

**AGENDA
CITY OF MORRISTOWN, TENNESSEE
CITY COUNCIL MEETING
AUGUST 2, 2016 – 5:00 P.M.**

1. CALL TO ORDER

Mayor Gary Chesney

2. INVOCATION

Jonathon Bewley, Chaplain, Morristown Police Department

3. PLEDGE OF ALLEGIANCE

4. ROLL CALL

5. APPROVAL OF MINUTES

1. July 19, 2016

6. PROCLAMATIONS/PRESENTATIONS

**7. CITIZEN COMMENTS ABOUT AGENDA ITEMS ONLY
(Other than items scheduled for public hearing.)**

8. OLD BUSINESS

8-a. Public Hearings & Adoption of Ordinances/Resolutions

1. Ordinance No. 3557

An Ordinance to Amend the Municipal Code of the City of Morristown, Tennessee, Appendix B and Official Zoning Map. {Rezoning of property currently addressed as 619 Howell Road from Agricultural District (A1) to Intermediate Business (IB).}

2. Ordinance No. 3558

An Ordinance to Amend the Municipal Code of the City of Morristown, Tennessee, Appendix B and Official Zoning Map. {Rezoning of property adjacent to Merchants Greene Boulevard from Agricultural District (A1) to Intermediate Business (IB).}

3. Ordinance No. 3555.01

An Ordinance to Amend Ordinance Number 3555, the City of Morristown, Tennessee, Annual Budget for the Fiscal Year 2016-2017 and Appropriate the Sum of \$271,000 Specifically for Paving of Lochmere Development.

The additional appropriation from reserves is necessary due to the timing of performance bond proceeds.

9. **NEW BUSINESS**

9-a. **Resolutions**

1. Resolution No. _____

A Resolution Endorsing the Morristown Utilities Commission's Operation RoundUp, a Community Assistance Fund, to be used for Downtown Sidewalk Upgrades.

9-b. **Introduction and First Reading of Ordinances**

1. Ordinance No. _____

An Ordinance Granting a Franchise to the Morristown Utilities Commission, to Build, Construct, Operate and maintain a Cable Television System in the City of Morristown, Tennessee, and Setting Forth Conditions Accompanying the Granting of this Franchise.
{Public Hearing August 16, 2016}

2. Ordinance No. _____

An Ordinance of the City Council of Morristown, Tennessee Amending Title 10 (Animal Control) of the Morristown Municipal Code.
{Public Hearing August 16, 2016}

3. Ordinance No. _____

An Ordinance of the City Council of Morristown, Tennessee Amending Title 11 (Municipal Offenses), by Deleting Chapter 1 (Pinball Machines), Chapter 3 (Interference with Public Operations and Personnel) and Chapter 6 (Miscellaneous) of the Morristown Municipal Code.
{Public Hearing August 16, 2016}

4. Ordinance No. _____

An Ordinance of the City Council of Morristown, Tennessee Amending Title 11 (Municipal Offenses), Chapter 2 (Offenses Against the Peace and Quiet), Sections 201 (Disturbance of the peace) and 202 (Noise prohibited; exceptions) of the Morristown Municipal Code.
{Public Hearing August 16, 2016}

5. Ordinance No. _____
An Ordinance of the City Council of Morristown, Tennessee, Amending Title 11 (Municipal Offenses), Chapter 4 (Firearms and Weapons) of the Morristown Municipal Code.
{Public Hearing August 16, 2016}

9-c. Awarding of Bids/Contracts

1. Approval of the 2016 Consolidated Annual Action Plan from the U.S. Department of Housing and Urban Development in the amount of \$242,072 in CDBG funding.
2. Approval of the Emergency Shelter Grants Program, Stewart B. McKinney Homeless Assistance Act, grant contract between the City of Morristown as Recipient, and Ministerial Association Temporary Shelter (MATS) as Subrecipient in the amount of \$50,850, this is a 50/50 grant with MATS providing the match.
3. Approval of Community Development Block Grant (CDBG) between the City of Morristown as Recipient and Rose Community Center as Subrecipient in the amount of \$17,400 for Rose Center HVAC unit replacement.
4. Approval of Community Development Block Grant (CDBG) between the City of Morristown as Recipient and the Tennessee Valley Coalition for the Homeless as Subrecipient in the amount of \$4,500 for the TVCH-HMIS Program.
5. Approval of Community Development Block Grant (CDBG) between the City of Morristown as Recipient and Morristown-Hamblen Central Services (MHCS) as Subrecipient in the amount of \$9,000 for MHCS Homeless Prevention Program.
6. Approval of Commercial Purchase and Sale Agreement between City of Morristown and William J. Rooney in the amount of \$64,516.
7. Approval of purchase of Radar Detection for 8 intersections in the amount of \$156,299 from WAVETRONIX, a sole source vendor.

8. Approval of purchase of 10 Vehicles for Police Department from TT of Columbia, a sole source vendor for the total amount of \$335,504.58;
 - a. 1 SSV Crew Cab 4x4 in the amount of \$39,426.74,
 - b. 1 SSV Crew Cab 4x4 in the amount of \$38,008.52,
 - c. 2 Dodge Durango SSV All Wheel Drive in the amount of \$67,484.54
 - d. 6 Charger Pursuit V6 in the amount of \$190,584.78
9. Approval of purchase of a 2500 Tradesmen Crew Cab 4x4 Pickup truck for Public Works Department in the amount of \$35,398.83 from T&T of Columbia, a state contract vendor.
10. Approval of purchase of a 2500 Tradesman Crew Cab 4x4 Pickup truck for Parks & Recreation Department in the amount of \$37,908.39 from TT of Columbia, a state contract vendor.
11. Approval of purchase of a Dodge 1500 Pickup truck for the Fire Department in the amount of \$31,230 from TT of Columbia, a state contract vendor.
12. Approval of Stormwater Management/BMP Facilities Maintenance Agreement between T. Phillip Carlyle (412 N. Bellwood Road) and the City of Morristown.

9-d. Board/Commission Appointments

1. Mayor Nomination and City Council approval of appointment to the Tree Board to fill the remaining term of Tera Bunch, term expiring September 18, 2017.

9-e. New Issues

10. CITY ADMINISTRATOR'S REPORT

11. COMMUNICATIONS/PETITIONS

This is the portion of the meeting where members of the audience may speak subject to the guidelines provided.

12. COMMENTS FROM MAYOR/COUNCILMEMBERS/COMMITTEES

13. ADJOURN

City Council Meeting/Holiday Schedule:
Regular City Council Meeting with Work Session

August 5-6, 2016	(Fri.) noon-5:00 p.m. (Sat.) 8 a.m. - noon	City Council Annual Planning Retreat Meadowview Conference Center, Kingsport, TN
August 16, 2016	(Tues) 4:00 p.m.	Finance Committee Meeting
August 16, 2016	(Tues) 5:00 p.m.	Regular City Council Meeting with Work Session
September 5, 2016	(Monday)	City Employee's Holiday Labor Day
September 6, 2016	(Tues) 5:00 p.m.	Regular City Council Meeting with Work Session
September 20, 2016	(Tues) 4:00 p.m.	Finance Committee Meeting
September 20, 2016	(Tues) 5:00 p.m.	Regular City Council Meeting with Work Session
September 22, 2016	(Thurs) 7:00 p.m.	City Council Roundtable – Rose Center
October 4, 2016	(Tues) 5:00 p.m.	Regular City Council Meeting with Work Session
October 18, 2016	(Tues) 4:00 p.m.	Finance Committee Meeting
October 18, 2016	(Tues) 5:00 p.m.	Regular City Council Meeting with Work Session
November 1, 2016	(Tues) 5:00 p.m.	Regular City Council Meeting with Work Session
November 15, 2016	(Tues) 4:00 p.m.	Finance Committee Meeting
November 15, 2016	(Tues) 5:00 p.m.	Regular City Council Meeting with Work Session
November 24-25, 2016	(Thurs. & Friday)	City Employee's Holiday Thanksgiving

WORK SESSION AGENDA
August 2, 2016
5:00 p.m.

1. No Work Session.

**STATE OF TENNESSEE
COUNTY OF HAMBLLEN
CORPORATION OF MORRISTOWN
JULY 19, 2016**

The City Council for the City of Morristown, Hamblen County, Tennessee, met in regular session at the regular meeting place of the Council in the Morristown City Center at 5:00 p.m., Tuesday, July 19, 2016, with the Honorable Mayor Gary Chesney, presiding and the following Councilmembers present; Bob Garrett, Chris Bivens, Kay Senter, Dennis Alvis, and Tommy Pedigo, absent; Ken Smith.

Mike Cutshaw, Chaplain, Morristown Police Department, led in the invocation and Councilmember Alvis led in the "Pledge of Allegiance".

Councilmember Senter made a motion to approve the July 5, 2016, minutes as circulated. Councilmember Alvis seconded the motion and upon roll call; all voted "aye".

A Public Hearing was held pertaining to Ordinance No. 3556.

Councilmember Pedigo made a motion to approve Ordinance No. 3556 on second and final reading. Councilmember Alvis seconded the motion and upon roll call; all voted "aye".

ORDINANCE NO. 3556

ENTITLED AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF MORRISTOWN, TENNESSEE, APPENDIX B.

{Rezoning of property located at 119 Evans Avenue, Hamblen County Tax Parcel ID # 032034I O 00100 from Medium Density Residential (R-2) to Local Business (LB).

Councilmember Alvis made a motion to approve Resolution No. 11-16. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

RESOLUTION NO. 11-16

A RESOLUTION AUTHORIZING THE CITY OF MORRISTOWN TO PARTICIPATE IN The Pool's "Safety Partners" Matching Grant Program.

WHEREAS, the safety and well being of the employees of the City of Morristown is of the greatest importance; and

WHEREAS, all efforts shall be made to provide a safe and hazard-free workplace for the City of Morristown employees; and

WHEREAS, The Pool seeks to encourage the establishment of a safe workplace by offering a “*Safety Partners*” Matching Grant Program; and

WHEREAS, the City of Morristown now seeks to participate in this important program.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MORRISTOWN, TENNESSEE the following:

SECTION 1. That the City of Morristown is hereby authorized to submit application for a “*Safety Partners*” Matching Grant Program through the Pool.

SECTION 2. That the City of Morristown is further authorized to provide a matching sum to serve as a match for any monies provided by this grant.

Resolved this the 19th day of July in the year of 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

Councilmember Bivens made a motion to approve Ordinance No. 3557 on first reading and schedule a public hearing relative to final passage of said ordinance for August 2, 2016. Councilmember Pedigo seconded the motion and upon roll call; all voted “aye”.

Ordinance No. 3557

**An Ordinance to Amend the Municipal Code of the City of Morristown, Tennessee, Appendix B and Official Zoning Map.
{Rezoning of property currently addressed as 619 Howell Road from Agricultural District (A1) to Intermediate Business (IB).}**

Councilmember Senter made a motion to approve Ordinance No. 3558 on first reading and schedule a public hearing relative to final passage of said ordinance for

August 2, 2016. Councilmember Alvis seconded the motion and upon roll call; all voted "aye".

Ordinance No. 3558

An Ordinance to Amend the Municipal Code of the City of Morristown, Tennessee, Appendix B and Official Zoning Map. {Rezoning of property adjacent to Merchants Greene Boulevard from Agricultural District (A1) to Intermediate Business (IB).}

Councilmember Alvis made a motion to approve Ordinance No. 3555.01 on first reading and schedule a public hearing relative to final passage of said ordinance for August 2, 2016. Councilmember Pedigo seconded the motion and upon roll call; all voted "aye".

Ordinance No. 3555.01

An Ordinance to Amend Ordinance Number 3555, the City of Morristown, Tennessee, Annual Budget for the Fiscal Year 2016-2017 and Appropriate the Sum of \$271,000 Specifically for Paving of Lochmere Development. The additional appropriation from reserves is necessary due to the timing of performance bond proceeds.

Councilmember Pedigo made a motion to approve Contract for Demolition of Former Morristown College to NorthStar Demolition and Remediation, LP, in the amount of \$707,400, subject to City Attorney review. Councilmember Senter seconded the motion and upon roll call; all voted "aye".

Councilmember Bivens made a motion to approve the State of Tennessee Department of Transportation Aeronautics Division Airport Maintenance Grant for FY17 in the amount of \$39,600, this is a TDOT 50/50 grant with a match from the State and the City in the amount of \$19,800 each. Councilmember Pedigo seconded the motion and upon roll call; all voted "aye".

Councilmember Senter made a motion to approve the Tennessee Housing Development Agency (THDA) Emergency Solutions Grant Program (ESG) in the amount of \$50,850 this is a Federal Grant with no match required. Councilmember Alvis seconded the motion and upon roll call; all voted "aye".

Councilmember Senter made a motion to approve the Pitney Bowes Lease Agreement, for the on-site automated postage machine, in the annual amount of \$3,949.32. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

Councilmember Alvis made a motion to approve the Fire House Software Agreement for Application Hosting and Technology Support Services for the

Morristown Fire Department in the annual amount of \$6,390, subject to City Attorney review. Councilmember Bivens seconded the motion and upon roll call; all voted “aye”.

Councilmember Senter made a motion to approve Contract Amendment #2 – Archaeology Study for Freddie Kyle Trail and Turkey Creek Greenway Trail Phase 5 to McGill Associates in the lump sum amount of \$8,065. (Should any of the sites yield artifacts of archaeological significance, more intensive testing will be required and an additional fee of \$2,010 per site will be assessed.) Councilmember Alvis seconded the motion and upon roll call; all voted “aye”.

Councilmember Garrett made a motion to approve the reauthorization of Staff Augmentation Services with Strategic Services Company, LLC (SSC) in the not to exceed amount \$5,000 per month. Councilmember Bivens seconded the motion and upon roll call; all voted “aye”.

Councilmember Bivens made a motion to approve the purchase of HVAC units from Cook’s Air Conditioning and Heating, Inc. in the amount of \$38,105. Councilmember Pedigo seconded the motion and upon roll call; all voted “aye”.

Councilmember Alvis made a motion to approve the purchase of License Agreement from ESRI in the amount of \$50,000. Councilmember Bivens seconded the motion and upon roll call; all voted “aye”.

Councilmember Senter made a motion to approve the Stormwater Management/BMP Facilities Maintenance Agreement between BEHM, LLC (B&W Enterprises Lot 5rb) and the City of Morristown. Councilmember Pedigo seconded the motion and upon roll call; all voted “aye”.

Councilmember Alvis made a motion to approve the donation of weapon ammunition to the Morristown Police Department from Wal-Mart Store #6370 valued at \$161.33. Councilmember Pedigo seconded the motion and upon roll call; all voted “aye”.

Councilmember Bivens made a motion to approve the Mayor’s nomination of George McGuffin and re-appoint him to the Morristown Utilities Commission for a five year term to expire on July 31, 2021. Councilmember Pedigo seconded the motion and upon roll call; all voted “aye”.

Councilmember Alvis made a motion to approve the Fire Departments hiring of Derek Rogers, as an entry-level Firefighter. Councilmember Bivens seconded the motion and upon roll call; all voted “aye”.

Mayor Chesney recessed the meeting for an Executive Session.

Mayor Chesney called the session back to order.

Councilmember Senter made a motion to Open the Agenda to add an item. Councilmember Pedigo seconded the motion and upon roll call; all voted “aye”.

Councilmember Pedigo made a motion that the City Attorney send an appeal to the Supreme Court of Tennessee on the case of Chuck’s Package Store vs. the City of Morristown. Councilmember Garrett seconded the motion and upon roll call; Councilmembers Garrett, Senter, Pedigo and Mayor Chesney voted “aye”; Councilmembers Bivens and Alvis voted “no”.

Mayor Chesney adjourned the July 19, 2016, City Council meeting at 6:19 p.m.

MAYOR

ATTEST:

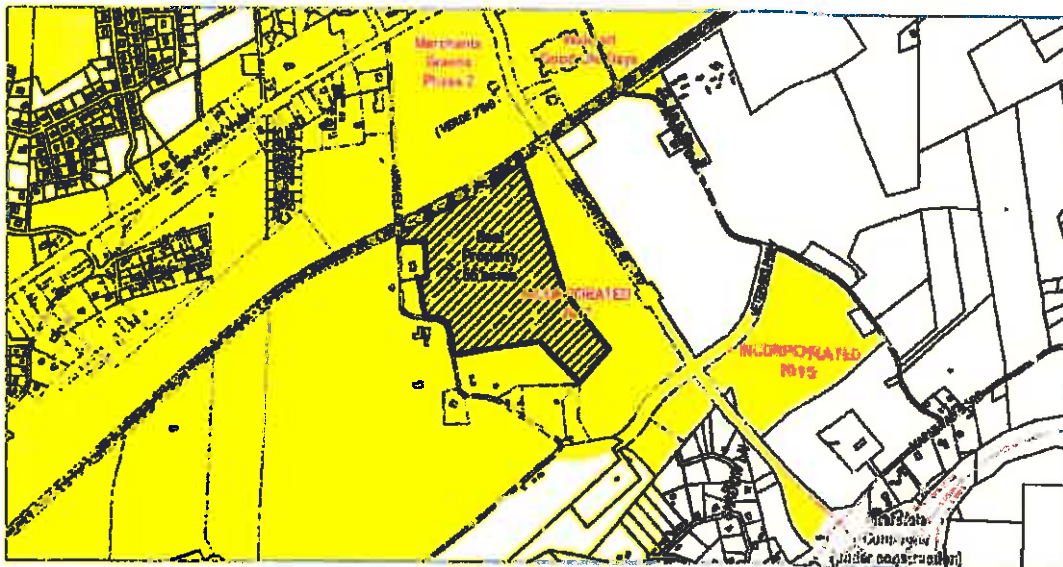
CITY ADMINISTRATOR



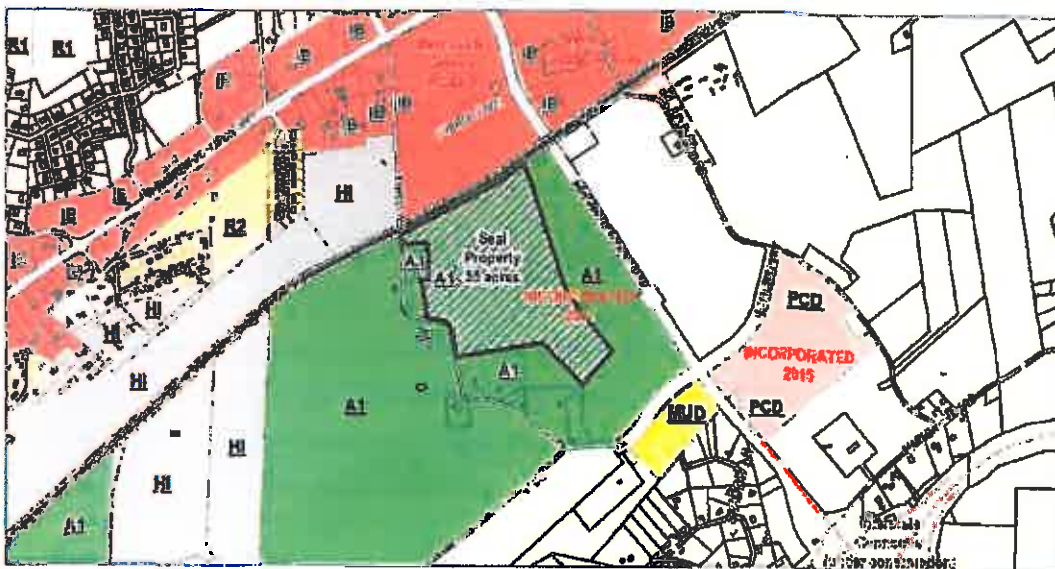
Department of Community Development
100 West 1st North Street
Morristown, TN 37814
(423)585-4620

TO: Morristown City Council
FROM: Lori Matthews, Senior Planner
DATE: June 19th, 2016
SUBJECT: Rezoning Request for 619 Howell Road

A rezoning request has been received by the Planning Department by Kenneth and Wanda Seals for their property for their property located at 619 Howell Road which adjoins the Norfolk-Southern Railway right of way between Merchants Greene Boulevard (State Highway 474) and Howell Road. Acting on his behalf will be Mr. Paul Lebel.



The Seal's property, approximately 55 acres in size, (Hamblen County Tax ID # 032 048 05800), contains one single family residence with barn, the northern property line running parallel to the railroad for roughly 1,500 feet and its eastern property line being shared with the John Bell property which is also under consideration for rezoning. This tax parcel was originally assigned its 'holding place' zoning designation of A-1 (Agricultural) when incorporated in 2007.



North:	Norfolk-Southern Railway, Merchants Greene Phase II Zoned IB (Intermediate Business)
South:	vacant/vegetated lands Zoned A-1 (Agricultural)
East:	vacant/vegetated lands Zoned A-1 (Agricultural)
West:	vacant lands/sparse single family residences Zoned A-1 (Agricultural)



This continuation of Intermediate Business along the Merchants Greene thoroughfare is an acceptable land use designation without a formal master plan as pertinent information associated with any large-scale commercial development, such as traffic impact studies, pedestrian walkways, sidewalks, etc. are in place for any commercial designation within the City of Morristown.

The Regional Planning Commission at their regular meeting of July 12th voted unanimously to forward this request to City Council as submitted for approval of the rezoning from A-1 (Agricultural) to IB (Intermediate Business). Staff's recommendation is the same.

1. Approve rezoning request as submitted;
2. Approve rezoning request with stipulations;
3. Table rezoning request;
4. Deny rezoning request

ORDINANCE NO. 3557

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF MORRISTOWN TENNESSEE, APPENDIX B AND OFFICIAL ZONING MAP. (Rezoning of property currently addressed as 619 Howell Road from Agricultural District (A-1) to Intermediate Business (IB) in the First Civil District of Hamblen County.)

BE IT ORDAINED BY THE CITY OF MORRISTOWN AS FOLLOWS:

SECTION I. WHEREAS, the Morristown Regional Planning Commission has recommended to the City Council of the City of Morristown that a certain amendment be made to Ordinance No. 2092, known as the Zoning Ordinance for the City of Morristown, Appendix B;

NOW, THEREFORE, in order to carry into effect the said amendment:

SECTION II. BE IT RESOLVED by the City Council of the City of Morristown that Ordinance No. 2092 be and the same hereby is amended so as to provide that the following described real estate be rezoned from A-1, Agricultural District to IB, Intermediate Business District.

That parcel of land currently having been assigned as 619 Howell Road and having Hamblen County Tax Map ID # 032048 05800 containing 55 +/- acres;

SECTION III. BE IT FURTHER ORDAINED that all maps, records and necessary minute entries be changed so as to effect the amendment as herein provided, to the extent that the area herein above described shall be permitted to be used for Intermediate Business (IB).

SECTION IV. BE IT FURTHER ORDAINED that all ordinances or parts of ordinances in conflict herewith be, and the same are, repealed to the extent of such conflict but not further or otherwise.

SECTION V. BE IT FURTHER ORDAINED that this ordinance takes effect from and after the date of its publication and final passage, the public welfare requiring it.

Passed on first reading this the 19th day of July, 2016.

ATTEST:

MAYOR

CITY ADMINISTRATOR

Passed on second and final reading this the 2nd day of August, 2016.

