Contractor. If the Contract is terminated by the WVDO as provided herein, the Contractor will be paid an amount which bears the same ratio to the total compensation as the Work actually performed bear to the total Work of the Contractor covered by this Contract, less payments of compensation previously made.

A. Termination due to Reductions in Federal Funding

- (i) This Agreement is funded in whole or in part by funds secured from the Federal government. Should the Federal government reduce or discontinue such funds, the WVDO shall have, in its sole discretion, the right to terminate this Agreement in whole or in part, or to reduce the funding and/or level of services of this Agreement caused by such action by the Federal government, including, in the case of the reduction option, but not limited to, the reduction or elimination of programs, services or service components; the reduction or elimination of Agreement-reimbursable staff or staff-hours, and corresponding reductions in the budget of this Agreement and in the total amount payable under this Agreement. Any reduction in funds pursuant to this paragraph shall be accompanied by an appropriate reduction in the services performed under this Agreement.
- (ii) In the case of the reduction option referred to in subparagraph (i), above, any such reduction shall be effective as of the date set forth in a written notice thereof to the Contractor, which shall be not less than 30 calendar days from the date of such notice. Prior to sending such notice of reduction, the WVDO shall advise the Contractor that

such option is being exercised and afford the Contractor an opportunity to make within seven calendar days any suggestion(s) it may have as to which program(s), service(s), service component(s), staff or staff-hours might be reduced or eliminated, provided, however, that the WVDO shall not be bound to utilize any of the Contractor's suggestions and that the WVDO shall have sole discretion as to how to effectuate the reductions.

- (iii) If the WVDO reduces funding pursuant to this paragraph (c), the basis of settlement shall be as provided for in subparagraph (iv) of paragraph (a) of subdivision (2) of this section (B), above.

4. Records. All records required to be kept on the project shall be maintained for at least three (3) years after final payments and until all other pending matters under the grant for this project are closed. However, if any audit, litigation or other action arising out of or related in any way to this project is commenced before the end of the three (3) year period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved or until the end of the three (3) year period, whichever is later.

5. Health and Safety Standards. All parties participating in this project agree to comply with Sections 107 and 103 of the Contract Work Hours and Safety Standards Act ([40 U.S.C. 3701- 3708](#)). Section 107 of the Act is applicable to construction work and provides that no laborer or mechanic shall be required to work in surroundings or under working conditions, which are unsanitary, hazardous, or dangerous to his health and safety as determined under construction, safety, and health standards promulgated by the Secretary of Labor. These requirements do not apply to the purchase of supplies or materials or articles ordinarily available on the open market, or contracts for transportation.

6. Environmental Compliance. Contracts, subcontracts, and subgrants of amounts in excess of \$100,000.00 shall contain a provision which requires compliance with all applicable standards, orders, or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 1957 (h)) Section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11 738, and Environmental Protection Agency (EPA) regulations (40 CFR, 15), which prohibit the use under nonexempt Federal contracts, grants, or loans facilities included on the EPA List of Violating Facilities. The provisions shall require reporting of violations to the grantor agency and the U.S. EPA Assistant Administrator for Enforcement (EN-329).

7. Energy Efficiency. All participants in the projects shall recognize mandatory standards and policies relating to energy efficiency, which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (PL 94-163).

8. Changes. The WVDO may, from time to time, request changes in the scope of the Work of the Contractor to be performed hereunder. Such changes, including any increase or decrease in the amount of the Contractor's compensation which are mutually agreed upon by and between the WVDO and the Contractor, shall be incorporated in written and executed amendments to this Contract.

9. Personnel. The Contractor represents that it has, or will secure at its own expense, all personnel required in performing the Work under this Contract. Such personnel shall not be employees of or have any contractual relationship with the WVDO. All the Work required hereunder will be performed by the Contractor or under its supervision, and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and local law to perform such Work. No person who is serving sentence in a penal or correctional institution shall be employed on work under this Contract.

10. Anti-Kickback Rules. Wages of personnel performing work under this Contract shall be paid unconditionally and not less often than once a month without payroll deduction or rebate on any account

except only such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the "Anti-Kickback Act" of June 13, 1934 40 U.S.C. 4135 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; Title 18 U.S.C. 874; and Title 40 U.S.C. 276c). The Contractor shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all subcontracts covering work under this contract to insure compliance by the subcontractors with such regulations, and shall be responsible for the submission of affidavits required of subcontractors thereunder except as the Secretary of Labor may specifically provide for variations of or exemptions from the requirements thereof.

11. Withholding of Wages. If in the performance of this Contract, there is any underpayment of wages by the Contractor or by any subcontractor thereunder, the WVDO may withhold from the Contractor out of payment due to him an amount sufficient to pay to employees underpaid the difference between the wages required thereby to be paid and the wages actually paid such employees for the total number of hours worked. The amounts withheld may be disbursed by the WVDO for and on account of the Contractor or subcontractor to the respective employees to whom they are due.

12. Claims and Disputes Pertaining to Wage Rates. Claims and disputes pertaining to wage rates or to classifications of professional staff or technicians performing work under this Contract shall be promptly reported in writing by the Contractor to the WVDO for the latter's decision which shall be final with respect thereto.

13. Equal Employment Opportunity. During the performance of this Contract, the Contractor agrees to comply with Executive Order 11246, and the regulations issued pursuant thereto (24 CFR 130 and 41 CFR Chapter 60), which provides that no person shall be discriminated against on the basis of race, color, religion, gender, or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts. Contractors and subcontractors on Federal and Federally assisted construction contracts shall take affirmative action to ensure fair treatment in employments, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates or pay or other forms of compensation and selection for training apprenticeship.

14. Anti-Discrimination Clauses. The Contractor will comply with the following clauses:

(A) Title VI of the Civil Rights Act of 1964 (PL 88-352), and the regulations issued pursuant thereto (24 CFR 1), which provides that 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 for which the WVDO receives Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the WVDO, this assurance shall obligate the WVDO, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure 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;

(B) Title VIII of the Civil Rights Act of 1968 (PL 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing, and taking action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provision of brokerage services; and

(C) Executive Order 11063 as amended by Executive Order 2259, on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with Federal assistance.

(D) Section 109 of the Housing and Community Development Act of 1974, as amended which requires that no person in the United States shall on the grounds of race, color, national origin, or gender be excluded from participation in, be denied the benefits or be subjected to discrimination under, any program or activities funded in whole or in part with community development funds made available pursuant to the Act. Section 109 further provides that any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 796) shall also apply to any such program or activity.

15. Section 3 Clause. The Contractor will comply with the following clauses from 24 CFR 135.38:

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

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

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

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

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

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

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned

Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

16. Discrimination Because of Certain Labor Matters. No person employed on the work covered by this Contract shall be discharged or in any way discriminated against because he has filed any complaint or instituted or caused to be instituted any proceeding or has testified or is about to testify in any proceeding under or relating to the labor standards applicable hereunder to his employer.

17. Compliance with Local Laws. The Contractor shall comply with all applicable laws, ordinances, and codes of the State and local governments, and shall commit no trespass on any public or private property in performing any of the work embraced by this Contract.

18. Subcontracting. None of the Work covered by this Contract shall be subcontracted without prior written consent of the WVDO. The Contractor shall be as fully responsible to the WVDO for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by it. The Contractor shall insert in each subcontract appropriate provisions requiring compliance with the labor standards provisions of this Contract.

19. Assignability. The Contractor shall not assign any interest in this Contract and shall not transfer any interest in the same (whether by assignment or novation) without prior written approval of the WVDO provided that claims for money due or to become due the Contractor from the WVDO under this Contract may be assigned to a bank, trust company, or other financial institution, or to a Trustee in Bankruptcy, without such approval. Notice of any such assignment or transfer shall be furnished promptly to the WVDO.

20. Interest of Members of Local Public Agency and Others. The Contractor agrees to establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have a family, business, or other tie. The Contractor will be aware of and avoid any violation of the laws of this State which prohibit municipal officers and employees from having or owning any interest or share, individually or as agent or employee of any person or corporation, either directly or indirectly, in any contract made or let by the governing authorities of such municipality for the construction or doing of any public work, or for the sale or purchase of any materials, supplies or property of any description, or for any other purpose whatsoever, or in any subcontract arising therefrom or connected therewith, or to receive, either directly or indirectly, any portion or share of any money or other thing paid for the construction or doing of any public work, or for the sale or purchase of any property, or upon any other contract made by the governing authorities of the municipality, or subcontract arising therefore or connected therewith.

The Contractor will also be aware of and avoid any violation of the laws of this State which prescribe a criminal penalty for any public officer who has an interest in any contract passed by the board of which he is a member during the time he was a member and for one year thereafter.