ATTEST:

MAYOR

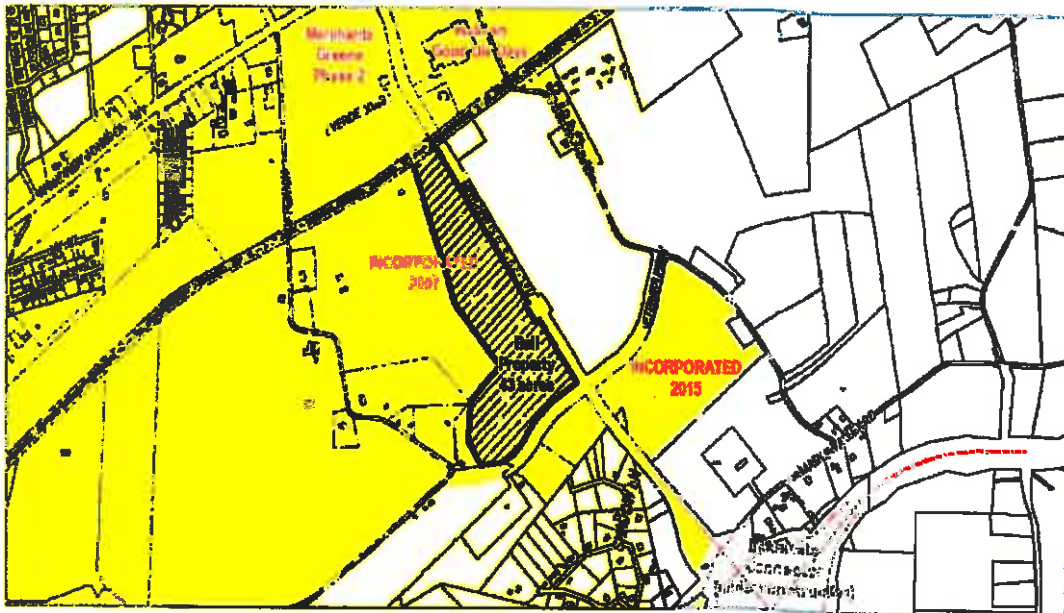
CITY ADMINISTRATOR



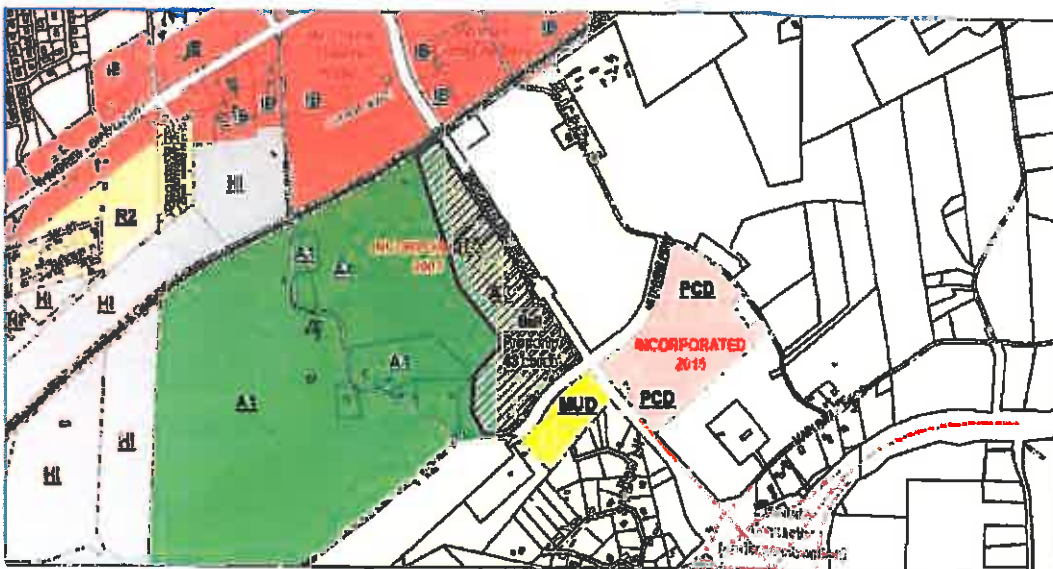
Department of Community Development
100 West 1st North Street
Morristown, TN 37814
(423)585-4620

TO: Morristown City Council
FROM: Lori Matthews, Senior Planner
DATE: June 19th, 2016
SUBJECT: Rezoning Request for Merchants Greene and Veterans Parkway

A rezoning request has been received by the Planning Department by Mr. John Bell for his property adjacent to Merchants Greene Boulevard (State Highway 474) and Veterans Parkway just south of the Norfolk Southern Railway. Acting on his behalf will be Mr. Paul Lebel.



Mr. Bell's property, 43 acres in size (Hamblen County Tax ID # 032 048 05907), is comprised of vegetated rocky terrain with 2,600 linear feet of street frontage along Merchants Greene Boulevard and 1,200 linear feet along Veterans Parkway. It appears an entrance has over time been cut into the property (from Veterans Parkway) for loading and dumping of trucks but this is not an approved driveway cut. Currently no structures exist on site. This tax parcel was originally assigned its 'holding place' zoning designation of A-1 (Agricultural) when it was annexed by the City of Morristown in 2007.



[Return to Agenda](#)

Land uses and zoning which adjoin this request include the following:

North:	Norfolk-Southern Railway, Merchants Greene Phase II Zoned IB (Intermediate Business)
South:	Veterans Parkway/forested lands Zoned A-1 (Agricultural)/MUD
East:	Merchants Greene (State Highway 441) Zoned A-1 (Agricultural)
West:	Howell Road, sparse single family residences Zoned A-1 (Agricultural)

Mr. Bell had forwarded a letter to Staff stating his preference for IB (Intermediate Business) zoning to accommodate potential commercial retail in the future and immediate office type uses. As a formal site plan has not yet been formalized, Staff is in agreement that the acreage as a whole, as it fronts two major arterials, is best suited for Intermediate Business zoning at this point.



This continuation of Intermediate Business along the Merchants Greene thoroughfare is an acceptable land use designation without a formal master plan as pertinent information associated with any large-scale commercial development, such as traffic impact studies, pedestrian walkways, sidewalks, etc. are in place for any commercial designation within the City of Morristown.

The Regional Planning Commission at their regular meeting of July 12th voted unanimously to forward this request to City Council as submitted for approval of the rezoning from A-1 (Agricultural) to IB (Intermediate Business). Staff's recommendation is the same.

CITY COUNCIL OPTIONS:

1. Approve rezoning request as submitted;
2. Approve rezoning request with stipulations;
3. Table rezoning request;
4. Deny rezoning request.

ORDINANCE NO. 3558

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF MORRISTOWN TENNESSEE, APPENDIX B AND OFFICIAL ZONING MAP. (Rezoning of property adjacent to Merchants Greene Boulevard from Agricultural District (A-1) to Intermediate Business District (IB) in the First Civil District of Hamblen County.)

BE IT ORDAINED BY THE CITY OF MORRISTOWN AS FOLLOWS:

SECTION I. WHEREAS, the Morristown Regional Planning Commission has recommended to the City Council of the City of Morristown that a certain amendment be made to Ordinance No. 2092, known as the Zoning Ordinance for the City of Morristown, Appendix B;

NOW, THEREFORE, in order to carry into effect the said amendment:

SECTION II. BE IT RESOLVED by the City Council of the City of Morristown that Ordinance No. 2092 be and the same hereby is amended so as to provide that the following described real estate be rezoned from A-1, Agricultural District to IB, Intermediate Business District.

That parcel of land having Hamblen County Tax Map ID # 032048 05907 containing 43 +/- acres; and to include that portion of Merchants Greene right of way which begins upon crossing over the Norfolk-Southern railway and ends at Veterans Parkway, the whole of the right of way being within the corporate limits of the City of Morristown as of the effective date of this Ordinance.

SECTION III. BE IT FURTHER ORDAINED that all maps, records and necessary minute entries be changed so as to effect the amendment as herein provided, to the extent that the area herein above described shall be permitted to be used for Intermediate Business (IB).

SECTION IV. BE IT FURTHER ORDAINED that all ordinances or parts of ordinances in conflict herewith be, and the same are, repealed to the extent of such conflict but not further or otherwise.

SECTION V. BE IT FURTHER ORDAINED that this ordinance takes effect from and after the date of its publication and final passage, the public welfare requiring it.

Passed on first reading this the 19th day of July 2016.

ATTEST:

MAYOR

CITY ADMINISTRATOR

Passed on second and final reading this the 2nd day of August 2016.

ATTEST:

MAYOR

CITY ADMINISTRATOR

APPROPRIATION ORDINANCE

Ordinance Number:3555.01

AN ORDINANCE TO AMEND ORDINANCE NUMBER 3555, THE CITY OF MORRISTOWN, TENNESSEE ANNUAL BUDGET FOR THE FISCAL YEAR 2016-2017 AND APPROPRIATE THE SUM OF \$271,000 SPECIFICALLY FOR PAVING OF LOCHMERE DEVELOPMENT. THE ADDITIONAL APPROPRIATION FROM RESERVES IS NECESSARY DUE TO THE TIMING OF RECEIVING PERFORMANCE BOND PROCEEDS.

Be it ordained by the Council of the City of Morristown Tennessee that Ordinance Number 3555 identifying the revenue and expenditure accounts of the City of Morristown contained in the annual budget for the fiscal year 2016-2017 is hereby amended and funds are herewith appropriated or adjusted as presented.

FUND	DEPARTMENT	CODE	ACCOUNT DESCRIPTION	RESERVES		EXPENDITURES	
				Increase	Decrease	Increase	Decrease
General (#110)	Fund Balance	26250	Restricted - Public Works		\$ 271,000		
General (#110)	PW - Pavement Management System	110-43300-958	Street Infrastructure Improvements			\$ 271,000	
			Totals	\$ -	\$ 271,000	\$ 271,000	\$.

PASSED ON FIRST READING THIS _19th_ Day of July 2016

ATTEST:

Mayor

City Administrator

PASSED ON SECOND READING THIS _2nd_ Day of August 2016

ATTEST:

Mayor

City Administrator

RESOLUTION NO. _____

A Resolution Endorsing the Morristown Utilities Commission's Operation RoundUp, a Community Assistance Fund, to be used for Downtown Sidewalk Upgrades.

WHEREAS, The Morristown Utilities Commission had been committed to serving the residents of the City of Morristown over 115 years; and

WHEREAS, The Morristown Utilities Commission has established Operation RoundUp, a Community Assistance Fund, to be used for recreation, economic development and community assistance; and

WHEREAS, the Crossroads Downtown Partnership is committed to assisting with funds and seeking additional grand money; and

WHEREAS, the proposed project will be installed in conjunction with a new energy efficient LED Lighting system for underneath and on top of the sidewalk system, including new electrical wiring circuits; such work would be funded and maintained by MUC in accordance with the TVA LS rate schedule governing street lighting.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Morristown hereby endorses this endeavor by the Morristown Utilities Commission and encourages the participation of all citizens in Operation RoundUp.

Passed this the 2nd day of August, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

RESOLUTION 2016-06-08

ROUNDUP FUNDS FOR DOWNTOWN SIDEWALK UPGRADES

WHEREAS, The Morristown Utilities Commission (MUC) has been committed to serving the residents of the City of Morristown for over 115 years; and

WHEREAS, MUC has established Operation RoundUp, a Community Assistance Fund, to be used for recreation, economic development and community assistance; and

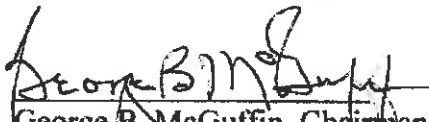
WHEREAS, the City of Morristown is seeking financial support for (1) construction of a protective ceiling underneath the downtown overhead sidewalks to improve the appearance and mitigate wildlife intrusion, and (2) installation of a speaker system to inform the public; and

WHEREAS, the Crossroads Downtown Partnership is committed to assisting with funds and seeking additional grant money; and

WHEREAS, the proposed project will be installed in conjunction with a new energy efficient LED Lighting system for underneath and on top of the sidewalk system, including new electrical wiring circuits; such work would be funded and maintained by MUC in accordance with the TVA LS rate schedule governing street lighting.

THEREFORE, BE IT RESOLVED, that the Morristown Utilities Commission hereby approves Roundup funds not to exceed \$130,000, to be offset by any additional funding or grants, for the construction of a protective ceiling and a speaker system underneath the downtown sidewalks. Ongoing maintenance of these systems will not be the responsibility of MUC.

Passed this 30th day of June, 2016


George B. McGuffin, Chairman


Harold L. Nichols, Secretary

ORDINANCE NO. _____

**An Ordinance Granting a Franchise to the
Morristown Utilities Commission, to Build, Construct,
Operate and Maintain a Cable Television System in
the City of Morristown, Tennessee, and Setting Forth
Conditions Accompanying the Granting of this
Franchise:**

Be it ordained by the City Council of the City of Morristown, Tennessee, as follows:

Section 1 - Title. This Ordinance shall be known and may be cited as the Terms and Conditions of the Cable Television Franchise.

Section 2 – Definitions. For the purpose of the Ordinance, and when not inconsistent with the context, words used herein in the present tense include the future; words in plural include the singular, and vice versa. The word "shall" is always mandatory. The captions supplied herein for each section are for convenience only. Said captions have no force of law, are not part of the section, and are not to be used in construing the language of the section. The following terms and phrases, as used herein, shall be given the meaning set forth below:

- (a) "City" or "Grantor" is the City of Morristown, a municipal corporation under the laws of the State of Tennessee, or any successor to the Legislative powers of the present City.
- (b) "Grantee" or "Company" is Morristown Utilities Commission. It is the grantee of rights under this franchise.
- (c) "Franchise" is the rights granted to any person by the City of Morristown under the terms of this and any agreement entered into by and between the City of Morristown, Tennessee, and such person according to the terms of this Code.
- (d) "City Council" is the governing legislative body of the City of Morristown, Tennessee.
- (e) "Person" is any person, firm, partnership, association, corporation, company or organization of any kind.
- (f) "Cable System" means all or part of the facility owned, rented, leased or otherwise controlled by Grantee (Including plant, facilities, equipment, and closed signal transmission paths, switches, software,

hardware, and other processing equipment, antennas, cables, amplifiers, towers, microwave links, studios, real and personal property, and any and all conductors, home terminals, converters, remote control units, and all associated equipment or facilities) the purposes of which include distributing Cable Services or programming or producing, receiving, amplifying, storing, processing, or distributing voice, data, video, multimedia or other forms of electronic, optical or other signals in the Franchise Area.

(g) "CATV System" shall mean cable system.

(h) "Corporate Limits" shall include all areas lying within the limits of the City of Morristown, Tennessee, as from time to time changed by annexation or other legal methods.

(i) "Federal Communications Commission" or "FCC" is the Commission or Agency created pursuant to Communications Act of 1934 or its successor agency.

(j) "Channels" shall mean a group of frequencies in the electromagnetic spectrum capable of carrying an audio-data or an audio-video television signal.

(k) "Basic Cable Service" means any service tier which Includes the re- transmission of local television broadcast signals, which tier also meets the definition of Basic Service contained in 47 U.S.C. 543(b)(7).

(l) "Gross Annual Receipts" shall mean all revenue derived directly by the Grantee and its subsidiaries, from or in connection with the operation of the Cable Television System pursuant to this Ordinance; including, but not limited to, gross annual basic cable service receipts, gross annual premium channels receipts, all other service receipts, gross annual advertising receipts, gross annual receipts from use of commercial channels, receipts from any use of the system for data services, installation and reconnection fees, and converter and other equipment rentals; provided, however, that this shall not include any taxes or franchise fees on services furnished by the Grantee herein, imposed directly upon any subscriber or user by the state, City or other governmental entity and collected by the Grantee on behalf of said governmental unit.

(m) "City of Morristown" or "City" means the present municipal corporation of Morristown together with any future annexation made pursuant to law.

(n) "Ordinance" or "Franchise Ordinance" means this Ordinance which grants a franchise and defines the specific rights and obligations of each party pursuant to the general authority, powers and restrictions of this Ordinance.

(o) "Streets" shall mean the surface of and all rights-of-way and the space above and below any public street, road, highway, bridge, freeway, lane, path, sidewalk, alley, court, boulevard, parkway, drive, waterway or easement now or hereafter held by the City for the purpose of public travel and shall include other easements or rights-of-way as shall be now held or hereafter held by the City which shall, within their proper use and meaning entitle the franchisee to the use thereof for the purposes of installing or transmitting cable television system transmissions over poles, wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, attachments, and other property as may be ordinarily necessary and pertinent to a cable television system.

(p) "Year" means the remaining portion of any calendar year in which a franchise is granted. Thereafter, "Year" means a full calendar year.

Section 3 - Grant of Authority.

(a) The City warrants it has a right to issue a franchise and the Grantee, by acceptance, acknowledges and accepts the right of the City to issue the same.

(b) The City hereby grants to Grantee, subject to the right of amendment as hereinafter provided, the right and privilege to construct, erect, operate and maintain, in, upon, along, across, above, over and under the streets, alleys, public ways and public places now laid out or dedicated, and all extensions thereof, and additions thereto, in the City, poles, wires, cables, underground conduits, manholes, and other conductors and fixtures necessary for the maintenance and operation of the City of a cable system for the interception, retransmission, sale, and distribution of television signals, radio, data, or other electronic signals as may be deemed appropriate by the Grantee, upon the limitations, terms, and conditions in this ordinance contained, as the same may be from time to time amended.

(c) This franchise award shall not be sublet, assigned or leased, nor shall any of the rights or privileges therein granted or authorized be transferred or assigned, either in whole or in part, nor shall title thereto, either legal or equitable, or any right, title, interest or property therein pass to or vest in any person except the Grantee, either by act of the Grantee or by operation of law, without the prior consent of the City expressed by

ordinance, which consent will not be unreasonably withheld. The City shall take such consent or denial action within the limits prescribed in 47 U.S.C. 537.

(d) The right to use and occupy said streets, alleys, public ways and places for the purposes herein set forth shall not be exclusive when granted by the City.

Section 4 - Compliance With Applicable Laws.

(a) Grantee, at all times during the life of its franchise, shall be subject to all lawful exercise of the police power by the City. Unless otherwise prohibited by State or Federal law, or where jurisdiction has been or shall be conferred upon a State or Federal commission, board or body, the City reserves a right by ordinance or resolution to regulate such cable system as to attachment fees, if any; rates and charges to be paid by the subscribers for the service; the quality of service to be provided subscribers; the rate of construction of facilities so as to serve the territorial area referred to hereinafter; to promulgate rules and regulations and other necessary supervisory procedures to assure prompt completion of the system; to provide service for all citizens of the City, subject to the extension policy as stated in Section 11 wherever located; to set a schedule of construction that will attain the said completion of such system as herein above last stated; and to adopt such other rules and regulations it may now or hereafter lawfully impose in keeping with and not in conflict with applicable State or Federal law, or the lawful rules and regulations heretofore or hereafter adopted by any Federal commission, board or body and/or any lawful State rules and/or regulations lawfully adopted by any State commission, board or body.

(b) Grantee, its successors and assigns granted a franchise hereunder, shall be subject to lawful regulations heretofore or hereafter adopted by the Federal Communications Commission and should it now be or hereafter become subject to the jurisdiction of any other commission then also to the lawful rules and regulations adopted by such commission and also to the lawful rules and regulations adopted by any similar Federal Commission or State regulatory body having jurisdiction. If the Grantee, its successors or assigns, shall fail to comply with any material Federal and/or State statute, rules, regulations, orders or conditions lawfully vested under Federal law in any Federal regulatory body and/or rules, regulations, orders and conditions lawfully vested in any State regulatory body and/or rules, regulations, orders and conditions lawfully vested in the City, the City shall have the right to terminate or cancel any franchise granted hereunder after

written notice to the Grantee to correct such failure or default and such failure or default shall continue for a period of time specified in such notice, not less than ninety (90) days.

Section 5 - Franchise and Area. Any franchise granted hereunder relates to the present City limits of the City and to any area hereafter added thereto during the term of any franchise granted hereunder.

Section 6 - Services. The cable television system provided by the Grantee shall have a bandwidth of no less than 750 MHz.

Section 7 - Customer Service and Signal Quality Requirements.

The Grantee shall:

- (a) Comply with the technical standards provided by the Federal Communications Commission as from time to time same may be amended.
- (b) Limit failures which leave 5 or more subscribers with no cable service to a minimum by locating and addressing with reasonable efforts such malfunctions properly and promptly, but in no event longer than twenty-four (24) hours after notice unless prevented by an act of God.
- (c) Demonstrate by instruments or otherwise to subscribers that a signal of adequate strength and quality is being delivered.
- (d) In the case of any outage from any cause in which one or more customers are completely without cable service for 24 hours or more, upon request from customers affected, calculate a pro rata reduction in the charge for cable service, to be itemized and included in the next regular bill to the customer(s) involved.
- (e) Comply with the Customer Service and Consumer Protection Standards at 47 C.F.R. 76.309, as from time to time amended by the Federal Communications Commission.

Section 8 - Public Educational & Governmental Access Channels and Emergency Broadcast Services Required.

- (a) The Grantee shall provide, but without charge and subject to the rules and regulations of the Federal Communications Commission, public emergency broadcast capabilities whereby the City can interrupt service on all channels in order to make such public emergency communications as it deems necessary.

(b) Grantee shall reserve one or more channels for educational and governmental access for the use by Granter to be made available to customers served by Grantee in the City of Morristown and Hamblen County. Granter shall assume all responsibility for and have exclusive authority for programming, content, regulation, and scheduling use of the dedicated channel by any and all users. With prior approval of the Granter, such channel or channels may be used by Grantee for other purposes when not required by access users.

(c) Grantee will cooperate with the City in any request for joint development of an operational plan for construction of an institutional network (I-net) serving all municipally-owned or other public buildings in the City. Such I-net shall also include such connection(s) to Walters State Community College as specified by the City. Upon request by the City, and at the City's expense, the Grantee will construct an institutional network approved by the City at actual costs to Grantee for labor and materials for the construction of the institutional network. Once construction is completed, the City shall pay to the Grantee a monthly maintenance fee at the Grantee's then prevailing rate.

(d) Grantee, at its own expense and upon specific written request by the City, will provide and maintain one connection for Basic Service to each City building, each public, primary, middle and high school, public library; and police station and fire station within the corporate limits of the City; provided, that Grantee shall not be responsible for providing the distribution system or internal wiring within any of such places and provided, further, that Grantee shall not be required to bear the expense or cost of any installation necessary for such purposes beyond a 125 foot service drop. Such additional costs, on a time and materials basis, shall be borne by the requesting institution or location. Further, no monthly customer service fee will be charged for Basic Service for the first connection of such facilities. Nothing in the Franchise shall be construed to permit any person, organization or other entity receiving a free connection or free service under this provision to extend such connection or service to other persons or locations or to receive any remuneration or compensation for any such connection or service unless approved in writing by Grantee.

Section 9 – Indemnification. Grantee shall save the City harmless from all loss sustained by the City on account of any suit judgment execution, claim or demand whatsoever against the City resulting from negligence on the part of Grantee in the construction, operation or maintenance of its cable television system in the City; and for this purpose Grantee shall carry property damage and personal injury insurance with some responsible

insurance company or companies qualified to do business in the State of Tennessee. The amounts of such insurance to be carried for liability due to property damage shall be:

Commercial General Liability \$1,000,000 per occurrence
Combined Single Liability (C.S.L.) \$2,000,000 General Aggregate
Umbrella Liability \$1,000,000 per occurrence C.S.L

The City shall notify Grantee, in writing, within ten (10) days after the presentation of any claim or demand, either by suit or otherwise, made against the City on account of any negligence as aforesaid on the part of Grantee. Where any such claim or demand against the City is made by suit or legal action, written notice thereof shall be given by the City to Grantee not less than five (5) days prior to the date upon which an answer to such legal action is due or within ten (10) days after the claim or demand is made upon the City, whichever notice period yields Grantee the larger amount of time within which to prepare an answer.

Section 10- Construction & Maintenance.

(a) All structures, lines and equipment erected by Grantee within the City shall be so located as to cause minimum interference with the proper use of streets, alleys, public ways and places and to cause minimum interference with the rights or reasonable convenience of property owners. Existing poles, posts, conduits, and other such structures of any electric power system, telephone company, or other public utility located in the City shall be used to the extent practicable in order to minimize interference with travel and avoid unnecessary duplication of facilities. The City shall actively assist Grantee to the fullest extent necessary in obtaining reasonable joint pole or conduit use agreements from the owners of existing poles and conduits. To the extent that existing poles, posts, conduits, and other such structures are not available, or are not available under reasonable terms and conditions, including excessive cost or unreasonable limitation upon the use of Grantee's cable television system, Grantee shall upon approval by the City have, the right to purchase, lease, or in any other manner acquire land, rights-of-way, or public utility easements upon or under which to erect and maintain its own poles, conduits, and other such structures as may be necessary for the construction and maintenance of its cable television system. Where all other existing utilities are underground, Grantee shall locate its facilities underground.

(b) In case of any disturbance by Grantee of pavement, sidewalk, driveway or other surfacing. Grantee shall, at its own cost and expense and in a manner approved by the City, replace and restore all paving, sidewalk,

driveway or surface so disturbed in at least as good condition as before said work was commenced. Before any of the above mentioned disturbances may commence, the Grantee shall notify the City so that inspections may be made of the before and after construction conditions.

(c) Grantee shall, on the request of any person holding a building moving permit issued by the City, temporarily raise or lower its lines to permit the moving of the building. The expense of such temporary removal shall be paid by the person requesting the same, and Grantee shall have the authority to require such payment in advance.

(d) All poles, lines, structures and other facilities of Grantee in, on, over and under the streets, sidewalks, alleys, public utility easements and public grounds or places of the City shall be kept by Grantee at all times in a safe condition.

(e) When the City undertakes any reconstruction, realignment or any other work on City Street which would require relocation or modification of Grantee's poles, wires, or other facilities, City shall notify Grantee, and Grantee shall be responsible for such relocations of Grantee's facilities. Grantee shall be entitled to any reimbursement funds that may be made available to other affected parties.

Section 11- Service Extension. Grantee agrees to extend its cables to provide additional service within the corporate limits of the City of Morristown so as to make the service available to all residential occupancies within the City. Extension of service shall not be required into an area where there are less than twenty-five (25) homes per lineal mile beyond 500 feet of Company's existing trunk system.

Section 12 - Amendments & Supplemental Agreements. It shall be the policy of the City to amend the Franchise, upon application of the Grantee, or when otherwise warranted, to enable the Grantee to take advantage of any development or developments in the field of CATV/Internet and telecommunications services which will afford an opportunity to more efficiently or economically serve its customers, but the City is under no obligation to amend if it deems such an amendment not in the public interest. It shall further be the policy of the City to encourage competition among cable operators and between cable operators and other providers of communications services on a fair and equitable basis, and Grantee acknowledges that such may be accomplished through amendments to this ordinance, and that such amendments may impose additional obligations and restrictions upon Grantee where same are reasonably deemed by Granter to be in the public Interest.

Section 13 – Filings & Communications With Regulatory Agencies. The City shall be notified of all petitions, applications, registrations and responses to complaints submitted by the Grantee to the Federal Communications Commission concerning the Grantee's system, and shall provide copies of all such documents to the City if requested to do so.

Section 14 – Maps, Plats & Reports.

(a) The Grantee shall file with the City Administrator a true and accurate map or plat of the proposed plant and proposed extensions. Such map or plat shall be updated at least annually.

(b) The Grantee shall file upon request with the City, or its designee, not later than ninety (90) days after requested, an income statement applicable to the operations within the City during the preceding twelve month period, and a balance sheet. There shall be submitted along with them such other reasonable information as the City shall request with respect to the company's properties and expenses related to its operations within the City.

Section 15 – Franchise Term & Renewal. This franchise shall take effect and be in full force from _____, and after acceptance by Grantee as provided in Section 20, and the same shall continue in full force and effect for a term of ten (10) years. Renewals shall be accomplished as provided for in Federal law and regulations.

Section 16 – Forfeiture. If Grantee should violate any material terms, conditions, or provisions of this franchise or if Grantee should fail to comply with any material provision of any ordinance of the City regulating the use by Grantee of the streets, alleys, public utility easements or public ways of the City, and should Grantee further continue to violate or fail to comply with the same for a period of ninety (90) days after Grantee shall have been notified in writing by the City to cease and desist from any such violation or failure to comply so specified, then Grantee may be deemed to have forfeited and annulled and shall there by forfeit and annul all the rights and privileges granted by this franchise; provided, however, that such forfeiture shall be declared only by written decision of the City Council after an appropriate public proceeding before the City Council affording Grantee due process and full opportunity to be heard and to respond to any such notice of violation or failure to comply; and provided further that the City Council may, in its discretion and upon a finding of violation or failure to comply, impose a lesser penalty than forfeiture of this franchise or excuse the violation or failure to comply upon showing by Grantee of mitigating circumstances. Grantee shall have the right to appeal any finding of violation or failure to comply with any

resultant penalty to any court of competent jurisdiction, as provided in 47 U.S.C. 555. In the event that forfeiture is imposed upon Grantee, it shall be afforded a period of six (6) months within which to sell, transfer, or convey this cable television system to a qualified purchaser at fair market value. During this six (6) month period, which shall run from the effective date of the final order or decision imposing forfeiture, including any appeal, Grantee shall have the right to operate this cable television system pursuant to the provisions of this franchise.

Section 17 – Surrender Right. Grantee may surrender this franchise at any time upon filing with the City Administrator a written notice of its intention to do so at least six (6) months before the surrender date. On the surrender date specified in the notice, all of the rights and privileges and all of the obligations, duties and liabilities of Grantee in connection with this franchise shall terminate. Further, should the Grantee, his and/or its successors and assigns discontinue the business for which this franchise is granted, all poles, wires, cables and other devices shall be removed without expense to the City, within ninety (90) days after demand for such removal is made by the City.

Section 18 – Transfers. All of the rights and privileges and all of the obligations, duties and liabilities created by this franchise shall pass to and be binding upon the successors of the City and the successors and assigns of Grantee; and the same shall not be assigned or transferred without the written approval of the City Council, which approval shall not be unreasonably withheld, in compliance with the requirements of 47 U.S.C. 537; provided, however, that this Section shall not prevent the assignment or hypothecation of the franchise by Grantee as security for debt without such approval.

Section 19 – Franchise Fee. In consideration of the terms of this franchise, and in conformity with 47 U.S.C. 542, Grantee agrees to pay the City a sum of money equal to five percent (5%) of Grantee's gross annual receipts per year. Such sum shall be payable quarterly, no later than the 30th of the month following the end of the quarter. This payment shall be in addition to any other tax or payment owed to the City by Grantee, including ad valorem or business tax.

Section 20 – Effective Date and Acceptance. This Ordinance shall become effective on _____, and, after acceptance by Grantee, shall then be and become a valid and binding contract between the City and Grantee; provided, however, that this Ordinance shall be void unless Grantee shall, within ninety (90) days after the final passage of this Ordinance as provided in Section 22, file with the City Administrator a written acceptance of this

Ordinance and the franchise herein granted, agreeing that it will comply with all of the provisions and conditions hereof and that it will refrain from doing all of the things prohibited by this Ordinance.

Section 21 - Severability. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid or unconstitutional by any Federal or State court or administrative or governmental agency of competent jurisdiction, specifically including the Federal Communications Commission, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions hereof.

Section 22 - Passage and Effective Date. For purposes of becoming a law, this Ordinance shall be effective after its final passage, the public welfare requiring it. For all other purposes, it shall be effective as provided for in Section 20 above.

PASSED ON FIRST READING THIS THE 2ND OF AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

PASSED ON SECOND AND FINAL READING THIS THE 16TH DAY OF AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

**ORDINANCE NO. _____,
BEING AN ORDINANCE OF THE CITY COUNCIL OF MORRISTOWN,
TENNESSEE AMENDING TITLE 10 OF THE MORRISTOWN
MUNICIPAL CODE.**

Be it ordained by the City Council for the City of Morristown that the text of Title 10 of the Morristown Municipal Code is deleted in its entirety and substituted therefore is the following:

"TITLE 10

ANIMAL CONTROL

Sec. 10-101. - Definitions.

[The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:]

Animal means any live, vertebrate creature, domestic or wild.

Animal control authority (ACA) means the agency or department empowered to enforce this chapter.

Animal control officer / humane officer means the person(s) employed by the Morristown Hamblen Humane Society (MHHS) as its enforcement officer(s).

Animal shelter means any facility operated by the Morristown-Hamblen Humane Society (MHHS) for the purpose of caring for all animals held under the authority of this chapter or state law.

At-large means any animal shall be deemed to be at large when it is off the property of its owner and not under the control of a competent person.

Dangerous animal means:

(1) Any animal which, according to the records of the Morristown-Hamblen Humane Society (MHHS) and/or the Morristown Police Department (MPD), Hamblen County Sheriff's Department (HCSD) and/or the Hamblen County Health Department (HCHD), has inflicted severe injury on a human being without provocation on public or private property; or

(2) Any animal which, according to the records of the appropriate authority listed above, has killed a domestic animal without provocation while off the owner's property; or

(3) Any animal owned or harbored primarily or in part for the purpose of fighting or any animal trained for fighting; or

(4) Any animal not owned by a governmental or law enforcement unit used primarily to guard public or private property; or

(5) Any animal with a known propensity, tendency or disposition to attack unprovoked, to cause injury, or to otherwise threaten the safety of human beings or another domestic animal.

(6) Exemptions for animals that are provoked. No animal may be declared dangerous if the threat, injury or damage was sustained by a person who, at the same time, was committing a willful trespass or other tort upon the premises occupied by the owner or keeper of the animal, or was teasing, tormenting, abusing, or assaulting the animal or has, in the past, been observed or reported to have teased, tormented, abused or assaulted the animal or was committing or attempting to commit a crime.

Euthanize means to give a painless death.

Humane society means the Morristown-Hamblen Humane Society ("MHHS").

Humane society agent means any properly designated officer of the MHHS.

Impound means to confiscate or seize and hold.

Owner means any person, groups of persons, or corporation owning, keeping, or harboring an animal. An animal shall be deemed to be harbored if it is fed or sheltered for three consecutive days or more, or allowed to stay on property unreported as a stray.

Severe injury means any animal that causes physical injury that results in a broken bone or lacerations requiring sutures or cosmetic surgery.

Wild animal means any live, warm-blooded animal that cannot be domesticated, or any reptile.

(Ord. No. 2592, 2-1990)

Sec. 10-102. - Running at large.

It shall be unlawful for any person owning or in charge of, or having custody of, any animal, or fowl, to permit such animal or fowl to run at large within the city. It shall also be a violation of this chapter if any person violates Tennessee Code Annotated §44-8-408 and the City and/or animal control authority may take all necessary actions to enforce this statute.

(Ord. No. 2592, 2-1990)

Sec. 10-103. - Female dogs in heat.

The animal must be confined in a suitable building (suitability to be determined by the humane officer) in such a manner that such female dog cannot come into contact with another animal except for planned breeding, for the entire heat

period (usually 24 days). Female dogs found in violation of this section and impounded will not be released from the animal shelter until said animal has been spayed, at the expense of the owner and until the other fees have been paid as set out in section 10-104(4).

(Ord. No. 2592, 2-1990)

Sec. 10-104. - Impoundment.

(a) All animals found in violation of any section(s) of this chapter may be impounded by the humane officer or any law enforcement officer of the city and kept at the animal shelter in a humane manner, pursuant to the subsections below.

(b) Impounded animals shall be kept for not less than 72 hours (three days). Any animal not reclaimed by its owner within this time shall become the property of the humane society, and shall be made available for adoption or euthanized. However, if an emergency situation exists that requires the immediate euthanasia of an injured, dangerous or severely diseased non-livestock animal, the animal may be immediately euthanized.

(c) The humane officer, upon impoundment of any animal, shall make a reasonable effort to notify the owner.

(d) To reclaim an animal, an owner or any person in charge of such animal must pay the cost of a rabies vaccination if no certificate of vaccination is presented, and the cost of impounding and maintaining such animal.

(e) No person shall, without proper authority, release any animal or fowl impounded.

(f) No impounded live animal shall be sold or given to anyone to be used for experimentation purposes in a school, laboratory, university or any research facility.

(Ord. No. 2592, 2-1990)

Sec. 10-105. - Animal care.

(a) No owner(s) shall fail to provide their animal(s) or fowl with sufficient good and wholesome food and water, proper shelter and protection from the weather, veterinary care when needed to prevent suffering, and with humane care and treatment.

(b) No person shall kill, wound, trap, or catch any birds or destroy any bird nests within the city, unless authorized in writing by the city administrator.

(c) No person shall give away any live animal, fish, reptile, or bird as a prize for, or as an inducement, to enter a place of amusement; or offer such vertebrate as an incentive to enter into any business agreement whereby the offer was for the purpose of attracting trade.

(d) Any person who, as the operator of a motor vehicle, strikes a domestic animal shall immediately report such injury or death to the animal's owner; in the event the owner cannot be ascertained or located, such

operator shall at once report the accident to the MHHS or to the appropriate law enforcement agency.

(e) No person shall expose any known poisonous substance, whether mixed with food or not, so that the same shall be liable to be consumed by any animal, provided that it shall not be unlawful for a person to expose on his own property common rat poison mixed with vegetable substance.

(f) Tennessee Code Annotated §§ 39-14-201 et. seq., are incorporated by reference as if set out in full.
(Ord. #2592, Feb. 1990)

Sec. 10-106. - Dangerous animals.

(a) No person shall keep any animal known to be vicious or dangerous.

(b) If the animal control officer has reason to believe that an animal meets the definition of a "dangerous animal" as stated in section 10-101 above, then the owner of the animal shall be cited into the Morristown Municipal Court for a hearing on the allegations and determination of the dangerous animal ordinance.

(c) Owner's/keeper's responsibilities of a dangerous animal. The following actions are required of owners of animals that have been designated as "dangerous" by the procedures described above:

(1) The owner or keeper shall notify the animal control authority immediately if a "dangerous animal is loose, unconfined, has attacked another animal or has attacked a human being;

(2) While on the owner's property, a "dangerous animal" must be securely confined indoors or in a securely enclosed and locked pen or structure to prevent the entry of young children and designed to prevent the animal from escaping. Such pen or structure must have minimum dimensions of five feet by ten feet and must have secure sides and a secure top. If it has no bottom secured to the sides, the sides must be embedded into the ground no less than two feet. The enclosure must also provide protection from the elements for the animal;

(3) The owner or keeper shall display a sign on his or her premises warning that there is a dangerous animal on the property. This sign shall be visible and capable of being read from the public street or thoroughfare. In addition, the owner shall conspicuously display a sign with a symbol warning children of the presence of a dangerous animal;

(4) A dangerous animal may be off the owner's premises if it is muzzled and restrained by a substantial chain or leash not exceeding six feet in length and under the control of a responsible adult person. The muzzle must be made in a manner that will not cause injury to the animal or interfere with its vision or respiration but must prevent it from biting any person or animal;

(5) If the owner or keeper of dangerous animal is a minor, the parent or guardian of that minor shall be responsible for

compliance with the specifications of this chapter for the care and housing of the animal and shall also be liable for all injuries and property damage sustained by any person or domestic animal caused by an unprovoked attack by the animal. (Ord. No. 2592, 2-1990)

Sec. 10-107. - Actions to be taken against owners of dangerous animals.

(a) Any dangerous animal shall be immediately confiscated by the animal control authority if the:

(1) Animal is not maintained in the proper enclosure;

(2) Animal is outside the dwelling of the owner, or outside of the proper enclosure and not under the physical restraint of the owner. In addition, the owner shall pay a fee of \$100.00 to the MHHS in addition to all other expenses incurred.

(b) If a dangerous animal of an owner with a prior conviction under this chapter, attacks or bites a person or another domestic animal, the dangerous animal shall be immediately confiscated by the animal control authority, placed in quarantine for the proper length of time, and thereafter destroyed in an expeditious and humane manner.

(c) The owner of any animal that aggressively attacks and causes severe injury or death of any human, whether the animal has previously been declared dangerous. The animal shall be immediately confiscated by the animal control authority, placed in quarantine for the proper length of time, and thereafter destroyed in an expeditious and humane manner. (Ord. No. 2592, 2-1990)

Sec. 10-108. - Restrictions on keeping animals and fowls within the city.

(a) No person shall keep any animal or fowl, other than domesticated and/or non-livestock animals, within 1,000 feet of any residence, place of business, or public street.

(b) When any animals or fowl are kept within the town, the building, structure, corral, pen, or other enclosures in which they are kept shall be at all times maintained in a clean and sanitary condition and free from excessive odor. When any animal is confined by the use of a chain, the chain must be a minimum of 15 feet in length, and must be attached to the animal by an appropriate collar or harness, and must remain free from possible entanglement.

(Ord. No. 2592, 2-1990)

Sec. 10-109. - Rabies vaccination, certificates, tags, and confinement.

(a) No person shall own, keep, or harbor any dog or cat which has not been vaccinated against rabies, as required by T.C.A. §§ 68-8-101, et. seq.. All such vaccinations shall be administered by or under the supervision of a veterinarian licensed by the state board of veterinary medicine examiners to practice veterinary medicine in the state.

(b) Evidence of the rabies vaccination shall consist of a certificate of vaccination and a rabies tag which must be worn by the animal on a collar at all times.

(c) No person, without proper authority, shall remove the collar or rabies tag from any animal.

(d) Whenever an animal has bitten any person or is for any reason suspected of being infected with rabies, the Hamblen County Health Department shall cause such animal to be confined or isolated at a veterinary hospital, the animal shelter, or other places as approved by the Hamblen County Health Department for such a time as the health department deems it necessary to protect the safety of the people and/or the property. When an animal has bitten a person, it shall not be killed while under confinement. If such animal should die within the period, the Hamblen County Health Department shall send its head to the state laboratory for examination.

The humane society shall be authorized to impose a reasonable charge for the housing and maintenance of said animals.

(Ord. No. 2592, 2-1990)

Sec. 10-110. - Keeping of wild animals.

No person shall keep or permit to be kept on his premises any wild or vicious animal for display or for exhibition purposes whether gratuitously or for a fee. This shall not be construed to apply to zoological parks, performing animal exhibitions, or circuses.

(Ord. No. 2592, 2-1990)

Sec. 10-111. - Performing animal exhibitions.

(a) No performing animal exhibition or circus shall be permitted in which animals are induced or encouraged to perform through the use of chemical, mechanical, electrical, or manual devices in a manner which will, or is likely to cause, physical injury or suffering.

(b) All equipment used on a performing animal shall fit properly and be in good working condition.

(Ord. No. 2592, 2-1990)

Sec. 10-112. - Animal waste.

The owner of every animal shall be responsible for the removal of any excreta deposited by their animal(s) on public walks, recreation areas, or private property.

(Ord. No. 2592, 2-1990)

Sec. 10-113. - Investigations.

For the purpose of discharging the duties imposed by this code and to enforce its provisions, any animal control officer or any police officer is empowered to enter upon any premises upon which an animal or fowl is kept or harbored and to demand the exhibition by the owner of such animal or fowl, the rabies

vaccination certificate for such animal. It is further provided that any agent of the humane society may enter the premises where any animal is kept in a reportedly cruel or inhumane manner and demand to examine such animal and to take possession of such animal when it requires humane treatment. (Ord. No. 2592, 2-1990)

Sec. 10-114. - Enforcement.

(a) The civil and criminal provisions of this chapter shall be enforced by the animal control authority. It shall be a violation of this chapter to interfere with an animal control officer in the performance of their duties

(b) The animal control officer may issue a citation for any violation of this chapter. A citation shall state the name and address of the owner, the date, time, and the nature of the violation and the amount of the fine. If the fine is not paid within seven days at the animal shelter, the owner will be summoned to appear in city court for enforcement of the fine and/or penalty. Violation of any provision of this title shall be a misdemeanor and punishable by a fine of \$50.00 for a first offense, \$50.00 for a second offense, and thereafter, a citation to appear in court. (Ord. No. 2592, 2-1990)”

This ordinance shall take effect upon second and final reading, the public welfare requiring same.

PASSED ON FIRST READING THIS THE 2ND DAY OF AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

PASSED ON SECOND AND FINAL READING THIS THE 16TH DAY OF AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

**ORDINANCE NO. _____,
BEING AN ORDINANCE OF THE CITY COUNCIL OF
MORRISTOWN, TENNESSEE DELETING TITLE 11
(MUNICIPAL OFFENSES), CHAPTER 1 (PINBALL
MACHINES), CHAPTER 3 (INTERFERENCE WITH PUBLIC
OPERATIONS AND PERSONNEL) AND CHAPTER 6
(MISCELLANEOUS) OF THE MORRISTOWN MUNICIPAL
CODE.**

Be it ordained by the City Council for the City of Morristown that the text of Title 11 (Municipal Offenses), Chapter 1 (Pinball Machines), Chapter 3 (Interference with Public Operations and Personnel) and Chapter 6 (Miscellaneous) of the Morristown Municipal Code are deleted in their entirety.

This ordinance shall take effect upon second and final reading, the public welfare requiring same.

PASSED ON FIRST READING THIS THE 2ND DAY OF AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

PASSED ON SECOND AND FINAL READING THIS THE 16TH DAY OF
AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

**ORDINANCE NO. _____,
BEING AN ORDINANCE OF THE CITY COUNCIL OF
MORRISTOWN, TENNESSEE AMENDING TITLE 11
(MUNICIPAL OFFENSES), CHAPTER 2 (OFFENSES AGAINST
THE PEACE AND QUIET), SECTIONS 201 AND 202 OF THE
MORRISTOWN MUNICIPAL CODE.**

Be it ordained by the City Council for the City of Morristown that the text of Title 11 (Municipal Offenses), Chapter 2 (Offenses Against the Peace and Quiet), Sections 201 and 202 of the Morristown Municipal Code are hereby amended by deleting the language in the current sections and replacing it with the following language:

“CHAPTER 2

OFFENSES AGAINST THE PEACE AND QUIET

Sec. 11-201. Disturbance of the peace. No person within the city shall willfully disturb the quiet, comfort or repose of others by engaging in violent, obstreperous, or tumultuous conduct or actions, or by engaging in unseemly, obscene, or profane language or actions calculated to provoke a breach of the peace and disturb a person of ordinary health and sensibilities. Furthermore, no person within the city shall willfully disturb the quiet, comfort or repose of others by causing loud and unusual noises, or by assaulting, striking, or fighting another, or by permitting any such conduct in or upon any house or premises owned by such person or under his control, so that others in the vicinity are reasonably disturbed thereby.

Sec. 11-202. Noise prohibited; exceptions. Subject to the provisions of this section, the creating of any unreasonably loud, disturbing, and unnecessary noise is prohibited. Noise of such character, intensity, or duration as to be detrimental to the health and sensibilities of ordinary persons, or in disturbance of the public peace and welfare, is prohibited.