21. Interest of Certain Federal Officers. No member of or delegate to the Congress of the United States and no Resident Commissioner shall be admitted any share or part of this Contract or to any benefit to arise therefrom.

22. Interest of Contractor. The Contractor covenants that it presently has no interest and shall not acquire any interest direct or indirect in the above described project or any parcels therein or any other interest which would conflict in any manner or degree with the performance of the Work hereunder. The

Contractor further covenants that no person having any such interest shall be employed in the performance of this Contract.

23. Political Activity. The Contractor will comply with the provisions of the Hatch Act (5 U.S.C. 1501 et seq.), which limits the political activity of employees.

24. Davis-Bacon Act Requirements. The Contractor will comply with Section 110 of the Housing and Community Development Act of 1974, as amended, which requires that all laborers and mechanics employed by contractors or subcontractors on construction work assisted under the Act shall be paid 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. 276a-276-a5), and it will comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.). However, these requirements apply to the rehabilitation of residential property only if such property is designed for residential use of eight or more families.

25. Uniform Act Requirements. The Contractor will comply with all applicable requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4630) as specified in regulations issued by the Secretary of the Department of Housing and Urban Development and published in 24 CFR 570-I.

26. Lead-Based Paint Requirements. The Contractor will comply with Title IV of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 483 1), which prohibits the use of lead based paint in residential structures constructed or rehabilitated with Federal assistance in any form.

27. Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards. Pursuant to 2 CFR § 2400.101 and 24 CFR § 85.1, Contractor is subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200 (commonly referred to the "Super Circular"), as applicable.

28. Flood Insurance Purchase Requirements. The Contractor agrees to comply with all applicable flood insurance purchase requirements of Section 102(2) of the Flood Disaster Protection Act of 1973, (PL 93-234, 87 Stat. 975) approved December 31, 1976. Section 102 (a) requires, on and after March 2, 1975, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase, "Federal financial assistance," includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance. It is understood that the Contractor does not own the Properties and, therefore, any required flood insurance is the Owner's responsibility to provide and maintain in force.

29. Historic Preservation. Contractor agrees to assist the Federal grantor agency in its compliance with Section 106 of the National Historic Preservation Act of 1966 as amended (16 U.S.C. 470), Executive Order 111593, and the Archaeological and Historic Preservation Act of 1966 (16 U.S.C. 469a-1 et seq.) by (a) consulting with the State Historic Preservation officer on the conduct of investigations, as necessary, to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (CFR Part 600.8) by the activity, and notifying the Federal grantor agency of the existence of any such properties, and by (b) complying with all requirements established by the Federal grantor agency and WVDO to avoid or mitigate adverse effects upon such properties.

30. Program Monitoring. The Contractor agrees to assist and cooperate with the Federal grantor agency and WVDO or their duly designated representatives in the monitoring of the project or projects to which this grant relates, and to provide in form and manner approved by WVDO such monitoring reports, progress reports, and the like as may be required and to provide such reports at the times specified.

31. Discrimination Due to Beliefs. No person with responsibilities in operation of the project to which this grant relates will discriminate with respect to any program participant or any applicant for participation in such program because of political affiliation or beliefs.

32. Confidential Findings. All of the reports, information, data, etc., prepared or assembled by the Contractor under this Contract are confidential, and the Contractor agrees that they shall not be made available to any individual or organization without prior written approval of the WVDO.

33. Third-Party Contracts. The WVDO shall include in all contracts with parties receiving grant funds under this contract (each a "Participating Party") provisions requiring the following: (1) Each such Participating Party keeps and maintains books, records and other documents relating directly to the receipt and disbursement of such grant funds; and (2) Any duly authorized representative of the West Virginia Department of Environmental Quality, the West Virginia Economic Development Authority, the U.S. Department of Housing and Urban Development, and the Comptroller General of the United States shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of such Participating Party until the completion of all close-out procedures respecting this grant and the final settlement and conclusion of all issues arising out of this grant.

34. Lobbying. The Contractor certifies, to the best of his or her knowledge and belief that:

(A) No federally appropriated funds have been paid or will be paid, by or on behalf of the Contractor, 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; and

(B) If any funds other than federally 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, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

35. Debarment and Suspension (Executive Orders 12549 and 12689). Agreement award (See 2 CFR 180.220.c) may not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (# CFR Part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contain the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

36. Subcontractors. The provisions of the Agreement shall apply to Subcontractors and their officers, agents and employees in all respects as if they were employees of the Contractor. The Contractor shall not be discharged from its obligations and liabilities, but shall be liable for all acts and negligence of Subcontractors, and their officers, agents and employees, as if they were employees of the Contractor.