(1) Prohibited noises enumerated. The following acts, among others, are declared to be loud, disturbing, and unnecessary noises in violation of this section, but this enumeration shall not be deemed to be exclusive:

a. Blowing horns. The sounding of any horn or signal device on any automobile, motorcycle, bus, or other vehicle while not in motion except as a danger signal if another vehicle is approaching, apparently out of control, or if in motion, only as a danger signal after or as brakes are being applied and deceleration of the vehicle is intended; the creation by means of any such signal device of any unreasonably loud or harsh sound; and the sounding of such device for an unnecessary and unreasonable period of time.

b. Radios, phonographs, etc. The playing of any radio, phonograph, or any musical instrument or sound device, including but not limited to loudspeakers or other devices for reproduction or amplification of sound, either

independently of or in connection with motion pictures, radios, or television, in such a manner or with such volume, particularly between the hours of 11:00 p.m. and 7:00 a.m., as to unreasonably annoy or disturb the quiet, comfort, or repose of persons in any office, hospital, or in any dwelling, hotel, or other type of residence, or of any person in the vicinity.

c. Yelling, shouting, etc. Yelling, shouting, hooting, whistling, or singing on the public streets, particularly between the hours of 11:00 p.m. and 7:00 a.m., or at any time or place so as to unreasonably annoy or disturb the quiet, comfort, or repose of any person in any hospital, dwelling, hotel, or other type of residence, or of any person in the vicinity.

d. Pets. The keeping of any animal, bird, or fowl which, by causing frequent or long continued noise, shall unreasonably disturb the quiet, comfort, or repose of any person in the vicinity.

e. Use of vehicle. The use of any automobile, motorcycle, or vehicle so out of repair, so loaded, or in such a manner as to cause loud and unnecessary grating, grinding, rattling, or other noise.

f. Exhaust discharge. To discharge into the open air the exhaust of any steam engine, stationary internal combustion engine, motor vehicle, or boat engine, except through a muffler or other device which will effectively prevent loud or explosive noises therefrom.

g. Building operations. The erection (including excavation), demolition, alteration, or repair of any building in any residential zone or the construction or repair of streets and highways in any residential zone, other than between the hours of 7:00 a.m. and 6:00 p.m. On weekdays, Monday – Friday, except in case of urgent necessity in the interest of public health and safety, and then only with a permit from the building inspector granted for a period while the emergency continues not to exceed 30 days. If the building inspector should determine that the public health and safety will not be impaired by the erection, demolition, alteration, or repair of any building or the excavation of streets and highways between the hours of 6:00 p.m. and 7:00 a.m., and if he shall further determine that loss or inconvenience would result to any party in interest through delay, he may grant permission for such work to be done between the hours of 6:00 p.m. and 7:00 a.m. upon application being made at the time the permit for the work is awarded or during the process of the work.

h. Noises near schools, hospitals, churches, etc. The creation of any excessive noise on any street adjacent to any hospital or adjacent to any school, institution of learning, church, or court while the same is in session.

i. Loading and unloading operations. The creation of any loud and excessive noise in connection with the loading or unloading of any vehicle or the opening and destruction of bales, boxes, crates, and other containers.

j. Noises to attract attention. The use of any drum, loudspeaker, or other instrument or device emitting noise for the purpose of attracting attention to any performance, show, sale or display of merchandise.

k. Loudspeakers or amplifiers on vehicles. The use of mechanical loudspeakers or amplifiers on trucks or other moving or standing vehicles for advertising or other purposes.

(2) Exceptions. None of the terms or prohibitions of this section shall apply to or be enforced against:

a. City vehicles. Any vehicle of the city while engaged upon necessary public business.

b. Repair of streets, etc. Excavations or repairs of bridges, streets, or highways at night, by or on behalf of the city, the county, or the state, when the public welfare and convenience renders it impossible to perform such work during the day.”

This ordinance shall take effect upon second and final reading, the public welfare requiring same.

PASSED ON FIRST READING THIS THE 2ND DAY OF AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

PASSED ON SECOND AND FINAL READING THIS THE 16TH DAY OF AUGUST, 2016.

MAYOR

ATTEST

CITY ADMINISTRATOR

**ORDINANCE NO. _____,
BEING AN ORDINANCE OF THE CITY COUNCIL OF
MORRISTOWN, TENNESSEE AMENDING TITLE 11
(MUNICIPAL OFFENSES), CHAPTER 4 (FIREARMS AND
WEAPONS) OF THE MORRISTOWN MUNICIPAL CODE.**

Be it ordained by the City Council for the City of Morristown that the text of Title 11 (Municipal Offenses), Chapter 4 (Firearms and Weapons) of the Morristown Municipal Code is hereby amended as follows:

The title of Chapter 4 is hereby amended to be "Firearms and Weapons".

Sections 402, 404, 405, and 406 are hereby deleted.

This ordinance shall take effect upon second and final reading, the public welfare requiring same.

PASSED ON FIRST READING THIS THE 2ND DAY OF AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR

PASSED ON SECOND AND FINAL READING THIS THE 16TH DAY OF
AUGUST, 2016.

MAYOR

ATTEST:

CITY ADMINISTRATOR



U. S. Department of Housing and Urban Development

Knoxville Field Office, Region IV
John J. Duncan Federal Building
710 Locust Street, Suite 300
Knoxville, Tennessee 37902-2526

July 14, 2016

Anthony Cox, City Administrator
City of Morristown
100 West First North Street
Morristown, TN 37816

Dear Mr. Cox:

SUBJECT: Approval of the 2016 Consolidated Annual Action Plan

I am pleased to transmit to you the U.S. Department of Housing and Urban Development's (HUD) approval of the 2016 Consolidated Annual Action Plan for funding under the Community Development Block Grant (CDBG) Program. Your jurisdiction's Program Year (PY) 2016 begins on July 1, 2016, and \$242,072 in CDBG funding is available.

The Department commends the City of Morristown and in particular your staff on the efforts which successfully completed this Consolidated Annual Action Plan. The goals and objectives developed through this process will provide and expand the foundation for partnerships at all levels of government with citizens and the private sector, including for profit and nonprofit organizations. These partnerships have proven to be invaluable as you and your partners address the problems of affordable housing, homelessness, community development needs, and economic opportunities for all citizens, particularly for very low- income and low-income persons. In addition, these programs are instrumental as your community and the Nation address pressing housing and economic problems and address the needs of our citizens.

On July 8, 2015, the Department announced the Final Rule on affirmatively furthering fair housing (AFFH). The Final Rule will equip communities that receive HUD funding with data and tools to help them meet long-standing fair housing obligations in their use of HUD funds. This Final Rule will also enhance measures through CPD programs to promote diverse, inclusive communities. An AFFH fact sheet may be found at the following website: http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/16affh_home_page.

Throughout the program year, training and technical assistance will be provided. We also encourage your jurisdiction to participate in these training/technical assistance sessions.

Enclosed are three originals of the Grant Agreements for CDBG Entitlement Program (form HUD 7082) which require the Mayor's or the official designee's signatures. These constitute the contract between HUD and the City of Morristown.

For each grant agreement, specific information is required for those using an Indirect Cost Rate. If funding assistance will be used for payment of indirect costs pursuant to 2 CFR 200, Subpart E-Cost Principles, you are required to enter specific information as instructed. The requirement on Indirect Cost rate is indicated under the Special Conditions, Item 8 (attached) for CDBG. Now, if your jurisdiction is not using an indirect cost rate, you are required to state NO. If your jurisdiction is using an indirect cost rate, then enter the required information as indicated for each funded program on each grant agreement (Funding Approval). If no answer and/or no information are provided, then the applicable grant agreement(s) are not considered as fully executed and will be returned to your jurisdiction for completion. Also, please be aware that the HUD Field Accounting Center will not process the grant agreements until the required information has been entered on a grant agreement. As such, no funds will be available to be drawn down by your jurisdiction. You are also reminded to also review and comply with the other special conditions included in the Funding Approvals (Item 8 for CDBG). You are also reminded that HUD funds are drawn down using a grant based approach in the Integrated Disbursement and Information System (IDIS) and the Department will continue to provide official guidance.

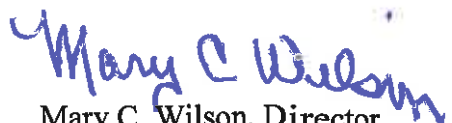
As you know, formula grant funds are governed by the Department and the management of the Consolidated Plan, including the Consolidated Annual Action Plan is handled by the Office of Community Planning and Development (CPD). I have signed the agreements and applicable funding approval forms. Please retain one set of originals for your records and return the other two sets to CPD as noted below:

U.S. Department of Housing and Urban Development
 Mary C. Wilson, Director, CPD
 John J. Duncan Federal Building, Suite 300
 710 Locust Street, SW
 Knoxville, TN 37902

Failure to execute and return the grant agreements within 60 days of the date of this letter may be considered to constitute rejection of the grant and cause for HUD to determine that the funds are available for reallocation to other grantees. Also, the year- end reporting on 2015 program performance and accomplishments in the Consolidated Annual Performance and Evaluation Report (CAPER) is due to CPD 90 days after the end of the 2015 program year. At this time, no new guidance has been received from our headquarters, and grantees are advised to follow the format used for last year's CAPER reporting and if your jurisdiction currently has its 2015 Action Plan in IDIS, the CAPER should be entered and submitted using IDIS. For submission of other HUD program required reports, please refer to the enclosed Advice and Guidance for instructions.

We look forward to working with your jurisdiction to accomplish the goals set forth for your jurisdiction. In the meantime, if you have any questions regarding this letter, please contact me at (865) 474-8225.

Very sincerely yours,


Mary C. Wilson, Director
Office of Community Planning
and Development

Enclosures

cc

Honorable Gary Chesney
Mayor of Morristown
Mr. Tracy Stroud

**KNOXVILLE OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
PROGRAM YEAR 2016
CONSOLIDATED ANNUAL ACTION PLAN
ADVICE AND GUIDANCE**

MORRISTOWN, TENNESSEE

The Knoxville Office of Community Planning and Development (CPD), U. S. Department of Housing and Urban Development (HUD) provides the following Advice and Guidance to assist your jurisdiction as it implements the activities under the 2016 Consolidated Annual Action Plan, prepare for the completion of the 2015 Consolidated Annual Performance and Evaluation Report (CAPER), and begin the process for developing the next Plan submission.

Accessing the Integrated Disbursement and Information System (IDIS) – Important Reminder

IDIS users are reminded to log into IDIS at least monthly to maintain their system access. The system will remove any and all users that fail to log in within 90 days.

Technical Assistance

Technical assistance is available for grantees to implement, operate, or administer CPD-funded program. HUD has Technical Assistance (TA) available to help. Based on the information you provide, HUD will determine the type and level of assistance available to you. Technical assistance is more involved than basic policy questions. It involves recurrent communication with TA providers, possible site visits, and/or longer-term assistance that enables your organization to build skills, knowledge and capacity for operating CPD programs. To make the TA request contact Knoxville CPD or go to the below website:

<https://www.hudexchange.info/technical-assistance/>

Environmental Review Procedures for Formula Programs

Certain activities included in the Consolidated Plan are subject to the provisions of 24 CFR Part 58 (Environmental Review Procedures for the CDBG, HOME, Emergency Solution Grants, and Housing Opportunities for Persons With AIDS Programs). Funds for such activities may not be obligated or expended unless HUD has approved the release of funds in writing. A request for the release of funds must be accompanied by an environmental certification. Please submit these to the Knoxville HUD Office.

Office of Fair Housing And Equal Opportunity (FHEO) Comments

Any FHEO comments regarding the Consolidated Plan/Action Plan have been attached to this guidance. If you have any questions or there are issues, please contact Steve Moore, Equal

Opportunity Specialist, at (865) 474-8214, Zachary Blair, Senior Equal Opportunity Specialist, at (615) 515-8597, or LaLonnice McKenzie, Equal Opportunity Specialist, at (865) 474-8215.

Minority Business Enterprise (MBE)/Women Owned Business (WOB) and Section 3 Activities

Executive Orders 12432 and 11625 require all Federal agencies to promote MBE, including women owned businesses, participation in their programs. The next MBE report, Contract and Subcontract Activity, covers the period of October 1, 2015- September 30, 2016. As indicated on the form, the required submission date is within 10 days of September 30th each year.

Section 3

You are also urged to expand your efforts in complying with Section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135. Section 3 provides that to the greatest extent feasible opportunities of employment and training be given to lower income residents of the project area and contracts be awarded to businesses located in or owned, substantially by residents of the project area. All direct recipients of HUD funding covered by Section 3 must submit Form 60002 annually. All reports must be submitted in the Section 3 Performance Evaluation and Registry System (SPEARS). The Section 3 Report is due 90 days at the end of each Consolidated Plan grantee's program year and is requested at the time of submission of the Consolidated Annual Performance and Evaluation Report. For more information on access to SPEARS, please go to the following website:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/section3/section3/spears

2016 Annual Action Plan's Overall Assessment

The 2016 Consolidated Annual Action Plan was successfully submitted in a timely manner and contains all the required components as specified at 24 CFR Section 91.220. The Action Plan is for the second year of the 2015-2020 Consolidated Plan. The Plan contains all the required components as specified by the Consolidated Plan regulations. The initial public hearings to solicit input regarding community needs for the Action Plan were held on January 22, 2016 and January 29, 2016. A draft of the proposed Action Plan was made available to the public April 7, 2016. Two public hearing were held to solicit comments on the draft Action Plan on April 8, 2016 and May 3, 2016. A final comment period was allowed prior to final submission. All comments to date have been requests for funding.

For the 2016 Action Plan, the City has allocated its \$242,072 in CDBG funding to the following activities: \$90,000- Homeowner rehab/Emergency Assistance; \$19,328.80 Parks and Recreation; \$19,328.80-Rose Center (HVC); \$10,000-MHCS Homeless prevention program; \$5,000-TVCH CoC HUD HMIS Program; \$50,000-Facade Economic Development Program; \$48,414.40-Program administration costs.

Funding Approval/AgreementTitle I of the Housing and Community
Development Act (Public Law 930383)

HI-00515R of 20515R

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant ProgramOMB Approval No.
2506-0193 (exp 5/31/2018)

Morristown, TN	3a. Grantee's 9-digit Tax ID Number 626000369	3b. Grantee's 9-digit DUNS Number 079026779
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 100 West First North Street Morristown, TN 37816	4. Date use of funds may begin (mm/dd/yyyy) 07/01/2016	
	5a. Project/Grant No. 1 B-16-MC-47-0013	6a. Amount Approved \$242,072.00
	5b. Project/Grant No. 2	6b. Amount Approved

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Mary C. Wilson	Grantee Name City of Morristown
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Title Director, Office of Community Planning and Development	Title
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Signature <i>Mary C Wilson</i>	Date (mm/dd/yyyy) 07/14/2016	Signature	Date (mm/dd/yyyy)
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7. Category of Title Assistance for this Funding Action (check only one) <input checked="" type="checkbox"/> a. Entitlement, Sec 106(b) <input type="checkbox"/> b. State-Administered, Sec 106(d)(1) <input type="checkbox"/> c. HUD-Administered Small Cities, Sec 106(d)(2)(B) <input type="checkbox"/> d. Indian CDBG Programs, Sec 106(a)(1) <input type="checkbox"/> e. Surplus Urban Renewal Funds, Sec 112(b) <input type="checkbox"/> f. Special Purpose Grants, Sec 107 <input type="checkbox"/> g. Loan Guarantee, Sec 108	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 05/13/2016	10. check one <input checked="" type="checkbox"/> a. Orig. Funding Approval <input type="checkbox"/> b. Amendment Amendment Number	
		9b. Date Grantee Notified (mm/dd/yyyy) 07/14/2016		
		9c. Date of Start of Program Year (mm/dd/yyyy) 07/01/2016		
	11. Amount of Community Development Block Grant			
a. Funds Reserved for this Grantee		FY (2016)	FY ()	FY ()
b. Funds now being Approved		\$242,072		
c. Reservation to be Cancelled (11a minus 11b)		0		

12a. Amount of Loan Guarantee Commitment now being Approved N/A	12b. Name and complete Address of Public Agency
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Loan Guarantee Acceptance Provisions for Designated Agencies:
The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.

12c. Name of Authorized Official for Designated Public Agency

Title

Signature

HUD Accounting use Only

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153											
	176											
			Y					Project Number		Amount		
			Y					Project Number		Amount		

Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By
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24 CFR 570

form HUD-7082 (4/93)

8. Special Conditions.

- (a) The period of performance for the funding assistance specified in the Funding Approval ("Funding Assistance") shall begin on the date specified in item 4 and shall end on September 1, 2023. The Grantee shall not incur any obligations to be paid with such assistance after September 1, 2023.
- (b) If Funding Assistance will be used for payment of indirect costs pursuant to 2 CFR 200, Subpart E - Cost Principles, attach a schedule in the format set forth below to the executed Grant Agreement that is returned to HUD. The schedule shall identify each department/agency that will carry out activities with the Funding Assistance, the indirect cost rate applicable to each department/agency (including if the de minimis rate is charged per 2 CFR §200.414), and the direct cost base to which the rate will be applied. Do not include indirect cost rates for subrecipients.

<u>Administering Department/Agency</u>	<u>Indirect cost rate</u>	<u>Direct Cost Base*</u>
_____	_____ %	_____
_____	_____ %	_____
_____	_____ %	_____

*Specify the type of cost base utilized - e.g., Modified Total Direct Costs (MTDC). Do not include amounts.

- (c) In addition to the conditions contained on form HUD 7082, the grantee shall comply with requirements established by the Office of Management and Budget (OMB) concerning the Dun and Bradstreet Data Universal Numbering System (DUNS), the Central Contractor Registration (CCR) database, and the Federal Funding Accountability and Transparency Act as provided in 2 CFR part 25, Universal Identifier and Central Contractor Registration, and 2 CFR part 170, Reporting Subaward and Executive Compensation Information.
- (d) The grantee shall ensure that no CDBG funds are used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use. For the purposes of this requirement, public use shall not be construed to include economic development that primarily benefits private entities. Any use of funds for mass transit, railroad, airport, seaport or highway projects as well as utility projects which benefit or serve the general public (including energy-related, communication-related, water-related and wastewater-related infrastructure), other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfields as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Public Law 107-118) shall be considered a public use for purposes of eminent domain.
- (e) The Grantee or unit of general local government that that indirectly receives CDBG funds may not sell, trade, or otherwise transfer all or any such portion of such funds to another such entity in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under title I of the Act.
- (f) E.O. 12372-Special Contract Condition - Notwithstanding any other provision of this agreement, no funds provided under this agreement may be obligated or expended for the planning or construction of water or sewer facilities until receipt of written notification from HUD of the release of funds on completion of the review procedures required under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24 CFR Part 52. The recipient shall also complete the review procedures required under E.O. 12372 and 24 CFR Part 52 and receive written notification from HUD of the release of funds before obligating or expending any funds provided under this agreement for any new or revised activity for the planning or construction of water or sewer facilities not previously reviewed under E.O. 12372 and implementing regulations.

Funding Approval/Agreement

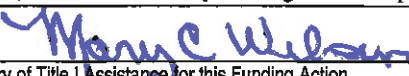
Title I of the Housing and Community
Development Act (Public Law 930383)
HI-00515R of 20515R

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

OMB Approval No.
2506-0193 (exp 5/31/2018)

Morristown, TN	3a. Grantee's 9-digit Tax ID Number 626000369	3b. Grantee's 9-digit DUNS Number 079026779
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 100 West First North Street Morristown, TN 37816	4. Date use of funds may begin (mm/dd/yyyy) 07/01/2016	
	5a. Project/Grant No. 1 B-16-MC-47-0013	6a. Amount Approved \$242,072.00
	5b. Project/Grant No. 2	6b. Amount Approved

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Mary C. Wilson		Grantee Name City of Morristown		
Title Director, Office of Community Planning and Development		Title		
Signature 	Date (mm/dd/yyyy) 07/14/2016	Signature	Date (mm/dd/yyyy)	
7. Category of Title I Assistance for this Funding Action (check only one) <input checked="" type="checkbox"/> a. Entitlement, Sec 106(b) <input type="checkbox"/> b. State-Administered, Sec 106(d)(1) <input type="checkbox"/> c. HUD-Administered Small Cities, Sec 106(d)(2)(B) <input type="checkbox"/> d. Indian CDBG Programs, Sec 106(a)(1) <input type="checkbox"/> e. Surplus Urban Renewal Funds, Sec 112(b) <input type="checkbox"/> f. Special Purpose Grants, Sec 107 <input type="checkbox"/> g. Loan Guarantee, Sec 108	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 05/13/2016	10. check one <input checked="" type="checkbox"/> a. Orig. Funding Approval <input type="checkbox"/> b. Amendment Amendment Number	
		9b. Date Grantee Notified (mm/dd/yyyy) 07/14/2016		
		9c. Date of Start of Program Year (mm/dd/yyyy) 07/01/2016		
	11. Amount of Community Development Block Grant			
	a. Funds Reserved for this Grantee		FY (2016)	FY ()
b. Funds now being Approved		\$242,072		
c. Reservation to be Cancelled (11a minus 11b)		0		
12a. Amount of Loan Guarantee Commitment now being Approved N/A		12b. Name and complete Address of Public Agency		
Loan Guarantee Acceptance Provisions for Designated Agencies: The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.		12c. Name of Authorized Official for Designated Public Agency		
		Title		
		Signature		

HUD Accounting use Only

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153											
	176											
			Y					Project Number		Amount		
			Y					Project Number		Amount		
Date Entered PAS (mm/dd/yyyy)		Date Entered LOCCS (mm/dd/yyyy)		Batch Number		Transaction Code		Entered By		Verified By		

24 CFR 570

form HUD-7082 (4/93)

8. Special Conditions.

- (a) The period of performance for the funding assistance specified in the Funding Approval ("Funding Assistance") shall begin on the date specified in item 4 and shall end on September 1, 2023. The Grantee shall not incur any obligations to be paid with such assistance after September 1, 2023.
- (b) If Funding Assistance will be used for payment of indirect costs pursuant to 2 CFR 200, Subpart E - Cost Principles, attach a schedule in the format set forth below to the executed Grant Agreement that is returned to HUD. The schedule shall identify each department/agency that will carry out activities with the Funding Assistance, the indirect cost rate applicable to each department/agency (including if the de minimis rate is charged per 2 CFR §200.414), and the direct cost base to which the rate will be applied. Do not include indirect cost rates for subrecipients.

<u>Administering Department/Agency</u>	<u>Indirect cost rate</u>	<u>Direct Cost Base*</u>
_____	_____%	_____
_____	_____%	_____
_____	_____%	_____

*Specify the type of cost base utilized - e.g., Modified Total Direct Costs (MTDC). Do not include amounts.

- (c) In addition to the conditions contained on form HUD 7082, the grantee shall comply with requirements established by the Office of Management and Budget (OMB) concerning the Dun and Bradstreet Data Universal Numbering System (DUNS), the Central Contractor Registration (CCR) database, and the Federal Funding Accountability and Transparency Act as provided in 2 CFR part 25, Universal Identifier and Central Contractor Registration, and 2 CFR part 170, Reporting Subaward and Executive Compensation Information.
- (d) The grantee shall ensure that no CDBG funds are used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use. For the purposes of this requirement, public use shall not be construed to include economic development that primarily benefits private entities. Any use of funds for mass transit, railroad, airport, seaport or highway projects as well as utility projects which benefit or serve the general public (including energy-related, communication-related, water-related and wastewater-related infrastructure), other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfields as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Public Law 107-118) shall be considered a public use for purposes of eminent domain.
- (e) The Grantee or unit of general local government that that indirectly receives CDBG funds may not sell, trade, or otherwise transfer all or any such portion of such funds to another such entity in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under title I of the Act.
- (f) E.O. 12372-Special Contract Condition - Notwithstanding any other provision of this agreement, no funds provided under this agreement may be obligated or expended for the planning or construction of water or sewer facilities until receipt of written notification from HUD of the release of funds on completion of the review procedures required under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24 CFR Part 52. The recipient shall also complete the review procedures required under E.O. 12372 and 24 CFR Part 52 and receive written notification from HUD of the release of funds before obligating or expending any funds provided under this agreement for any new or revised activity for the planning or construction of water or sewer facilities not previously reviewed under E.O. 12372 and implementing regulations.

Funding Approval/Agreement

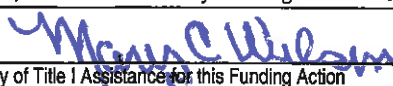
Title I of the Housing and Community
Development Act (Public Law 930383)
HI-00515R of 20515R

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

OMB Approval No.
2506-0193 (exp 5/31/2018)

Morristown, TN	3a. Grantee's 9-digit Tax ID Number 626000369	3b. Grantee's 9-digit DUNS Number 079026779
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 100 West First North Street Morristown, TN 37816	4. Date use of funds may begin (mm/dd/yyyy) 07/01/2016	
	5a. Project/Grant No. 1 B-16-MC-47-0013	6a. Amount Approved \$242,072.00
	5b. Project/Grant No. 2	6b. Amount Approved

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Mary C. Wilson		Grantee Name City of Morristown	
Title Director, Office of Community Planning and Development		Title	
Signature 	Date (mm/dd/yyyy) 07/14/2016	Signature	Date (mm/dd/yyyy)
7. Category of Title I Assistance for this Funding Action (check only one) <input checked="" type="checkbox"/> a. Entitlement, Sec 106(b) <input type="checkbox"/> b. State-Administered, Sec 106(d)(1) <input type="checkbox"/> c. HUD-Administered Small Cities, Sec 106(d)(2)(B) <input type="checkbox"/> d. Indian CDBG Programs, Sec 106(a)(1) <input type="checkbox"/> e. Surplus Urban Renewal Funds, Sec 112(b) <input type="checkbox"/> f. Special Purpose Grants, Sec 107 <input type="checkbox"/> g. Loan Guarantee, Sec 108	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 05/13/2016 9b. Date Grantee Notified (mm/dd/yyyy) 07/14/2016 9c. Date of Start of Program Year (mm/dd/yyyy) 07/01/2016	10. check one <input checked="" type="checkbox"/> a. Orig. Funding Approval <input type="checkbox"/> b. Amendment Amendment Number
11. Amount of Community Development			
Block Grant		FY (2016)	FY ()
a. Funds Reserved for this Grantee		\$242,072	
b. Funds now being Approved		\$242,072	
c. Reservation to be Cancelled (11a minus 11b)		0	
12a. Amount of Loan Guarantee Commitment now being Approved N/A		12b. Name and complete Address of Public Agency	
Loan Guarantee Acceptance Provisions for Designated Agencies: The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.		12c. Name of Authorized Official for Designated Public Agency	
		Title	
		Signature	

HUD Accounting use Only

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153											
	176											
			Y					Project Number		Amount		
			Y					Project Number		Amount		
Date Entered PAS (mm/dd/yyyy)		Date Entered LOCCS (mm/dd/yyyy)		Batch Number		Transaction Code		Entered By		Verified By		

24 CFR 570

form HUD-7082 (4/93)

8. Special Conditions.

- (a) The period of performance for the funding assistance specified in the Funding Approval ("Funding Assistance") shall begin on the date specified in item 4 and shall end on September 1, 2023. The Grantee shall not incur any obligations to be paid with such assistance after September 1, 2023.
- (b) If Funding Assistance will be used for payment of indirect costs pursuant to 2 CFR 200, Subpart E - Cost Principles, attach a schedule in the format set forth below to the executed Grant Agreement that is returned to HUD. The schedule shall identify each department/agency that will carry out activities with the Funding Assistance, the indirect cost rate applicable to each department/agency (including if the de minimis rate is charged per 2 CFR §200.414), and the direct cost base to which the rate will be applied. Do not include indirect cost rates for subrecipients.

<u>Administering Department/Agency</u>	<u>Indirect cost rate</u>	<u>Direct Cost Base*</u>
_____	_____ %	_____
_____	_____ %	_____
_____	_____ %	_____

*Specify the type of cost base utilized - e.g., Modified Total Direct Costs (MTDC). Do not include amounts.

- (c) In addition to the conditions contained on form HUD 7082, the grantee shall comply with requirements established by the Office of Management and Budget (OMB) concerning the Dun and Bradstreet Data Universal Numbering System (DUNS), the Central Contractor Registration (CCR) database, and the Federal Funding Accountability and Transparency Act as provided in 2 CFR part 25, Universal Identifier and Central Contractor Registration, and 2 CFR part 170, Reporting Subaward and Executive Compensation Information.
- (d) The grantee shall ensure that no CDBG funds are used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use. For the purposes of this requirement, public use shall not be construed to include economic development that primarily benefits private entities. Any use of funds for mass transit, railroad, airport, seaport or highway projects as well as utility projects which benefit or serve the general public (including energy-related, communication-related, water-related and wastewater-related infrastructure), other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfield as defined in the Small Business Liability Relief and Brownfield Revitalization Act (Public Law 107-118) shall be considered a public use for purposes of eminent domain.
- (e) The Grantee or unit of general local government that that indirectly receives CDBG funds may not sell, trade, or otherwise transfer all or any such portion of such funds to another such entity in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under title I of the Act.
- (f) E.O. 12372-Special Contract Condition - Notwithstanding any other provision of this agreement, no funds provided under this agreement may be obligated or expended for the planning or construction of water or sewer facilities until receipt of written notification from HUD of the release of funds on completion of the review procedures required under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24 CFR Part 52. The recipient shall also complete the review procedures required under E.O. 12372 and 24 CFR Part 52 and receive written notification from HUD of the release of funds before obligating or expending any funds provided under this agreement for any new or revised activity for the planning or construction of water or sewer facilities not previously reviewed under E.O. 12372 and implementing regulations.

Funding Approval/Agreement

Title I of the Housing and Community
Development Act (Public Law 930383)

HI-00515R of 20515R

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Community Development Block Grant Program

OMB Approval No.
2506-0193 (exp 5/31/2018)

1. Name of Grantee (as shown in item 5 of Standard Form 424) Shelby County, Tennessee	3a. Grantee's 9-digit Tax ID Number 62-6000841	3b. Grantee's 9-digit DUNS Number 041174889
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 1075 Mullins Station Road Memphis, TN 38134	4. Date use of funds may begin (mm/dd/yyyy) 07-01-16	
	5a. Project/Grant No. 1 B-16-UC-47-0002	6a. Amount Approved \$1,107,822
	5b. Project/Grant No. 2	6b. Amount Approved

Grant Agreement: This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Mary C. Wilson	Grantee Name City of Morristown Shelby County, Tennessee
--	--

Title Director, Office of Community Planning and Development	Title Mayor
---	----------------

Signature Mary C. Wilson	Date (mm/dd/yyyy) 07/14/2016	Signature	Date (mm/dd/yyyy)
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7. Category of Title I Assistance for this Funding Action (check only one) <input checked="" type="checkbox"/> a. Entitlement, Sec 106(b) <input type="checkbox"/> b. State-Administered, Sec 106(d)(1) <input type="checkbox"/> c. HUD-Administered Small Cities, Sec 106(d)(2)(B) <input type="checkbox"/> d. Indian CDBG Programs, Sec 106(a)(1) <input type="checkbox"/> e. Surplus Urban Renewal Funds, Sec 112(b) <input type="checkbox"/> f. Special Purpose Grants, Sec 107 <input type="checkbox"/> g. Loan Guarantee, Sec 108	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 06/21/2016 9b. Date Grantee Notified (mm/dd/yyyy) 07/14/2016 9c. Date of Start of Program Year (mm/dd/yyyy) 07/01/16	10. check one <input checked="" type="checkbox"/> a. Orig. Funding Approval <input type="checkbox"/> b. Amendment Amendment Number
	11. Amount of Community Development Block Grant a. Funds Reserved for this Grantee 1,107,822 b. Funds now being Approved 1,107,822 c. Reservation to be Cancelled (11a minus 11b) 0		

12a. Amount of Loan Guarantee Commitment now being Approved N/A	12b. Name and complete Address of Public Agency
--	---

Loan Guarantee Acceptance Provisions for Designated Agencies:
The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.

12c. Name of Authorized Official for Designated Public Agency
Title
Signature

HUD Accounting use Only

Batch	TAC	Program Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153										
	176										
		Y					Project Number		Amount		
		Y					Project Number		Amount		

Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By
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24 CFR 570

form HUD-7082 (4/93)

8. Special Conditions.

- (a) The period of performance for the funding assistance specified in the Funding Approval ("Funding Assistance") shall begin on the date specified in item 4 and shall end on September 1, 2023. The Grantee shall not incur any obligations to be paid with such assistance after September 1, 2023.
- (b) If Funding Assistance will be used for payment of indirect costs pursuant to 2 CFR 200, Subpart E - Cost Principles, attach a schedule in the format set forth below to the executed Grant Agreement that is returned to HUD. The schedule shall identify each department/agency that will carry out activities with the Funding Assistance, the indirect cost rate applicable to each department/agency (including if the de minimis rate is charged per 2 CFR §200.414), and the direct cost base to which the rate will be applied. Do not include indirect cost rates for subrecipients.

<u>Administering Department/Agency</u>	<u>Indirect cost rate</u>	<u>Direct Cost Base*</u>
_____	_____%	_____
_____	_____%	_____
_____	_____%	_____

*Specify the type of cost base utilized - e.g., Modified Total Direct Costs (MTDC). Do not include amounts.

- (c) In addition to the conditions contained on form HUD 7082, the grantee shall comply with requirements established by the Office of Management and Budget (OMB) concerning the Dun and Bradstreet Data Universal Numbering System (DUNS), the Central Contractor Registration (CCR) database, and the Federal Funding Accountability and Transparency Act as provided in 2 CFR part 25, Universal Identifier and Central Contractor Registration, and 2 CFR part 170, Reporting Subaward and Executive Compensation Information.
- (d) The grantee shall ensure that no CDBG funds are used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use. For the purposes of this requirement, public use shall not be construed to include economic development that primarily benefits private entities. Any use of funds for mass transit, railroad, airport, seaport or highway projects as well as utility projects which benefit or serve the general public (including energy-related, communication-related, water-related and wastewater-related infrastructure), other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfields as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Public Law 107-118) shall be considered a public use for purposes of eminent domain.
- (e) The Grantee or unit of general local government that that indirectly receives CDBG funds may not sell, trade, or otherwise transfer all or any such portion of such funds to another such entity in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under title I of the Act.
- (f) E.O. 12372-Special Contract Condition - Notwithstanding any other provision of this agreement, no funds provided under this agreement may be obligated or expended for the planning or construction of water or sewer facilities until receipt of written notification from HUD of the release of funds on completion of the review procedures required under Executive Order (E.O.) 12372, Intergovernmental Review of Federal Programs, and HUD's implementing regulations at 24 CFR Part 52. The recipient shall also complete the review procedures required under E.O. 12372 and 24 CFR Part 52 and receive written notification from HUD of the release of funds before obligating or expending any funds provided under this agreement for any new or revised activity for the planning or construction of water or sewer facilities not previously reviewed under E.O. 12372 and implementing regulations.

City of Morristown

Incorporated 1855



Department of Community Development & Planning

July 27, 2016

To: Tony Cox
From: Tracy Stroud
Re: Community Development contracts

Below is a brief synopsis of the four contracts to go before City Council at the next council meeting. All of the projects were approved with this year's action plan and budgeted accordingly;

1. **Emergency Shelter Grants program (ESG) City/MATS contract.** This contract is for \$50,850 and is funded by THDA. It requires a 50/50 match which is provided by the Subgrantee, MATS (Ministerial Association Temporary Shelter). MATS uses the funds for operating costs to run the homeless shelter. We pass the funds through and I monitor compliance with THDA regulations.
2. **Community Development Block Grant (CDBG) contract with Rose Center.** This contract is for \$17,400.00 and is funded by HUD. There is no match. Rose Center plans to replace at least two HVAC units with the funds. We pass the funds through and I monitor compliance with HUD regulations.
3. **CDBG contract with the TN Valley Coalition for the Homeless (TVCH).** This contract is for \$4500.00 and is funded through HUD. There is no match. TVCH is the lead entity for the areas Homeless Management and Information System (HMIS). This is a computerized data collection program designed to capture client-level information over time on the characteristics and service needs of men, women, and children experiencing homelessness. The data is ultimately provided to congress as an aid to funding decisions. We pass the funds through and I monitor compliance with HUD regulations.
4. **CDBG contract with Morristown-Hamblen Central Services (MHCS).** This contract is for \$9000.00 and is funded through HUD. There is no match. MHCS will utilize the funds to assist qualifying people at risk of homelessness with rent or utility payments. We pass the funds through and I monitor compliance with HUD regulations.

Please let me know if you need anything else or if you have any questions.

Thanks,
Tracy



**EMERGENCY SHELTER GRANTS PROGRAM:
STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT**

CFDA #14.231

SUBRECIPIENT CONTRACT

This contract is entered into between the CITY OF MORRISTOWN as Recipient, hereinafter referred to as City; and the SUBRECIPIENT, Ministerial Association Temporary Shelter (MATS)_hereinafter referred to as Subrecipient.

I. PURPOSE

This contract sets forth the responsibilities of City and Subrecipient in accomplishing the objectives of the Tennessee Housing Development Agency (THDA), and the United States Department of Housing and Urban Development's (HUD) Emergency Shelter Grant Program, hereinafter referred to as ESGP, as set forth in the Emergency Shelter Grant Program Regulations 24 CFR Part 576.

II. GENERAL PROVISIONS, ASSURANCES AND CERTIFICATIONS

Subrecipient shall abide by THDA's ESGP General Provisions as set forth in the ESG Program

Policies and Procedures Manual, attached and included in this contract (Exhibit A)and made a part hereof by this reference.

III. SCOPE OF WORK

Subrecipient agrees to implement the project as identified below, the ESG Project Budget for Program Year 2016;

Project Name/Activity Description/ Amount Obligated

TOTAL AMOUNT OF FUNDS OBLIGATED: \$50,850 FY 2016

Description: Homeless Shelter Operations

ESG funds to be used for: \$42,938 for Shelter Activities and \$7912 for HMIS

IV. CHANGE IN SCOPE OF WORK

Subrecipient shall notify City in writing of any proposed changes or additions to approved

ESGP expenditures prior to such change or addition.

V. TERM

The term of this contract shall commence on the date the City Mayor signs this contract on behalf of City, as noted below in Section X, and shall terminate at such time as:

(1) the project activities are completed and the allocated monies are expended or reprogrammed; or (2) the contract is terminated by either party for cause or convenience.

VI. OBLIGATION OF FUNDS

Subrecipient shall not obligate any funds, incur any costs or initiate identified project(s) until all environmental reviews have been completed and certified by the Certifying Officer for the City.

VII. MATCHING FUNDS

Subrecipient must match ESG grant funds dollar for dollar with their own locally generated amounts. These local amounts can come from the Recipient; other federal, state and local grants; and from "in-kind" contributions such as the value of a donated building, supplies and equipment, new staff services, and volunteer time.

VIII. SPECIFIC CONDITIONS

Subrecipient agrees to the following specific conditions:

1. All funds will be used for consumable supplies and must be expended within 24 months of date of grant agreement between City and HUD.
2. Subrecipient must provide 100% match. Documentation of matching funds shall be furnished to the City no later than July 30th of the year following the award of funding. Subrecipient will procure local city and state funds, as well as private and foundation donations to be used to meet the 100% match requirement.
3. **Subrecipient must participate in the Tennessee Valley Coalition to End Homelessness Continuum of Care's Homeless Management Information System.** Training will be provided free of charge.
4. Subrecipient agrees to provide the levels of service report (number of persons served, demographics, etc.) specified in Exhibit B, on an annual basis.

IX. CONTRACT AMENDMENT

Any amendment that shall be required to this contract shall be made in writing, subject to the approval of Subrecipient and City.

X. CITY AND SUBRECIPIENT APPROVAL

City and Subrecipient agree to abide by the terms, conditions, assurances and certifications as specified in this contract.

CITY APPROVAL

SUBRECIPIENT APPROVAL

Mayor, City of Morristown

Date _____

Dr. Gary Brewster, Executive Director

Date _____

EXHIBIT A



TENNESSEE HOUSING DEVELOPMENT AGENCY

2013 EMERGENCY SOLUTIONS GRANT PROGRAM

POLICIES AND PROCEDURES MANUAL

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SECTION 1: GENERAL INFORMATION

The Emergency Solutions Grants Program Policies and Procedures Manual serves as a guide to units of local government and private non-profit organizations interested in participating in the State-administered Emergency Solutions Grants Program (ESG). This Manual describes the ESG program; the requirements of agencies to manage programs using these funds; and outlines the State of Tennessee's policies and procedures for administering the program. This handbook does not replace the regulations contained in 24 CFR Parts 91 and 576, subsequent amendments or any other applicable Federal, State and local laws, ordinances and regulations pertaining to the Emergency Solutions Grants Program. It simply highlights and emphasizes grant requirements. Sub-recipients must always refer to the regulations and the grant agreement in determining what is allowable under the ESG program.

1.1 Definitions

Administrative Costs - Reasonable costs of overall program management, coordination, monitoring and evaluation. Such costs include, but are not limited to, necessary expenditures for the following: general management, oversight and coordination; staff and overhead; public information; fair housing; indirect costs; preparation of the consolidated plan; and other Federal requirements. Under the ESG program, only State and local units of government may receive administrative costs.

Annual Income- When determining the annual income of an individual or family, the sub-recipient must use the standard for calculating annual income under 24 CFR 5.609. Refer to Section 4 more information.

Applicant – Any unit of general local government or public or private non-profit organization submitting the necessary paperwork to be considered for funding as an ESG service provider

Area Median Income (AMI) Limit – The total gross income of all persons 18 years of age or older living in a household assisted with ESG funds must be below 30% AMI upon entry to receive services under Homeless Prevention. The AMI limit is the total income allowed by HUD, based on household size and geographic area.

At Risk of Homelessness – meaning those who qualify under paragraph (2) and (3) of the homeless definition or those who qualify as at risk of homelessness. Individuals and families must have an income below 30% of Area Median Income upon entry into the program, and are lacking sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the homeless definition. Program participants must meet the threshold requirements reflected in part 576.2 (1) (iii).

Audit Trail – A complete record of expenditures including all requests for purchases, who and how the purchase was approved, source of funds used for the expense, date of acquisition, and costs.

Authorized Signatures – The signature of an executive officer, agency director, and other responsible employees designated by a recipient agency as an “Authorized Person” on the Request for Funds Authorization form.

Case Management - Case management is the method of providing services whereby a sub-recipient staff person assesses the needs of the client and arranges, coordinates, monitors, evaluates, and advocates for a package of multiple services to meet the specific client's complex needs. Documentation of the case management process must be maintained in ESG program participant files.

Chronically Homeless Person – An individual or family with adult head of household who meets all of the criteria as follows: (1) is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and (2) has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years, where each homeless occasion was at least 15 days; and (3) can be diagnosed with one or more of the following conditions: Substance abuse disorder; Serious mental illness; Developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002; Post-traumatic stress disorder; Cognitive impairments resulting from brain injury; or Chronic physical illness or disability.

An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria above before entering that facility, also meets the definition of a chronically homeless person.

Confidentiality Policy – Procedures adopted by each sub-recipient to ensure all records containing personally identifying information or any program participant is kept secure and confidential. It must also include procedures to ensure that the address or location of any domestic violence, dating violence, sexual assault, or stalking shelter not be made public. Finally the address or location of any housing of a program participant will not be made public, except as provided under a preexisting privacy policy.

Conflict of Interest - The sub-recipients must keep records to show compliance with the conflicts-of-interest requirements in 576.404(a), a copy of the personal conflicts of interest policy or codes of conduct developed and implemented to comply with the requirements of 576.404(b), and records supporting exceptions to the personal conflicts of interest prohibitions. Sub-recipient Conflict of Interest policies must also include instructions to agency staff that may be in the situation of needing assistance themselves, or providing assistance to close friends or family members, to ensure that ESG funds are not used inappropriately.

Consolidated Plan - A long-term housing and community development plan developed by state and local governments and approved by HUD (24 CFR Part 91). The Consolidated Plan contains information on homeless populations and should be coordinated with the CoC plan.

Continuum of Care - The Continuum of Care is a community plan to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency. It includes action steps to end homelessness and prevent a return to homelessness.

Continuum of Care (CoC) Lead Agency - Agency that is designated to carry out the activities of the CoC or grant including fiscal and compliance activities. Regular administrative tasks may include, but

are not limited to: management of the annual HUD application, coordination of other funding opportunities, project and system monitoring, HMIS reporting, etc.

Conversion – The change in use of a building to an emergency shelter for the homeless, where the cost of conversion and any rehabilitation costs exceed 75% of the value of the building after conversion. Any building converted to an emergency shelter that is assisted with ESGP funds must meet local government safety and sanitation standards, and must be maintained as a shelter for the homeless for not less than a 10-year period.

Critical Need Priority- HUD has identified rapid re-housing assistance as a Critical Need Priority since this activity targets those individuals and families living on the streets or in emergency shelters. Effective rapid re-housing programs help people transition out of the homeless assistance system as quickly as possible, decreasing the number of persons who are homeless within a community.

Disabling Condition – Defined by HUD as a “diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including co-occurrence of two or more of these conditions” A disabling condition limits an individual’s ability to work or perform one or more activities of daily living.

Displaced Person -Displaced person means a lower-income person who, in connection with an activity assisted under any program subject to Part 42, permanently moves from real property or permanently moves personal property from real property as a direct result of the demolition or conversion of a lower-income dwelling funded with federal funds.

Emergency Shelter – Defined as any facility with overnight sleeping accommodations, the primary purpose of which is to provide temporary shelter for the homeless in general or for specific populations of the homeless.

Environmental Review – HUD requires that the environmental effects of each activity carried out with the ESG funds be assessed in accordance with the provisions of HUD’s regulations covering National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD’s implementing regulations at 24 CFR Parts 50 and 58.

ESG – Emergency Solutions Grant Program. The ESG program is defined and controlled under HUD regulations found at Title 24, Code of Federal Regulations, Parts 91 and 576 which are hereby included by reference as part of these policies and procedures.

Essential Services – Essential services related to emergency shelter and street outreach are intended to facilitate coordination of services to literally homeless individuals and families. ESG activities which address the immediate needs of the homeless through street outreach and emergency shelters, which enable homeless persons to become more independent and to secure permanent housing, are considered eligible Essential Services activities.

Families – One or more adults with dependent children under the age of 18, or with dependent adults.

Faith-Based organizations- An organization affiliated with or sponsored by a church or other religious organization.

Gross Income – Total income of the household that must be calculated in order to determine eligibility for the program. It must include all eligible income of every adult who is 18 years of age or older living in the household, even if not a family member.

Habitability Standards – ESG funds cannot be used to provide financial assistance unless the unit where the program participant resides passes certain habitability standards as defined by HUD.

Homeless – Refer to 24 CFR 576.2 and this Manual for details regarding the new homeless definition.

Homeless Management Information System (HMIS) – An HMIS is a computerized data collection application designed to capture client-level information over time on the characteristics of service needs of men, women, and children experiencing homelessness, while also protecting client confidentiality. It is designed to aggregate client-level data to generate an unduplicated count of clients served within a community's system of homeless services.

Homeless Prevention – Refer to 24 CFR part 576.2 and this Manual for details regarding the new at-risk of homelessness definition.

Housing Status – Clients must be either homeless or at risk of homelessness in order to receive assistance with the ESG program. Program participant's case files MUST document the housing status of clients serve with this program. Case managers must verify and document the status as explained in this Manual. Clients must certify in writing their housing status.

HUD – The U.S. Department of Housing and Urban Development.

In-Kind – Donated volunteer services or goods including staff time, shelter rent, shelter facilities, or supplies of the same kind eligible under program guidelines.

Internal Controls – The combination of policies, procedures, personnel, defined responsibilities, and records that allow an organization to maintain adequate oversight and control of its finances.

Lead-Based Paint – Any housing unit constructed before 1978 may contain paint that can cause harm to young children and women who are pregnant. If a program participant's household includes a child under the age of 6 or a pregnant women, the year the housing unit was constructed must be documented. If constructed before 1978, the Lead-Based Paint regulations apply and an inspection of the property must be conducted and recorded in the file.

Lobbying Policy – Lobbying is a concerted effort designated to achieve some result, typically from government authorities and elected officials. It can consist of the outreach of legislative members, public actions (e.g. mass demonstrations), or combinations of both public and private actions (e.g. encouraging constituents to contact their legislative representative).

Local Government – A political subdivision of the State of Tennessee, including, a town, city or county.

Match – Refers to the amount of goods or services required to be expended for the program by the sub-recipient to receive ESG funding. Match for ESG may be cash or in-kind, but must match every funded dollar 100%.

Major Rehabilitation – Rehabilitation that involves costs in excess of 75% of the value of the building before rehabilitation. Buildings assisted at this level must be maintained as a homeless shelter for not less than a 10-year period.