- (a) Employees of the Subcontractor shall be subject to the same provisions as employees of the Contractor.
- (b) The services furnished by Subcontractors shall be subject to the provisions hereof as if furnished directly by the Contractor, and the Contractor shall remain responsible therefor.
- (c) Any subcontracts entered into pursuant to this Agreement shall include all Exhibits attached to this Agreement.

EXHIBIT D

HUD CPD Green Building Retrofit Checklist

The CPD Green Retrofit Checklist promotes energy efficiency and green building practices for residential retrofit projects. Grantees must follow the checklist in its entirety and apply all measures within the Checklist to the extent applicable to the particular building type being retrofitted. The phrase “when replacing” in the Checklist refers to the mandatory replacement with specified green improvements, products, and fixtures only when replacing those systems during the normal course of the retrofit.

WATER AND ENERGY CONSERVATION MEASURES

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Water-Conserving Fixtures

Install or retrofit water conserving fixtures in any unit and common facility, use the following specifications: Toilets-- 1.28 gpf; Urinals-- 0.5 gpf; Showerheads-- 2.0 gpm; Kitchen faucets-- 2.0 gpm; and Bathroom faucets-- 1.5gpm. [gpf = gallons per flush; gpm = gallons per minute]

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ENERGY STAR Appliances

Install ENERGY STAR-labeled clothes washers, dishwashers, and refrigerators, if these appliance categories are provided in units or common areas.

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Air Sealing: Building Envelope

Seal all accessible gaps and penetrations in the building envelope. If applicable, use low VOC caulk or foam.

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Insulation: Attic (if applicable to building type)

For attics with closed floor cavities directly above the conditioned space, blow in insulation per manufacturer's specifications to a minimum density of 3.5 Lbs. per cubic foot (CF). For attics with open floor cavities directly above the conditioned space, install insulation to meet or exceed IECC levels.

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Insulation: Flooring (if applicable to building type)

Install $\geq$ R-19 insulation in contact with the subfloor in buildings with floor systems over vented crawl spaces. Install a 6-mil vapor barrier in contact with 100% of the floor of the crawl space (the ground), overlapping seams and piers at least 6 inches.

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Duct Sealing (if applicable to building type)

In buildings with ducted forced-air heating and cooling systems, seal all penetrations of the air distribution system to reduce leakage in order to meet or exceed ENERGY STAR for Homes' duct leakage standard.

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Air Barrier System

Ensure continuous unbroken air barrier surrounding all conditioned space and dwelling units. Align insulation completely and continuously with the air barrier.

☐**Radiant Barriers: Roofing**

When replacing or making a substantial repair to the roof, use radiant barrier sheathing or other radiant barrier material; if economically feasible, also use cool roofing materials.

☐**Windows**

When replacing windows, install geographically appropriate ENERGY STAR rated windows.

☐**Sizing of Heating and Cooling Equipment**

When replacing, size heating and cooling equipment in accordance with the Air Conditioning Contractors of America (ACCA) Manuals, Parts J and S, or 2012 ASHRAE Handbook--HVAC Systems and Equipment or most recent edition.

☐**Domestic Hot Water Systems**

When replacing domestic water heating system(s), ensure the system(s) meet or exceed the efficiency requirements of ENERGY STAR for Homes' Reference Design. Insulate pipes by at least R-4.

☐**Efficient Lighting: Interior Units**

Follow the guidance appropriate for the project type: install the ENERGY STAR Advanced Lighting Package (ALP); **OR** follow the ENERGY STAR MFHR program guidelines, which require that 80% of installed lighting fixtures within units must be ENERGY STAR-qualified or have ENERGY STAR-qualified lamps installed; **OR** when replacing, new fixtures and ceiling fans must meet or exceed ENERGY STAR efficiency levels.

☐**Efficient Lighting: Common Areas and Emergency Lighting** (if applicable to building type)

Follow the guidance appropriate for the project type: use ENERGY STAR-labeled fixtures or any equivalent high-performance lighting fixtures and bulbs in all common areas; **OR** when replacing, new common space and emergency lighting fixtures must meet or exceed ENERGY STAR efficiency levels. For emergency lighting, if installing new or replacing, all exist signs shall meet or exceed LED efficiency levels and conform to local building codes.