Minor Rehabilitation - Rehabilitation that involves costs below 75% of the value of the building before rehabilitation. Buildings assisted at this level must be maintained as a homeless shelter for not less than a 3-year period.

Participating Jurisdiction (PJ) – Any CDBG Community that receives direct funding from HUD for the Emergency Solutions Grant and may vary from year to year. Non-profit agencies within these jurisdictions are ineligible to apply for the State ESG allocation. See Program Description for the most current list.

Performance Standards – The standards set by HUD, the local Continuum of Care, and THDA which will be used to gauge the ongoing success of the ESG program. All sub-recipients will be expected to meet or exceed these standards.

Permanent Supportive Housing - Provides long-term (longer than 24 months) housing assistance with support services for which homelessness is a primary requirement for program eligibility.

Privacy Policy – A policy created by each sub-recipient that covers the processing of personal information for clients participating in the ESG program, including data entered into HMIS. The Policy must be in writing and included as a part of the sub-recipient policies and procedures. Sub-recipient staff must be aware of the policy, as evidenced by their signature they have received a copy, with the original executed copy maintained in the ESG program file.

Private Non-Profit Organization – A secular or religious organization described in Section 501(c) of the Internal Revenue Code of 1954 which is (a) exempt from taxation under Subtitle A, Title 26 of the Code, (b) has an accounting system and voluntary board, and (c) practices nondiscrimination in the provision of assistance.

Procurement – The act or process of obtaining goods and services that ensures the best possible cost to the federal program, while meeting the needs of the sub-recipient.

Public Housing Agencies (PHA) - The U.S. Department of Housing and Urban Development (HUD) administers Federal aid to local PHA's that manage the housing for low-income residents at rents they can afford. PHA's are ineligible to apply directly for ESG funds. In addition, there are limitations for use of ESG funding when a client resides in or will be residing in a PHA rental unit.

Rehabilitation or Renovation – Labor, materials, tools and other costs of improving emergency shelters that involve costs of 75% or less of the value of the building before assistance. This does not include minor or routine repairs. Buildings assisted at this level must be maintained as a homeless shelter for not less than a 3-year period.

Relocation – The act of moving a person who has been displaced due to actions or activities funded through the ESG program.

Rent Reasonableness – ESG funds cannot be used to pay rental assistance to eligible clients unless the unit is "rent reasonable". In the case of the ESG program, units must meet both rent reasonableness

standards and Fair Market Rents. For the purpose of calculating rent under this program, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.

Single Audit - Also known as the OMB A-133 audit, the Single Audit is a rigorous, organization-wide audit or examination of an entity that expends \$500,000 or more of Federal assistance (commonly known as Federal funds, Federal grants, or Federal awards) received for its operations. Usually performed annually, the Single Audit's objective is to provide assurance to the federal government as to the management and use of such funds by recipients such as states, cities, counties, universities, and non-profit organizations. The audit is typically performed by an independent certified public accountant (CPA) and encompasses both financial and compliance components.

Sub-recipient – A unit of local government or non-profit organization that receives an ESG allocation from the Tennessee Housing Development Agency.

Tennessee Housing Development Agency (THDA) – The agency and direct Grantee that administers the ESG funds for the State of Tennessee outside of the Participating Jurisdictions.

Transitional Housing – For the purposes of ESG assistance, housing that extends past the “3 days to 3 months” reasonable period for temporary housing (emergency shelter).

HUD defines transitional housing as having the “purpose of moving homeless individuals and families to permanent housing within 24 months”. Because ESG is focused on emergency shelter, a transitional facility will **only** be eligible to receive ESG funds for these costs if:

- (1) It meets BOTH of the following criteria under the new emergency shelter definition:
 - (a) Its primary purpose is to provide a temporary shelter for the homeless in general or for specific populations of the homeless; and
 - (b) It does not require occupants to sign leases or occupancy agreements; **OR**
- (2) It received funds under a FY 2010 Emergency Shelter Grants grant and met the criteria under the former emergency shelter definition.

Utility Allowance - Obtained from the local Public Housing Authority, utility allowances are used in place of actual utility costs to calculate a household's total housing expense. High housing costs can result in program participants paying a large percentage of their income for housing and utilities, which may lead to difficulty maintaining housing stability. The utility allowance is required when determining the rent reasonableness of a unit when using ESG funds for rental assistance.

Value of the Building- The monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by THDA.

Written Standards –Standards that define eligibility criteria for assistance to be provided to program participants at the sub-recipient level. Standards must provide applicants for services and sub-recipient staff a clear understanding of what is required in order to participate in the ESG program.

1.2 Notification to Sub-Recipients of Program Changes

The Tennessee Housing Development Agency will issue an ESG Program Update when needed to inform sub-recipients of changes to policies and procedures. These Updates are to be shared with program staff and maintained in the ESG Policies and Procedures Manual provided to sub-recipients at grant award.

SECTION 2: PROGRAM REQUIREMENTS

2.1 Summary

The Emergency Solutions Grants (ESG) Program was created when the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act was signed into law in 2009. The HEARTH Act amended and reauthorized the McKinney-Vento Homeless Assistance Act, and included major revisions to the existing Emergency Shelter Grant Program.

The new Emergency Solutions Grant Program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help those persons to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. The change in the program's name reflects the change in the program's focus from addressing the needs of homeless in emergency or transitional shelters to assisting people to regain stability in permanent housing.

Eligible sub-recipients who are awarded ESG funds may use funds to:

- Engage homeless individuals and families living on the streets;
- Improve the number and quality of emergency shelters for homeless individuals and families;
- Help operate those shelters;
- Provide essential services to shelter residents;
- Rapidly re-house homeless individuals and families;
- Prevent families and individuals from becoming homeless;
- Participating in an existing Homeless Management Information System (HMIS) database; and
- Pay for administrative costs for general management, oversight, coordination, and reporting on the program. Only sub-recipients that are local government entities are awarded administrative funds.

2.2 Grant Awards and Spending Requirements

The amount of ESG allocation received from HUD varies each year and is awarded to the State via an annual Award Notice. In order to identify the unmet needs of the homeless and at-risk of homelessness in rural Tennessee, agencies applying for an ESG allocation are asked to submit Requests for Application for Funding that is supported by data showing: 1) need for the program; 2) evidence of homeless or at-risk of homelessness population within the community; 3) a plan that summarizes how funds will be used to address the unmet needs of their community; and 4) evidence that the applicant has collaborated with the local Continuum of Care (CoC) and that activities selected will help the CoC to meet its goals to address and end homelessness.

Preference is given to applicants whose programs will help to meet priorities identified by HUD, the State of Tennessee, and the local Continuum of Care. Programs that will provide access to permanent rapid re-housing of homeless individuals and families, defined as a Critical Need Priority by HUD, are preferred.

Award amounts may be calculated based on homeless data obtained from HUD, the Homeless Management Information System (HMIS), and the local Continuum of Care. In addition, certain population statistics may be used in order to prevent a disproportionate amount of funding in one geographical area.

The grant period for the Emergency Solutions Grants Program is 12 months. If it is determined that an agency will not expend the funds within the required time period, funds may be recaptured and reallocated to another agency.

All ESG funds must be obligated within 60 days after the date on which the State made the funds available to the ESG sub-recipient. All projects must begin within sixty (60) days of the award date of the grant award. Funds not obligated/expended within the required periods will be recaptured by THDA and redistributed to other eligible entities.

THDA reserves the right to recapture ESG funds under the following circumstances:

- (1) When sub-recipients do not meet the performance requirements of the approved project;
- (2) When sub-recipients are unable to meet the deadline requirements as outlined in 24 CFR Part 576; or
- (3) When sub-recipients have failed to implement the project as set forth in their approved ESGP grant application, without appropriate justification.

2.3 Eligible Sub-Recipients

The following entities are eligible to submit application for funding under ESG:

- (1) Targeted Set Aside – HUD permits the first \$100,000 of ESG funding to be awarded as unmatched funds. THDA allocates this funding to the Tennessee Department of Mental Health and Substance Abuse Services. These funds are used for homeless assistance and prevention activities through its established network of housing agencies providing services to clients being discharged from medical and mental health facilities.
- (2) Small Cities Set-Aside – THDA allocates 52% of the remaining ESG funds on a formula basis to the eleven CDBG entitlement cities that do not receive ESG grants, but are expected to address homelessness through the CoC described in their Consolidated Plans. These cities are Bristol, Clarksville, Cleveland, Franklin, Hendersonville, Jackson, Johnson City, Kingsport, Morristown, Murfreesboro and Oak Ridge.
- (3) Private Non-Profit Competitive Allocation – the remaining 48% of funds are allocated to eligible applicants in a competitive grant review process.

2.4 Match Requirements

An award of ESG funding requires a match with an equal amount of cash or in-kind funds to supplement the ESG program. Matching contributions may be obtained from any source, including any Federal source other than the ESG program, as well as state, local and private sources. However, the following requirements apply to matching contributions from a Federal source of funds:

- (1) The State and the sub-recipient must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match ESG funds;
- (2) If ESG funds are used to satisfy the matching requirements of another Federal program then funding from that program may not be used to satisfy the matching requirements under this section.

In order to meet the matching requirement, the matching contributions MUST meet all requirements that apply to the ESG program, and matching funds must be provided after the date that HUD signs the grant agreement. To count toward the required match for the State's fiscal year grant, cash contributions must be expended within the grant deadline, and noncash contributions must be made within the same period. Contributions used to match a previous ESG grant may not be used to match a subsequent ESG grant; and contributions that have been or will be counted as satisfying a matching requirement of another Federal grant or award may not count as satisfying the matching requirement of the ESG allocation.

Eligible types of matching contributions may be met by one or both of the following:

- (1) Cash contributions: Cash expended for allowable costs under the ESG program, and also defined in OMB Circulars A-87 and A-122, may be considered;
- (2) Non-cash contributions: The value of any real property, equipment, goods, or services contributed to the sub-recipient's ESG program, provided that if the sub-recipient had to pay for them with grant funds, the costs would have been allowable. Noncash contributions may also include the purchase value of any donated building;
- (3) Calculating the amount of noncash contributions
 - a. To determine the value of any donated material or building, or of any lease, the sub-recipient must use a method reasonably calculated to establish the fair market value;
 - b. Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the sub-recipient's organization. If the sub-recipient does not have employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market;
 - c. Some noncash contributions are real property, equipment, goods, or services that, if the sub-recipient had to pay for them with grant funds, the payments would have been indirect costs. Matching credit for these contributions must be given only if the sub-recipient has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of those contributions.

- d. Costs paid by program income: Costs paid by program income shall count toward meeting the State and/or sub-recipient's matching requirements, provided the costs are eligible ESG costs that supplement the sub-recipient's current ESG program.

The sub-recipient must maintain evidence of how the rate determination was calculated which must be available for review upon request by THDA. The sub-recipient will determine the value of any donated material or building, or of any lease, using a method reasonably calculated to establish a fair market value.

2.5 Area-Wide Systems of Coordination Requirements

The sub-recipients must consult with each Continuum of Care that serves the sub-recipient's jurisdiction during the allocation phase each program year, including developing performance standards for, and evaluating the outcomes of, projects and activities assisted by ESG funds. In addition, collaboration in developing funding, policies and procedures for administration and operation of HMIS must occur. Agencies requesting ESG funding must demonstrate such collaboration and document that proposed activities will assist the CoC in meeting identified outcomes.

THDA and all sub-recipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with other programs targeted to homeless people in the area covered by the CoC or area over which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness in that area. The programs include, but are not limited to:

- Shelter Plus Care Program
- Supportive Housing Program
- Section 8 Moderate Rehabilitation Program for Single Room
- Occupancy Program for Homeless Individuals
- HUD-Veteran Affairs Supportive Housing Program (HUD VASH)
- Education for Homeless Children and Youth Grants for State and Local Activities
- Affordable Care Act
- Programs for Runaway and Homeless Youth
- Projects for Assistance in Transition from Homelessness
- Emergency Food and Shelter Program
- Victims of Sexual Assault, Domestic Violence, Dating Violence, and Stalking Programs

Once the CoC has developed a centralized assessment system or a coordinated assessment system in accordance with requirements to be established by HUD, each ESG-funded program or project within the CoC's area must use that assessment system. Acceptance of an ESG award means the sub-recipient agrees to utilize the centralized assessment or coordinated assessment system implemented by the local CoC.

A victim service provider may choose not to use the CoC's centralized or coordinated assessment system.

2.6 Written Standards Requirements

Sub-recipients must establish and consistently apply written standards for providing ESG assistance. Standards must be established for each area covered by the sub-recipient, including the area over which the services are coordinated and provided to program participants.

Written Standards developed must be submitted to THDA and the CoC Lead Agency for approval. At a minimum, Written Standards developed by sub-recipients must include:

- Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under the ESG program;
- Standards for targeting and providing essential services related to street outreach;
- Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under the ESG program including standards regarding length of stay and client participation.
- Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
- Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers;
- Standards for determining what (if any) percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance;
- Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time;
- Standards for determining the type, limit, and duration of housing stabilization and/or relocation services to provide to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the participant receives assistance, or the maximum number of times the participant may receive assistance; and
- Formal termination and grievance policies and procedures that reflect HUD's requirement that only the most severe cases be terminated, and allow clients to return to the program once issues that caused the termination are resolved.

2.7 Termination of Assistance

Each sub-recipient is required to establish a formal process for the termination of assistance to a client. This process must recognize the rights of the individuals affected to a hearing. Sub-recipients must document that they have provided the reason for termination in writing to the client.

2.8 Client Confidentiality and Privacy Policies

Sub-recipients will not divulge personal identifying information of a program participant of the ESG program without the consent from the client. In addition sub-recipients will not divulge information pertaining to any individual or family domestic violence shelter or treatment facilities. Each sub-recipient must incorporate into their policies and procedures a process that will ensure the confidentiality of program participants' identifying information; records pertaining to any individual or family provided family violence prevention; and treatment services offered under any project assisted with ESG funds. Furthermore, the address or location of any shelter for victims of domestic violence assisted under ESG will be anonymous except upon written authorization from the person or persons responsible for the operation of the shelter for this information to be made public.

2.9 Homeless Management Information System Requirements

THDA must ensure that all persons served and all activities assisted under the ESG program be entered into the local Continuum of Care's community-wide HMIS (or comparable database if a domestic violence service provider) available in the area in which those persons and activities are located. Participation will be in accordance with HUD's standards on participation, data collection, and reporting. THDA will consult with each CoC Lead Agency to determine if sub-recipients are compliant with HMIS reporting standards for their region.

If the sub-recipient is a victim services provider or legal services provider, it will be required to use a comparable database to ensure client level data is collected over time and generates unduplicated aggregate reports based on the data.

2.10 Shelter and Housing Standards Requirements

Lead-based paint remediation and disclosure: The Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1995, and implementing regulations in 24 CFR part 35, subparts A,B,H,J,K,M and R apply to all shelters assisted under the ESG program and to all housing occupied by program participants. Program Participants must be provided a copy of the Lead-Based paint notification pamphlet if the household has a child under the age of 6, or a pregnant woman is/will be residing in the unit; and it was construction prior to 1978. See Attachment 1 - Lead for Lead Based Paint pamphlet

In addition, lead-based paint must be addressed in any household served under Prevention or Rapid Re-Housing. If the unit was built prior to 1978 and there is a child under the age of six and/or a pregnant woman who is residing or will reside in the unit, a lead-based paint visual inspection must be performed by someone certified to complete the inspection. If the unit was built after 1978 or there are no at-risk residents who are or will be residing in the unit, a visual inspection is not necessary; however documentation must be in the files that the agency addressed the issue. See Attachment 2 for sample LBP Compliance form.

If a visual inspection is required and lead-based paint hazards are identified, no funding may go into the unit for current rent or utilities. The sub-recipient may mediate with the landlord to bring the unit into compliance for lead-based paint standards or may assist the household in obtaining new housing.

ESG funding may be used to pay arrearages at the original unit as long as the household is rehoused in an appropriate unit.

Minimum standards for emergency shelters: Any building for which ESG funds are used for conversion, major rehabilitation, or other renovation, must meet state or local government safety and sanitation standards, as applicable, and the following minimum safety, sanitation and privacy standards. Any emergency shelter that receives assistance for shelter operations must also meet the following minimum safety, sanitation and privacy standards:

- (1) **Structure and materials:** The shelter building must be structurally sound to protect residents from the elements and not pose any threat to health and safety of the residents. Any renovation, including major rehabilitation and conversion, carried out with ESG assistance must use Energy Star products and appliances;
- (2) **Access:** The shelter must be accessible in accordance with Section 504 of the Rehabilitation Act and implementing regulations at 24 CFR part 100; and Title II of the Americans with Disabilities Act and 28 CFR part 35, where applicable;
- (3) **Space and Security:** Except where the shelter is intended for day use only, the shelter must provide each participant in the shelter with an acceptable place to sleep and adequate space and security for themselves and their belongings;
- (4) **Interior air quality:** Each room or space within the shelter must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents;
- (5) **Water supply:** The shelter's water supply must be free of contamination;
- (6) **Sanitary facilities:** Each participant in the shelter must have access to sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste;
- (7) **Thermal environment:** The shelter must have any necessary heating/cooling facilities in proper operating condition;
- (8) **Illumination and electricity:** The shelter must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the shelter;
- (9) **Food preparation:** Food preparation areas, if any, must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner;
- (10) **Sanitary conditions:** The shelter must be maintained in a sanitary manner;
- (11) **Fire safety:** There must be at least one working smoke detector in each occupied unit in the shelter. Where possible, smoke detection must be located near sleeping areas. The fire alarm system must be designed for hearing-impaired residents. All public areas of the shelter must have at least one working smoke detector. There must also be a second means of exiting the building in the event of fire or other emergency.

Minimum standards for permanent housing provided as part of homelessness prevention assistance: The sub-recipient cannot use ESG funds to help a participant obtain or remain in housing that does not meet the minimum habitability standards requirements of the local Public Housing

Authority (PHA). Sub-recipients may contact the local PHA or the CoC Lead Agency for a copy of their housing standards checklist or use the example **Habitability Checklist** provided in Attachment 3

Documentation that the unit has met the standards, demonstrated by completion of a Housing Standards Inspection checklist, must be placed in the program participant's file. A sub-recipient with a program participant who resides in a unit that cannot meet the minimum standards should make every effort to assist the client in relocating to a more appropriate unit.

Minimum standards for permanent housing provided as part of rapid re-housing assistance: Program participants receiving ESG-funded rapid re-housing assistance must ensure the unit selected by the program participant meets the minimum requirements of the local Public Housing Authority (PHA). Sub-recipients may contact the local PHA or CoC Lead Agency for a copy of their housing standards checklist or use the example **Habitability Checklist** provided in Attachment 3. Documentation that the unit has met the standards, demonstrated by completion of a Housing Standards Inspection checklist, must be placed in the program participant's file.

2.11 Performance Measures and Priorities Requirements

Planning Strategies: The HEARTH Act refocuses homelessness-related strategies on the ultimate goal of reducing and ending homelessness and aligns them with the Continuum of Care planning strategies and performance measures, such as shortening the period of time that persons experience homelessness, and helping persons who were recently homeless avoid becoming homeless again. The change under the HEARTH Act also emphasizes the priorities of the Federal Strategic Plan to Prevent and End Homelessness (FSP), which are:

- End chronic homelessness in 5 years
- Prevent/end homelessness among Veterans in 5 years
- Prevent/end homelessness for families, youth, and children in 10 years
- Set path to ending all homelessness

Communities receiving ESG funds should develop formal strategies that will ensure the success of the HEARTH Act.

Performance Standards/Measures: THDA must ensure that programs and activities funded through the ESG program meet certain Performance Standards as set by the local Continuum of Care, THDA, and HUD. The following is an example of the types of Standards that THDA and its sub-recipients will be required to meet in order to demonstrate success of the ESG program:

- Reducing the average length of time a person is homeless
- Reducing returns to homelessness
- Improving program coverage
- Reducing the number of homeless individuals and families
- Reducing the number of chronically homeless individuals and families
- Improving employment rate and income amounts of program participants

- Reducing first time homelessness
- Preventing homelessness and achieving independent living in permanent housing for families and youth defined as homeless under other Federal programs

Although THDA understands many sub-recipients have chosen to provide one-time emergency rent or utility assistance to prevent homelessness, sub-recipients receiving ESG funds should use all available resources that will ensure the ongoing housing stability of program participants.

Critical Need Priority: HUD strongly encourages each jurisdiction to focus ESG funding on rapidly re-housing individuals and families living on the streets or in emergency shelters into permanent housing. While both rapid re-housing and homelessness prevention are eligible activities, only rapid re-housing assistance targets those individuals and families living on the streets or in emergency shelters. Effective rapid re-housing programs help people transition out of the homeless assistance system as quickly as possible, decreasing the number of persons who are homeless within a community.

Rapid re-housing also ensures that emergency shelter resources are used to serve individuals and families with the most urgent housing crisis. In contrast, the success of homelessness prevention activities are much more difficult to measure and the prevention assistance is harder to strategically target. These difficulties increase the risk that the use of ESG funds for homelessness prevention assistance will be inefficient at demonstrably preventing people from going to the streets or shelters. As public and nonprofit resources become increasingly strained, rapid re-housing should be given the highest priority under ESG to help ensure that existing resources-both within and outside the homeless assistance system-are used as efficiently as possible to help those most in need.

2.12 Recordkeeping and Reporting Requirements

Grant Recordkeeping Requirements

- (1) **Policies and Procedures:** Policies and procedures must be established in writing and implemented by the sub-recipient to ensure that ESG funds are used in accordance with the requirements. In addition, sufficient records must be established and maintained to enable THDA and HUD to determine whether ESG requirements are being met, including the agency procedures for compliance with all federal regulations and program requirements.
- (2) **Written Standards:** Written Standards must be established and implemented by sub-recipients that detail established criteria for providing ESG assistance; and shall be included as part of the sub-recipient's Policies and Procedures. A copy of the Written Standards must be provided to THDA as HUD requires the Standards to be included in THDA's Consolidated Plan.
- (3) **Match Funds:** THDA and sub-recipients must keep records of the source and use of contributions made to satisfy the matching requirements in 576.201. The records must indicate the particular fiscal year grant for which each matching contribution is counted. The records must show how the value placed on third-party, noncash contributions was

derived. To the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocation of regular personnel costs.

- (4) Centralized and coordinated assessment procedures: Sub-recipients must keep documentation evidencing the use of, and written intake procedures for, the centralized or coordinated assessment system(s) developed by the CoC in accordance with the requirements established by HUD.
- (5) Services and assistance provided: Sub-recipients must keep records of the types of essential services, rental assistance, and housing stabilization and relocation services provided under the State's ESG program, and the amounts spent on these services and assistance, including payroll records if salaries are charged to the grant.
- (6) Conflicts of Interest: Sub-recipients must keep records to show compliance with the conflicts-of-interest requirements in 579.404(a), a copy of the personal conflicts of interest policy or codes of conduct developed and implemented to comply with the requirements of 576.404(b), and records supporting exceptions to the personal conflicts of interest prohibitions. Sub-recipient Conflict of Interest policies must also include instructions to agency staff that may be in the situation of needing assistance themselves, or providing assistance to close friends or family members, to ensure that ESG funds are not used inappropriately.
- (7) Faith-based activities: Sub-recipients must document their compliance with the faith-based activities requirements under 576.406.
- (8) Other federal requirements: Sub-recipients must document their compliance with the Federal requirements in 576.407, as applicable, including:
 - a. Records demonstrating compliance with the nondiscrimination and equal opportunity requirements under 576.407(a), including data concerning race, ethnicity, disability status, sex, and family characteristics of persons and households who are applicants for, or program participants in, any program or activity funded in whole or in part with ESG funds and affirmative outreach requirements of 576.407(b).
 - b. Records demonstrating compliance with the uniform administrative requirements in 24 CFR part 85 (for governments) and 24 CFR part 84 (for nonprofit organizations).
 - c. Records demonstrating compliance with the environmental review requirements, including flood insurance requirements.
 - d. Certifications and disclosure forms required under the lobbying and disclosure requirements in 24 CFR Part 87.
- (9) Relocation: The records must include documentation of compliance with the displacement, relocation, and acquisition requirements of 576.408.
- (10) Financial records:
 - a. THDA must retain supporting documentation for all costs charged to the ESG grant;

THDA and its sub-recipients must keep documentation showing that ESG grant funds were spent on allowable costs in accordance with the requirements for eligible activities under 576.101-576.109 and the cost principles in OMB Circulars A-87 and A-122;

- b. THDA and its sub-recipients must retain records of the receipt and use of program income;
- c. THDA must keep documentation of compliance with the expenditure limits in 576.100 and the expenditure deadline in 576.203.

(11) Access to records:

- a. Notwithstanding, the confidentiality procedures established under this section, HUD, the HUD Office of the Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, and THDA, must have the right of access to all books, documents, papers, or other records of examination, excerpts and transcripts. These rights of access are not limited to the required retention period but last as long as the records are retained;
- b. Make available program participant records, along with any financial and program records, for review by THDA during periodic monitoring visits. Monitoring of sub-recipients may be conducted by THDA, local HUD Office of Community Planning and Development, HUD's Office of Special Needs Assistance Programs, HUD's Office of Inspector General, HUD's Office of Fair Housing and Equal Opportunity, a contractor hired on behalf of THDA for the purposes of auditing programs funded through the State, or other authorized state or federal agency, to determine compliance with the requirements of each program. In lieu of a site visit, THDA may request either copies of supporting documentation in order to conduct a Desk Audit review of a sub-recipient or access to HMIS for review of documentation;
- c. Make available copies of all monitoring letters from other federal, state or local grant funded programs if requested by THDA. Copies of any written responses addressing areas of concern or findings shall be included. These copies shall be provided during monitoring review visits or more frequently if requested by THDA staff;
- d. Public rights: THDA must provide citizens, public agencies, and other interested parties with reasonable access (consistent with state and local laws regarding privacy and obligations of confidentiality, and the confidentiality requirements in this part) to records regarding any uses of ESG funds THDA received during the preceding 5 years.

Grant Reporting Requirements

- (1) Sub-recipients receiving ESG funds must submit semi-annual and annual reports to THDA that include the number of persons assisted, race and ethnic origin, gender, the types of assistance provided, and the project or program outcomes data measured under the performance standards developed in consultation with the Continuum of Care, and other data as required by HUD.

- (2) Sub-recipients receiving ESG funds must comply with the HMIS reporting requirements with the Continuum of Care Lead Agency. Domestic Violence providers must provide aggregate information in lieu of using HMIS.
- (3) Homeless Prevention and Rapid Re-Housing Record Requirements:
The following records are required for new clients and clients who have had a break in service but are still eligible to receive additional funding:
 - a. Client File Recordkeeping: Items required to be placed in the file shall be checked off (N/A entered if “Not Applicable”) and signed by the intake worker or case manager. This will ensure that all required documents reflecting client eligibility are obtained and retained in every file.
 - b. Staff Certification: The ESG Staff Certification Form must be completed by sub-recipient for each client upon entry into the ESG program, and at each recertification.
 - c. Initial Evaluations: The sub-recipient must conduct an initial evaluation to determine the eligibility of each individual and family’s eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability in permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements set forth under 576.400(d) and the written standards established under 576.400(e).
 - d. Other subsidies received by the client: sub-recipient staff must verify that the program participant does not receive subsidies from other federal, state or local funding sources for activities that will be funded with ESG funds. Verifications must be documented and included in the case file.
 - e. Written third party: Verification in writing from a third party (e.g. individual employer, Social Security Administration, welfare office, emergency shelter provider, etc.), either directly to sub-recipient staff or via the applicant is most preferred. Written third party documentation may include completion of a standardized form, such as a verification of income statement.
 - f. Oral third party: Verification from a third party (e.g. individual employer, Social Security Administration, welfare office, etc.) provided by the third party over the telephone or in-person directly to sub-recipient staff. Oral third party verification is acceptable only if written third party verification cannot be obtained. Sub-recipient staff must document reasons why third party written verification could not be obtained in the program participant file. Staff must also notate time called and the name of the employer who provided the information orally.
 - g. Applicant self-declaration: A self-declaration of income and housing status as reported by the program participant is allowable, but is only acceptable if written or verbal third party verification cannot be obtained. Self-declaration of housing status (e.g., eviction) should be rare. Sub-recipient staff must document reasons why third party written or oral verification could not be obtained in the program participant file.
 - h. Annual Income: Program participant’s files must contain evidence that household income was below 30% of area median income for the geographic area of assistance upon entry into the ESG Homeless Prevention program. Sub-recipients must use the standard for calculating annual income as established in 24 CFR part 5.609.

Additional information and guidance for determining and documenting homeless and at-risk of homelessness status, income, and disability is available at www.hudhre.info.

- i. Rental assistance agreements and payments: The records retained by the sub-recipients must include copies of all leases and rental assistance agreements for the provision of rental assistance documentation of payments made to owners for the provision of rental assistance, and supporting documentation for these payments. Rental assistance agreements should include amount and length of subsidy.
- j. Utility allowance: Records must document the monthly allowance for utilities (excluding telephone) used to determine compliance with rent restrictions. County utility allowances can be found at <http://www.thda.org/index.aspx?nid=345>.
- k. Lead-Based Paint: A visual lead-based paint assessment must be completed for all households with a pregnant woman or children under 6 who reside or will reside in a housing unit constructed prior to 1978. A copy of the housing inspection form completed by sub-recipient staff showing the unit was inspected for lead-based paint issues. If concerns are noted during the inspection the sub-recipient will be required to have the unit tested for lead-based paint OR the household can be assisted with moving costs to relocate the family to a lead-safe housing unit.

The visual lead-based paint assessment must be completed by sub-recipient staff certified by HUD. A twenty minute online training course is available at:

<http://www.hud.gov/offices/lead/training/visualassessment/h00101.htm>

- l. Housing Standards Inspection: An on-site inspection is required anytime a program participant is receiving ESG financial assistance, including rental assistance, security deposit assistance, utility assistance, etc. A housing unit inspection form must be completed and maintained in the client file.
- m. Rent Reasonableness: Rental assistance cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888, and complies with HUD's standard of rent reasonableness, as established under 24 CFR part 982.501. For the purpose of calculating rent under this program, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.
- n. Case Management: Sub-recipient staff must document program participant's eligibility to regain stability in permanent housing. Evaluations must be conducted in accordance with the centralized or coordinated assessment required by HUD, once implemented.

While providing homelessness prevention or rapid re-housing assistance to a program participant, the sub-recipient must:

- Require the participant to meet with a case manager not less than once per month to assist the program participant in ensuring long-term housing stability which shall be notated in the program participants file,

- Develop a written plan to assist the program participant to retain permanent housing after the ESG assistance ends, taking into account all relevant considerations such as the program participant's current or expected income and expenses; other public or private assistance for which the program participant will be eligible and likely to receive, and the relative affordability of available housing in the area.
- Case Management may consist of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability in permanent housing.
- Sub-recipient staff must re-evaluate the program participant's eligibility and types and amounts of assistance the participant needs not less than once every 3 months for program participants receiving homeless prevention assistance, and once a year for program participants receiving rapid re-housing assistance.
- Sub-recipient staff must enter case management information in a program participant's case file and in the local Continuum of Care's HMIS.
- HMIS: Sub-recipients must keep records of the participation in HMIS or a comparable database of all projects and activities served with ESG funds.

(4) Shelter, Street Outreach and Shelter Essential Services Recordkeeping Requirements:

- Street Outreach: Sub-recipients providing street outreach to homeless individuals and families must document that the street outreach activities offered are necessary to provide emergency care on the street. Services charged to this activity must only include costs of providing assistance to eligible participants residing on the street or in parks, abandoned buildings, bus stations, camp grounds, and other settings where unsheltered persons are staying. Staff salaries charged to the grant related to carrying out street outreach must be supported with payroll records. Client files should document in detail the types of assistance provided, evidence of homelessness, case management records, and HMIS User Agreements executed by the client and agency staff.
- Shelter and Essential services: Sub-recipients must retain case files showing client eligibility and the types of services provided to shelter clients. Included shall be documentation of homelessness, case management provided, initial evaluations, services provided, referrals to other community resources, participant participation notes, shelter policies, Fair Housing materials, HMIS User Agreements, confidentiality and client grievance policies.

(5) At risk of homelessness status: For each individual and family who receives ESG homelessness prevention assistance, the records must include the evidence relied upon to establish and verify the participant's "at risk of homelessness" status. This evidence must include an intake and certification form and is completed by the sub-recipient. The evidence must also include whether or not the program participant meets the criteria under paragraph (1) of the "at risk of homelessness" definition in 576.2, including:

- The participant's certification on a form that the participant has insufficient financial resources and support networks (family, friends, faith-based or other

social networks) immediately available to attain housing stability and meets one or more of the conditions under paragraph (1)(iii) of the definition of “at risk of homelessness” in 576.2.

- Acceptable evidence includes: source documents (notices of termination from employment, unemployment compensation statement, bank statements, health-care bill showing arrears, utility bill showing arrears, etc); to the extent that source documents are unobtainable, a written statement by the relevant third party (former employer, public administrator, relative, etc.) or the written certification by the sub-recipient’s intake staff of the oral verification by the relevant third party that meets one or both of the criteria under paragraph (1)(ii) of the definition of “at risk of homelessness” in 576.2.
- To the extent that source documentation and third-party verifications are unobtainable, a written statement by the sub-recipient’s intake staff describing the efforts taken to obtain the required evidence; and the most reliable evidence available to show that the program participant meets one or more of the conditions under paragraph (1) (iii) of the definition of “at risk of homelessness” in 576.2. This may include staff observation.
- Documentation that sub-recipient staff has conducted re-evaluation of program participant’s eligibility not less than once every 3 months to continue to receive “at risk of homelessness” assistance.

(6) Evidence that the program participant meets the criteria of the “homeless” definition in 576.2, Is an individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

- An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
- An individual or family living in a supervised publically or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by Federal, state or local government programs for low income individuals);
- An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- An individual or family who will imminently lose their primary nighttime residence, provided that: the primary nighttime residence will be lost within 14 days of the date of application for homeless assistance, no subsequent residence was identified; and the program participant lacks resources or support networks needed to obtain permanent housing;
- Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

are defined as homeless under section 387 of the Runaway and Homeless Youth Act, section 637 of the Head Start Act, section 41403 of the Violence Against Women's Act of 1994, section 330(h) of the Public Health Service Act, section 3 of the Food and Nutrition Act of 2008, section 17(b) of the Child Nutrition Act of 1966, or section 725 of the McKinney-Vento Homeless Assistance Act;

- Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance; have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or GED, illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;

or

- Any individual or family who: Who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence; has no other residence; and lacks the resources or support networks to obtain other permanent housing.

SECTION 3: ELIGIBLE ACTIVITIES

The following reflects detailed information regarding the types of activities that may be provided using ESG funds:

3.1 Street Outreach

Eligible Program Participants: Unsheltered individuals and families, meaning those who qualify under paragraph (1)(i) of the definition of “homelessness”.

- (1) Overview of Eligible Activities: The costs of essential services related to street outreach are eligible costs under the ESG program. The eligible costs for street outreach activities differ from the eligible costs for essential services related to emergency shelter, as they are limited to those necessary to provide emergency care on the street. Services charged to this activity must only include costs of providing assistance to eligible participants residing on the street or in parks, abandoned buildings, bus stations, camp grounds, and other such settings where unsheltered persons are staying. Staff salaries related to carrying out street outreach activities are also eligible.
- (2) Eligible Costs: ESG funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing or critical services; and provide urgent non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing or an appropriate health facility. For the purpose of this section, “unsheltered homeless” means individuals and families who qualify as homeless under the new definitions. Eligible costs consist of the following:
 - a. Engagement-the costs to locate, identify, and build relationships with unsheltered homeless people and engage them for the purposes of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs.
 - b. Case Management-includes the cost of assessing housing and service needs; arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participants. Includes using the centralized or coordinated assessment system developed by the local Continuum of Care as mandated by HUD; conducting initial evaluation including verifying and documenting eligibility, counseling, developing; securing and coordinating services, etc.
 - c. Emergency Health Services-includes costs for direct outpatient treatment of medical conditions provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered homeless people are living. Funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area. Eligible treatment consists of accessing a program participant’s health problems and developing a treatment plan; assisting participants to understand their health needs;

providing directly or assisting program participants to obtain appropriate emergency medical treatment; and providing medication and follow-up services.

- d. Emergency Mental Health Services-includes costs for direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living. Funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the community. Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring out positive resolution of the problem or improved individual or family functioning or circumstances. Eligible treatment consists of crisis intervention, the prescription of psychotropic medications, explanation about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.
- e. Transportation-Includes transportation costs by outreach workers, social workers, medical professionals, or other service providers, provided that this travel takes place during the provisions of services eligible under this section. The costs of transporting unsheltered people to emergency shelters or other service facilities are also eligible. These costs include:
 - (i) The cost of a program participant's travel on public transportation;
 - (ii) Of service workers use their own vehicles, mileage allowance for service workers to visit program participants;
 - (iii) The cost of purchasing or leasing a vehicle for the sub-recipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance for the vehicle; and
 - (iv) Travel costs of sub-recipient staff to accompany or assist the program participants to use public transportation.
- f. Services for Special Population-funds may be used to provide services for homeless youth, victim services, and services for people living the HIV/AIDs, so long as the costs of providing these services are eligible under program regulations. The term "victim services" means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers, DV shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault or stalking.

3.2 Emergency Shelter

Eligible Program Participants: Individuals and families who are homeless as defined by HUD.

ESG funds may be used to provide essential services to persons in emergency shelters, renovating buildings to be used as emergency shelters, and operating emergency shelters. Staff costs related to carrying out emergency shelter activities is also eligible. Eligible Activities Include:

- (1) **Case Management** - The cost of assessing, arranging, coordinating and monitoring the delivery of individualized services to meet the needs of the program participant. Component services and activities consist of:
 - Using the centralized or coordinated assessment system developed by the local Continuum of Care as mandated by program regulations
 - Conducting the initial evaluation
 - Counseling
 - Developing, securing, and coordinating, services and obtaining Federal, state and local benefits
 - Monitoring and evaluating program participant progress
 - Providing information and referrals to other programs
 - Providing ongoing risk assessment and safety planning with domestic violence, dating violence, sexual assault and stalking victims
 - Developing an individualized housing and service plan, including planning a path to permanent housing stability.
- (2) **Child Care** - The cost of child care for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities are eligible. Children must be under the age of 13 unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates.
- (3) **Education Service** - When necessary for program participants to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language (ESL) and GED. Component services of activities are screening, assessment and testing, individual or group instruction, tutoring, provision of books, supplies, and instructional material, counseling and referral to community resources.
- (4) **Employment Assistance and Job Training** - The costs of employment assistance and job training programs are eligible including: classroom, online, computer instruction, on the job instruction, services that assist the individuals in securing employment, acquiring learning skills, and/or increasing earning potential.
- (5) **Outpatient Health Service** - Costs for direct outpatient treatment of medical conditions provided by licensed medical professionals. Funds may be used only for these services to the extent that other appropriate health services are unavailable within a community. Eligible treatment consists of: assessing a program participant's health problems, developing a treatment plan, providing directly or assisting participants to obtain appropriate medical treatment preventive medical and/or dental care, health maintenance service, including emergency medical services, and providing medications and follow-up services.

- (6) **Legal Service** - Costs including hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association, and by persons under the supervision of the licensed attorney, regarding matters that interfere with participants ability to obtain and retain housing. Funds may only be used for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community. Eligible subject matters are: child support, guardianship, paternity, emancipation, legal separation, orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking, appeal of veterans and public benefit claim denials and resolution of outstanding criminal warrants.

Component services or activities may include client intake, preparation of cases for trial, provisions of legal advice, representation at hearings, and counseling. Fees based on the actual service performed (i.e. fee for services) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the sub-recipient is a legal services provider and performs the services itself, the eligible costs are the sub-recipient's employee's salaries and other costs necessary to perform the service.

Note: Legal services for immigration and citizenship matters and issues relating to mortgages are INELIGIBLE. Retainer fee arrangements and contingency fee arrangements are also ineligible.

- (7) **Life Skills Training** - Costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, DV, substance abuse, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation and parenting.
- (8) **Mental Health Services** - Costs include direct outpatient treatment by licensed professionals of mental health conditions. Funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community. Eligible treatment consists of crisis intervention, therapy sessions, prescription of psychotropic medications, or explanations about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.
- (9) **Substance Abuse Treatment Service** - Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. Funds may only be used for these services to the extent that other appropriate substance abuse treatments services are unavailable or inaccessible within a community. Eligible treatment consists of: client intake and assessment, outpatient treatment for up to 30 days, group and individual counseling and drug testing.

Note: Inpatient detoxification and other inpatient drug or alcohol treatments are INELIGIBLE.

- (10) **Transportation** - Costs consist of the transportation costs of a program participant's travel to and from medical care, employment, child care, or other eligible essential services facilities. These costs include the following: the cost of a program participant's travel on public transportation, mileage allowance for employees using their own vehicles to visit or transport clients, the cost of purchasing or leasing a vehicle for the sub-recipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance of the vehicle, and the travel costs of sub-recipient staff to accompany or assist program participants to use public transportation.
- (11) **Services for Special Populations** - Funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the cost of providing these services are eligible. The term "victim services" means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning these issues.
- (12) **Shelter Operations** - Costs of maintenance including: minor or routine repairs, rent, food, security, fuel, equipment, telephone/cell phone service, internet and cable expense, furnishings, office supplies, insurance, utilities and other supplies necessary for the operation of the shelter(s).
- NOTE: Where no appropriate emergency shelter is available for a homeless individual or family, eligible costs may also include a hotel or motel voucher.
- (13) **Shelter Rehabilitation or Conversion** – Costs of contract labor to rehabilitate and existing shelter or conversion of a building for emergency shelter. Building must be maintained as an emergency shelter for 3-10 years depending upon the amount of rehabilitation. Refer to Section 5 for Use Requirements of Emergency Shelters.

3.3 Homeless Prevention and Rapid Re-Housing

Funds used to provide homelessness prevention or rapid re-housing assistance must be used to provide assistance in permanent housing. There must be a lease between the program participant and the housing owner. In addition, there must be a formal Rental Assistance Agreement between the sub-recipient (the agency providing the service) and the housing owner.

NOTE: Living in a motel or hotel is not considered to be permanent housing and therefore is not an eligible expense under this program.

- (1) **Eligible Program Participants:**
- a. **Homeless Prevention:** Individuals and families who are at imminent risk, or at risk of homelessness, meaning those who qualify under paragraph (2) and (3) of the homeless definition or those who qualify as at risk of homelessness. Individuals and families must have an income below 30% of Area Median Income upon entry into the program, and are lacking sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place

described in paragraph (1) of the homeless definition. Program participants must meet the threshold requirements reflected in part 572.2 (1) (iii).

- b. Rapid Re-Housing: Individuals and families who are literally homeless, meaning those who qualify under paragraph (1) of the definition of homeless.
- (2) Eligible Activities: Up to nine months rental assistance and or utility assistance. Staff salaries related to carrying out rapid re-housing and homelessness prevention activities are also eligible.
- a. Financial Assistance: Rental application fees, security deposits, utility deposits, last month's rent, utility payments, and moving costs
 - b. Services: Housing search and placement, housing stability case management, mediation, legal services, and credit repair.

3.4 Homeless Management Information System Data Collection

- (1) Eligible Costs:
- a. Staff costs of contributing data to the HMIS designated by the Continuum of Care, including time to complete data entry, monitoring and reviewing data quality, completing data analysis, reporting to HMIS Lead, training staff on using HMIS or comparable database approved by the CoC, and implementing complying with HMIS requirements. Costs may also include staff travel costs to conduct intake, and paying any participation fees charged by the HMIS Lead.
 - b. If the sub-recipient is a Victim Services Provider or Legal Services Provider, ESG funds may be used to establish and operate a comparable database that collects client-level data over time and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into or provided to an HMIS.
- (2) Restrictions: Activities funded under this section must comply with HUD's standards on participation, data collection, and reporting under HMIS.

3.5 Administration

THDA may use up to 7.5% of the annual ESG allocation for administrative costs related to planning and execution of ESG activities. A reasonable portion of allowable administrative costs must be shared with units of general local governments that carry out ESG activities. THDA currently allows up to 4.5% of the annual ESG allocation for administrative costs to be awarded to the Set Aside Cities.

- (1) Eligible Costs:
- a. Costs of overall program management, coordination, monitoring and evaluation, including:
 - b. Salaries, wages, and related costs of staff engaged in program administration. In charging costs to this category, the agency may either include the entire salary, wages

and related costs allocable to the program of each persons whose primary responsibility with regard to the program.

- c. Program administration costs including: preparing program budgets and schedules, and amendments to those budgets and schedules; developing systems for assuring compliance with program requirements; developing interagency agreements and agreements with sub-recipients and contractors to carry out program activities, monitoring program activities for progress and compliance with program requirements; audits and evaluations. Other eligible costs include program supplies, travel costs, training, rental or purchase of equipment, utilities and office space related to services.

3.6 Ineligible Activities

- (1) Acquisition of real property
- (2) New construction of an emergency shelter for the homeless
- (3) Property clearance or demolition
- (4) Rehabilitation administration, such as the preparation of work specifications or inspections
- (5) Staff training or fund raising activities associated with rehabilitation
- (6) Salary of case management supervisor when not working directly on participant issues
- (7) Advocacy, planning, and organizational capacity building
- (8) Staff recruitment and/or training (with the exception of HMIS training)
- (9) Transportation costs not directly associated with service delivery
- (10) Recruitment or on-going training of staff
- (11) Depreciation
- (12) Costs associated with the organization rather than the supportive housing project (advertisements, pamphlets about the agency, surveys, etc.)
- (13) Staff training, entertainment, conferences or retreats
- (14) Public relations or fund raising
- (15) Bad debts or bank fees
- (16) Mortgage payments
- (17) Pet deposits

- (18) Late fees incurred if grantee does not pay agreed rental subsidy by agreed date
- (19) Payment of temporary storage fees in arrears
- (20) Payment of past debt not related to rent or utility
- (21) Financial assistance to program participants who are receiving the same type of assistance through other public sources or to a program participant who has been provided with replacement housing payments under Uniform Relocation Assistance during the same time period

SECTION 4: PARTICIPANT REQUIREMENTS

The ESG Program is intended to address the needs of the individuals and families (program participants) who are homeless, chronically homeless, or at risk of homelessness. In order for a program participant to receive assistance with this program, he or she must meet the definition of homeless or at-risk of homelessness; have annual gross income below 30% of Area Median Income if requesting Prevention financial assistance; be eligible to receive assistance based on the sub-recipient's Written Standards; and have no other resources available to ensure long-term housing stability.

Sub-recipients are required to ensure that all program participants meet the prescribed HUD definitions in order to receive assistance through the ESG program. All ESG sub-recipients are required to use the Centralized Intake Procedures and forms established by their Continuum of Care. Domestic Violence service providers are exempt from using the Centralized intake forms.

4.1 Homeless Assistance

Clients receiving assistance using ESG funds for street outreach, shelter, essential services and rapid re-housing financial assistance must meet the definition of homeless in order to be eligible for assistance. The Homeless Definition final rule, published in the Federal Register on December 5, 2011, defines homelessness in four (4) categories as follows (which must be documented in order to receive assistance):

Category 1 Literally Homeless

Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

- (1) Has a primary nighttime residence that is a public or private place not meant for human habitation;
- (2) Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs); or
- (3) Is exiting an institution where the individual or family has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

Category 2 Imminent Risk of Homelessness

Individual or family who will imminently lose their primary nighttime residence, provided that:

- (1) Residence will be lost within 14 days of the date of application for homeless assistance;
- (2) No subsequent residence has been identified; and
- (3) The individual or family lacks the resources or support networks needed to obtain other permanent housing.