☐**Efficient Lighting: Exterior**

Follow the guidance appropriate for the project type: install ENERGY STAR-qualified fixtures or LEDs with a minimum efficacy of 45 lumens/watt; **OR** follow the ENERGY STAR MFHR program guidelines, which require that 80% of outdoor lighting fixtures must be ENERGY STAR-qualified or have ENERGY STAR-qualified lamps installed; **OR** when replacing, install ENERGY STAR compact fluorescents or LEDs with a minimum efficacy of 45 lumens/watt.

INDOOR AIR QUALITY

☐**Air Ventilation: Single Family and Multifamily** (three stories or fewer)

Install an in-unit ventilation system capable of providing adequate fresh air per ASHRAE 62.2 requirements.

☐**Air Ventilation: Multifamily** (four stories or more)

Install apartment ventilation systems that satisfy ASHRAE 62.2 for all dwelling units and common area ventilation systems that satisfy ASHRAE 62.1 requirements. If economically feasible, consider heat/energy recovery for 100% of corridor air supply.

☐**Composite Wood Products that Emit Low/No Formaldehyde**

Composite wood products must be certified compliant with California 93120. If using a composite wood product that does not comply with California 93120, all exposed edges and sides must be sealed with low-VOC sealants.

☐**Environmentally Preferable Flooring**

When replacing flooring, use environmentally preferable flooring, including the FloorScore certification. Any carpet products used must meet the Carpet and Rug Institute's Green Label or Green Label Plus certification for carpet, pad, and carpet adhesives.

☐**Low/No VOC Paints and Primers**

All interior paints and primers must be less than or equal to the following VOC levels: Flats--50 g/L; Non-flats--50 g/L; Floor--100 g/L. [g/L = grams per liter; levels are based on a combination of the Master Painters Institute (MPI) and GreenSeal standards.]

☐**Low/No VOC Adhesives and Sealants**

All adhesives must comply with Rule 1168 of the South Coast Air Quality Management District. All caulks and sealants must comply with regulation 8, rule 51, of the Bay Area Air Quality Management District.

☐**Clothes Dryer Exhaust**

Vent clothes dryers directly to the outdoors using rigid-type duct work.

☐**Mold Inspection and Remediation**

Inspect the interior and exterior of the building for evidence of moisture problems. Document the extent and location of the problems, and implement the proposed repairs according to the Moisture section of the EPA Healthy Indoor Environment Protocols for Home Energy Upgrades.

☐**Combustion Equipment**

When installing new space and water-heating equipment, specify power-vented or direct vent combustion equipment.

☐**Mold Prevention: Water Heaters**

Provide adequate drainage for water heaters that includes drains or catch pans with drains piped to the exterior of the dwelling.

☐**Mold Prevention: Surfaces**

When replacing or repairing bathrooms, kitchens, and laundry rooms, use materials that have durable, cleanable surfaces.

☐**Mold Prevention: Tub and Shower Enclosures**

When replacing or repairing tub and/or shower enclosures, use non-paper-faced backing materials such as cement board, fiber cement board, or equivalent in bathrooms.

☐**Integrated Pest Management**

Seal all wall, floor, and joint penetrations with low-VOC caulking or other appropriate sealing methods to prevent pest entry. [If applicable, provide training to multifamily buildings staff.]

☐**Lead-Safe Work Practices**

For properties built before 1978, if the project will involve disturbing painted surfaces or cleaning up lead contaminated dust or soil, use certified renovation or lead abatement contractors and workers using lead-safe work practices and clearance examinations consistent with the more stringent of EPA's Renovation, Repair, and Painting Rule and HUD's Lead Safe Housing Rule.

☐**Radon Testing and Mitigation (if applicable based on building location)**

For buildings in EPA Radon Zone 1 or 2, test for radon using the current edition of American Association of Radon Scientists and Technologists (AARST)'s Protocols for Radon Measurement in Homes Standard for Single-Family Housing or Duplexes, or AARST's Protocol for Conducting Radon and Radon Decay Product Measurements in Multifamily Buildings. To install radon mitigation systems in buildings with radon level of 4 pCi/L or more, use ASTM E 2121 for single-family housing or duplexes, or AARST's Radon Mitigation Standards for Multifamily Buildings. For new construction, use AARST's Reducing Radon in New Construction of 1 & 2 Family Dwellings and Townhouses, or ASTM E 1465.