Category 3 Homeless under other Federal Statutes

Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

- (1) Are defined as homeless under the other listed federal statutes located at 24 CFR part 576.1 “Definitions”;
- (2) Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application;
- (3) Have experienced persistent instability as measured by two moves or more during the preceding 60 days; and
- (4) Can be expected to continue in such status for an extended period of time due to special needs or barriers.

Category 4 Fleeing/Attempting to flee Domestic Violence

Any individual or family who:

- (1) Is fleeing, or is attempting to flee, domestic violence;
- (2) Has no other residence; and
- (3) Lacks the resources or support networks to obtain other permanent housing.

** Individuals and families who meet the criteria of Category 4 may be served under Rapid Rehousing or Prevention, depending on their housing situation at the time of assistance. For instance, if the individual or family is residing in a domestic violence shelter, then they automatically qualify as homeless under Category 1 and 4. If the individual or family is still living in a home but need to move due to the domestic violence situation, they may qualify for prevention if they meet the 30% income eligibility requirement.*

4.2 Homeless Prevention Assistance

For individuals and families who do not meet the definition of homeless under any of the categories above, the McKinney-Vento Act was amended to allow Homeless Prevention Assistance to be provided to persons who are “at risk of homelessness” described in the following three categories:

Category 1 Individuals and families

An individual or family who:

- (1) Has an annual income below 30% of area median income for the area; AND
- (2) Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the “homeless” definition above; AND
- (3) Meets one of the following conditions:

- a. Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; OR
- b. Is living in the home of another because of economic hardship; OR
- c. Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance; OR
- d. Lives in a hotel or motel and the cost is not paid for by charitable organizations or by federal, state or local government programs for low-income individuals; OR
- e. Lives in an Single Room Occupancy (SRO) or efficiency apartment unit in which there reside more than 2 person or lives in a larger housing unit in which there reside more than one and a half (1 ½) persons per room; OR
- f. Is exiting a publicly funded institution or system of care.

Category 2 Unaccompanied Children and Youth

A child or youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under another Federal statute;

Category 3 Families with Children

An unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and includes the parent(s) or guardian(s) of that child or youth if living with him or her.

4.3 Other Participant Eligibility Requirements

In addition to meeting the definition of homeless or at-risk of homelessness, sub-recipient staff must ensure program participants are eligible to receive assistance based on a number of additional requirements. The following is a summary of what must occur in order for clients to receive ESG assistance. This list highlights the main areas of eligibility; sub-recipient staff must utilize ESG forms and checklists to ensure all areas are documented as required by program regulations:

- 1. **Written Standards:** Program participants must meet the eligibility requirements set forth in the sub-recipients written standards. Evidence that the client meets the eligibility criteria must be documented.
- 2. **ESG Eligibility Requirements:** There must be an initial evaluation to determine participant eligibility for ESG assistance and the amount and types of assistance to regain stability in permanent housing. They must be conducted in accordance with the centralized or coordinated assessment system required by HUD, once available, and in accordance with ESG regulations at 24 CFR part 576:
 - a. Housing Status: Documentation of current housing status must be obtained;
 - b. Homeless or at-risk of homelessness status: Sub-recipient staff must verify and document the homeless or at-risk of homeless status of clients served. This shall be

done by obtaining certifications from program participants; and written verifications from third-party sources if available. As a last resort case managers may verify orally, but must document time, date and name of person who has verified the client's status;

- c. At-Risk Threshold criteria: For households to qualify as “at risk of homelessness”, individuals or families must be documented to meet two threshold criteria and must be documented to exhibit one or more specified risk factors as follows:
 - i. Threshold Criteria (Must meet both):
 - The household must have income BELOW 30% of area median income for the geographic area, AND
 - The household has insufficient resources or support networks such as family, friends, faith-based or other social networks immediately available to prevent the household from moving into an emergency shelter or other location described in paragraph 1 of the new HUD homeless definitions.
 - ii. Risk Factor Criteria (Must meet at least one):
 - Household has moved frequently (defined as 2 or more times during the 60 days immediately preceding the application for assistance) because of economic reasons;
 - Household is living in the home of another because of economic hardship;
 - Household has been notified that their right to occupy their current housing or living situation will be terminated within 21 days;
 - Lives in a hotel or motel that is not paid for by Federal, state or local government programs for low-income individuals or by charitable organizations;
 - Lives in severely overcrowded housing (lives in SRO or efficiency apartment unit in which more than 2 persons reside or another type of housing in which there resides more than 1.5 persons per room);
 - Is exiting a public institution or system of care, such as a health care facility, mental health facility, foster care, or other youth facility, or correction program or institution; or
 - iii. Other “at risk of homelessness” criteria:
 - “At risk of homelessness” also includes any children or youth who are defined as “homeless” under other Federal statutes, but are not defined as homeless under this program, and shall include the parent, parents, or guardian of such children or youth. All may receive homelessness prevention assistance as long as the parent, parents, or guardian are living with those children or youth. Documentation of eligibility under this criteria must be obtained and maintained in the client's file.

- d. **Annual Income**: When determining annual income of a participant, the sub-recipient must use the standard for calculating annual income under 24 CFR 5.609. Clients

receiving Prevention assistance must be below 30% of Area Median Income. Income of all household members 18 years of age and older must be verified and documented in the case file. Please refer to Attachment 4 for determination of income guidelines.

- e. Connecting program participants to mainstream and other resources: Sub-recipients must document that each participant was assisted to obtain the following (if applicable):
 - i. Appropriate supportive services, including assistance in obtaining permanent housing, medical health treatment, mental health treatment, counseling, supervision, and other services essential for achieving independent living; and
 - ii. Other Federal, state, local and private assistance available to assist the participant in obtaining housing stability.
- f. Require the participant meet with a case manager not less than one per month to assist the participant in ensuring long-term housing stability. This must be documented in the case file,
- g. Develop a documented plan to assist the participant to retain permanent housing after the ESG assistance ends, taking into account all relevant considerations such as the participant's current or expected income and expenses; other public or private assistance for which the participant will be eligible and likely to receive, and the relative affordability of available housing in the area.
- h. Terminating Assistance:
 - i. In general, if a participant violates program requirements, the agency may terminate the assistance in accordance with a formal process established by the sub-recipient that recognizes the rights of individuals affected. The sub-recipient must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination so that a participant's assistance is terminated only in the most severe cases.
 - ii. The sub-recipient must develop a formal termination process in order to terminate a participant receiving rental assistance or housing relocation and stabilization services. At a minimum the process must consist of:
 - Written notice to the participant containing a clear statement of the reasons for termination;
 - A review of the decision, in which the participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and
 - Prompt written notice of the final decision to the program participant

- iii. The formal process must be outlined in the sub-recipients formal grievance procedures and be provided to program participants upon entry into an ESG-funded program or activity; and
 - iv. Termination from an ESG-funded program or activity does not bar the sub-recipient from providing further assistance at a later date to the same individual or family.
- i. **Rent Reasonableness:** Rental assistance may not be provided for a housing unit unless the rent does not exceed both the Fair Market Rent (FMR) established by HUD for the area in which the program participant receives assistance and the unit complies with the Rent Reasonableness standards established under 24 CFR 982.507. Sub-recipients must document in the program participant's file that the housing unit is both reasonable and within the established FMR. This is to ensure the program participant can remain in housing once the ESG assistance has ended. See Attachment 5 for guidance on Rent Reasonableness.
 - j. **Lead-Based Paint:** If the program participant has a child under 6 or a pregnant women living in the housing unit, an assessment of the age of the property must be conducted. This may be done by accessing the local Assessor's website. If the unit was constructed prior to 1978, all lead-based paint requirements must be met. See Attachment 2 for the LBP Compliance Form.
 - k. **Housing Standards:** All units assisted with ESG funds must meet have an Housing Standards inspections conducted;
 - l. **Housing Subsidy:** Financial assistance cannot be provided to a program participant who is receiving the same type of assistance through other public. Documentation that sub-recipient staff have taken steps to verify that participants meet this requirement;
 - m. **Recertification documentation:** Program participants receiving financial assistance and housing relocation and stabilization assistance must be recertified for eligibility every 3 months if receiving homeless prevention assistance, and annually if receiving homeless assistance. The recertification shall include eligibility for housing status, income, and need for continued financial assistance. Documentation of eligibility must be obtained, verified and documented before the 4th month of assistance is paid for homeless prevention clients; and before the 13th month of assistance is paid for homeless clients.

SECTION 5: USE REQUIREMENTS FOR SHELTERS

5.1 Use Requirement for Shelters

24 CFR part 576.102(c) defines the minimum period of use requirements for shelters funded through the ESG program as follows:

1. **Renovated buildings:** Each building renovated with ESG funds must be maintained as a shelter for homeless individuals and families for not less than a period of 3 or 10 years, depending on the type of renovation and the value of the building. The “value of the building” is the reasonable monetary value assigned to the building, such as the value assigned by an independent real estate appraiser. The minimum use period must begin on the date the building is first occupied by a homeless individual or family after the completed renovation.
2. **Major rehabilitation:** If the rehabilitation cost of an emergency shelter exceeds 75 percent of the value of the building before rehabilitation, the minimum period of use is 10 years.
3. **Conversion:** If the cost to convert a building into an emergency shelter exceeds 75 percent of the value of the building after conversion, the minimum period of use is 10 years.
4. **Renovation other than major rehabilitation or conversion:** In all other cases where ESG funds are used for renovation, the minimum period of use is 3 years.
5. **Essential services and shelter operations:** Where the sub-recipient uses ESG funds solely for essential services or shelter operations, the sub-recipient must provide services or shelter to homeless individuals and families at least for the period during which the ESG funds are provided.

5.2 Shelter Building Standards

Any building for which the ESG funds are used for renovation, conversion, or major rehabilitation must comply with the local government safety and sanitation standards, the uniform Federal Accessibility Standards Act 24 CFR Part 40, Appendix A, and the Americans with Disabilities Act. The US Department of Housing and Urban Development and THDA requires all sub-recipients to exercise every reasonable effort to ensure the safety of the shelter environment, the homeless beneficiaries, and the employees. As a result, THDA requires that an inspection be performed to ensure that the renovation was performed in accordance with all local building codes.

5.3 Lead-Based Paint

When ESG funds provide for the operation of short-term emergency shelters that can be defined as ‘zero-bedroom dwellings’ according to the Lead-Based Paint Hazard regulations at 24 CFR Part 35, the activity is governed by Subpart K of this regulation. Most emergency shelters are exempt for the

regulations, such as studio apartments, dormitories, SRO units, barracks and group homes. Any emergency shelters build prior to 1978 need only to comply with the following simplified lead requirements:

- Provide the Lead Hazard Information Pamphlet available through HUD;
- Do a visual assessment of painted surfaces to identify deterioration;
- Complete paint stabilization by repainting deteriorating surfaces; and
- Incorporate ongoing LBP maintenance

Housing that is not exempted by the definition above, or housing where children under the age of 6 reside frequently, is subject to all lead-based paint regulations.

Homeless prevention and rapid re-housing services are subject to lead regulations because the units assisted with these funds are not temporary residences and do not fall under the shelter exemption. Assistance for first month's rent cannot be provided for housing units that are not known to be free of lead-based paint contamination.

5.4 Flood Hazards

No proposed site on which renovation, major rehabilitation, or conversion of a building is to be assisted under ESG, other than by grant amounts allocated to States under 576.43, may be located in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards.

5.5 Prohibition against involuntary family separation

The age or gender of a child under age 18 must not be used as a basis for denying any family's admission to an emergency shelter that uses Emergency Solutions Grant (ESG) funding or services and provides shelter to families with children under age 18.

SECTION 6: OTHER FEDERAL REQUIREMENTS

THDA and its sub-recipients must comply with applicable Federal requirements as reflected in 576.404, 576.406, 576.407 and 576.408 as follows:

6.1 Conflict of Interest (576.404)

1. Organizational conflicts of interest: The provision of any type or amount of ESG assistance may not be conditioned on an individual's or family's acceptance or occupancy of emergency shelter or housing owned by the sub-recipient, or a subsidiary of the sub-recipient. No sub-recipient may, with respect to individuals or families occupying housing owned by the sub-recipient, or any parent or subsidiary of the sub-recipient, carry out the initial evaluation required under 576.401 or administer homelessness prevention assistance under 576.103.
2. Individual conflicts of interest: For the procurement of goods and services, sub-recipients must comply with the codes of conduct and conflict of interest requirements under 24 CFR 85.36 (for governments) and 24 CFR 84.42 (for private nonprofits). For all other transactions and activities, the following restrictions apply:
 - a. Conflicts prohibited: No persons described in this section who exercise or has exercised any functions or responsibilities with respect to activities assisted under the ESG program or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure;
 - b. Persons covered: the conflict-of-interest provisions of this section apply to any person who is an employee, agent, consultant, officer, or elected or appointed official of the sub-recipient.
 - c. Contractors: All contractors of THDA or sub-recipient must comply with the same requirements that apply to sub-recipients under this section.

6.2 Affirmative Outreach

Sub-recipients must make known that use of the facilities, assistance, and services are available to all on a nondiscriminatory basis. If it is unlikely that the procedures that sub-recipient intends to use to make known the availability of facilities, assistance, and services will reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for those facilities and services, sub-recipients must establish additional procedures that ensure that those persons are made aware of the facilities, assistance, and services. Sub-recipients must take appropriate

steps to ensure effective communication with persons with disabilities including, but not limited to, adopting procedures that will make available to interested persons information concerning the location of assistance, services, and facilities that are accessible to persons with disabilities. Consistent with Title VI and Executive Order 13166, sub-recipients are also required to take reasonable steps to ensure meaningful access to programs and activities for limited English proficiency (LEP) persons.

6.3 Uniform Administrative Requirements

The requirements of 24 CFR part 85 apply to sub-recipients that are units of general purpose local government, except that 24 CFR 85.24 and 85.42 do not apply, and program income is to be used as match under 24 CFR 85.25(g). The requirement of 24 CFR part 84 apply to sub-recipients that are private nonprofits organizations, except that 24 CFR 84.23 and 84.53 do not apply, and program income is to be used as the federal share under 24 CFR 84.24(b). These regulations include allowable costs and non-Federal audit requirements.

6.4 Environmental Review

Activities under ESG are subject to environmental reviews by HUD under 24 CFR part 50. Each sub-recipient shall supply all available, relevant information necessary for THDA to perform for each property any environmental review required by 24 CFR part 50.

Sub-recipients may not rehabilitate or convert, property for a project under this part, or commit or expend HUD or local funds for eligible activities under this part, until THDA has approved an environmental review under 24 CFR part 50.

6.5 Displacement, Relocation, and Acquisition

When using ESG funds for rehabilitation or conversion of a rental unit for use as an emergency shelter, sub-recipients must assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted under ESG. In general, a displaced person must be provided relocation assistance at the levels described in, and in accordance with, the URA and 49 CFR part 24.

6.6 Section 504 of the Rehabilitation Act of 1973

Sub-recipients must comply with Section 504 of the Rehabilitation Act of 1973 (The Act). Pursuant to the requirement of The Act, sub-recipients must ensure that no otherwise qualified disabled person shall, solely by reason of their disability be excluded from the participation in, be denied the benefits of, or be subject to discrimination, including discrimination in employment, in any program or activity that receives or benefits from Federal financial assistance. The sub-recipient must also ensure that requirements of The Act shall be included in the agreements with and be binding on all of its subgrantees, contractors, and subcontractors, assignees or successors.

6.7 Non-Discrimination and Equal Opportunity

Sub-recipients are required to ensure that ESG-funded services are made available to all on a nondiscriminatory basis, and to publicize this fact. This availability must reach persons of any particular handicap, race, ethnicity, religion, sex, age, familial status or national origin within the agency's service area. All program participants should be given the Fair Housing – It's Your Right pamphlet issued by HUD. See Attachment 6 – Fair Housing Pamphlet.

6.8 Faith-Based Organizations

Federal agencies are required to treat all organizations fairly and without regard to religion in federal programs. It is HUD policy that, within the framework of constitutional church-state guidelines, faith-based organizations should be able to compete on an equal footing with other organizations for federal funding. Accordingly, organizations that are faith-based are eligible, on the same basis as any other organization, to participate in HUD's programs and activities. Neither the federal government nor a state or local government receiving funds under a HUD program or activity shall discriminate against an organization on the basis of the organization's religious character or affiliation. HUD supports the participation of faith-based organizations in its programs.

Faith-based activities are eligible to receive ESG funds per 576.406 under the following conditions:

1. Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to receive ESG funds. Neither the Federal Government nor a State or local government receiving funds under ESG shall discriminate against an organization on the basis of the organization's religious character or affiliation.
2. Organizations that are directly funded under the ESG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services funded under ESG. If an organization conducts these activities, the activities must be offered separately, in time or location, from the programs or services funded under ESG, and participation must be voluntary for program participants.
3. Any religious organization that receives ESG funds retains its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that the religious organization does not use direct ESG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide ESG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, an ESG-funded religious organization retains its authority over its internal governance, and the organization may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents

4. An organization that receives ESG funds shall not, in providing ESG assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious belief. ESG funds may not be used for the rehabilitation of structures to the extent that those structures are used for inherently religious activities. Where a structure is used for both eligible and inherently religious activities, ESG funds may not exceed the cost of those portions of the rehabilitation that are attributable to eligible activities in accordance with the cost accounting requirements applicable to ESG funds. Sanctuaries, chapels, or other rooms that an ESG-funded religious congregation uses as its principal place of worship, however, are ineligible for funded improvements under the program.

6.9 Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity

On February 3, 2012, HUD published a final rule in the Federal Register entitled Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity. This rule became effective March 5, 2012.

This rule applies to all McKinney-Vento-funded housing programs, as well as to other housing assisted or insured by HUD. The rule creates a new regulatory provision that generally prohibits considering a person's marital status, sexual orientation, or gender identity (a person's internal sense of being male or female) in making homeless housing assistance available. As the nation's housing agency, HUD's goal is to ensure that their programs are carried out free from discrimination and are models for equal housing opportunity.

The rule can be found in the Federal Register of February 3, 2012, p 5662. It includes provisions that:

- a. Require entities assisted by HUD to make housing available without regard to actual or perceived sexual orientation, gender identity, or marital status;
- b. Clarify that the definition of "family" and "household," which identifies who is eligible for HUD's core programs, includes persons regardless of actual or perceived sexual orientation, gender identity, or marital status; and
- c. Prohibit HUD-assisted entities from inquiring about an applicant's or occupant's sexual orientation or gender identity for the purpose of determining eligibility or otherwise making housing available.

6.10 Lobbying Requirements

No federally appropriated funds will be paid or will be paid, by or on behalf of the sub-recipient, to any person for influencing or attempting to influence an officer or employee of any agency, 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, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative

agreement. Sub-recipients shall require the language of this certification in the award documents for all sub-grantees at all tiers.

6.11 Homeless Participation

The sub-recipient will ensure that at least one homeless or formerly homeless individual participates in a policy-making function within the organization in accordance with the Federal ESG Regulations. The sub-recipient will involve homeless individuals and families in the operations of the ESG-funded activities through work or volunteer activities to the extent possible.

6.12 Drug-Free Workplace

The State must require its Grantees to adopt a drug-free workplace policy that certifies that the Grantee will or will continue to provide a drug-free workplace by:

- a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Grantee's workplace and specifying the action that will be taken against employees for violation of such prohibition.
- b. Establishing an on-going drug-free awareness program to inform employees about:
 1. The dangers of drug abuse in the workplace;
 2. The Grantee's policy of maintaining a drug-free workplace;
 3. Any available drug counseling, rehabilitation, and employee assistance programs; and
 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 8.1(a);
- d. Notifying the employee in the statement required by paragraph 8.1(a), that, as a condition of employment under the grant, the employee will:
 1. Abide by the terms of the statement; and
 2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) calendar days after such conviction.
- e. Notifying THDA in writing, within ten (10) calendar days after receiving notice under paragraph 8.1(d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted

employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notices shall include the identification number(s) of each affected grant.

- f. Taking one of the following actions, within thirty (30) calendar days of receiving notice under paragraph 8.1(d)(2), with respect to any employee who is so convicted:
 - 1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law-enforcement, or other appropriate agency.
- g. Making a good faith effort to continue to maintain a drug-free workplace through implementation paragraphs 8.1(a) through (f).

The State must require its Grantees to administer in good faith a policy designed to ensure that each assisted homeless facility is free from the illegal use, possession or distribution of drugs or alcohol by its beneficiaries. This requirement will apply as long as the assisted facility is used as a facility for the homeless.

This provision is not to be used to deny ESG homeless assistance to any recipient acting in good faith; nor will it be used to allow shelter operators to deny assistance to individuals suspected of drug or alcohol abuse. The intent is to provide a safe environment within homeless shelters.

SECTION 7: SUB-RECIPIENT FINANCIAL MANAGEMENT

7.1 Written Agreement

The written agreement between your community or organization and THDA will be a very important document throughout the life of the project. The written agreement must be executed before any funds can be disbursed or expended. FUNDS COMMITTED OR EXPENDED BEFORE THE WRITTEN AGREEMENT IS SIGNED WILL NOT BE REIMBURSED FROM ESG FUNDS. The written agreement will ensure compliance with the regulations of the ESG program.

GOVERNMENTAL ENTITIES - The requirements of OMB Circular No. A-87 (Cost Principles for State and Local Governments) and the following requirements of 24 CFR Part 85 apply to any governmental entity receiving ESG funds: 85.6 (Additions and Exceptions), 85.12 (Special Grant or Subgrant Conditions for "High Risk" Grantees), 85.20 (Standards for Financial Management Systems), 85.22 (Allowable Costs), 85.26 (Non-federal Audit), 85.32 - 85.34 (Equipment, Supplies and Copyrights), 85.36 (Procurement), 85.44 (Termination for Convenience), 85.51 (Later Disallowances and Adjustments) and 85.52 (Collection of Amounts Due).

NON-PROFIT ORGANIZATIONS - The requirements of OMB Circular No. A-122 (Cost Principles for Non-profit Organizations) and the following requirements of 24 CFR part 84 apply to private, non-profit organizations receiving ESG funds: 84.2 (Definitions), 84.5 (Subawards), 84.13 (Debarment and suspension; Drug-Free Workplace), 84.14 (Special award conditions), 84.15 (Metric system of measurement), 84.16 Resource Conservation and Recovery Act), 84.21 (Standards for Financial Management Systems), 84.22 (Payment), 84.26 (Non-Federal audits), 84.27 Allowable costs, 84.28 (Period of availability of funds), 84.30 (Purpose of property standards), 84.31 (Insurance coverage), 84.34 (Equipment), 84.35 (Supplies and other expendable property), 84.36 (Intangible property), 84.37 (Property trust relationship), 84.40 - 84.48 (Procurement Standards), 84.51 (Monitoring and reporting program performance), 84.60 (Purpose of termination and enforcement), 84.61 (Termination), 84.62 (Enforcement), 84.72 (Subsequent adjustments and continuing responsibilities) and 84.73 (Collection of amounts due).

OMB CIRCULARS – Copies of OMB Circulars may be obtained Monday - Friday, 9:00 AM to 4:00 PM from:

E. O. P. Publications
Room 2200, New Executive Office Building
Washington, DC 20503
(202) 395-7332 or FAX (202) 395-9088

7.2 Audit Requirements

- (1) OMB Circular A-133 requires that sub-recipients expending more than \$500,000 in Federal funds during one year comply with Federal audit standards. Sub-recipients

expending \$500,000 or more annual in Federal funds shall submit one copy of its most recent single audit to the Division within 60 days of receipt. This audit must be performed by a Certified Public Accountant.

- (2) If the sub-recipient does not fall under this requirement, an Independent Financial Audit is required in lieu of the Single Audit. These audits must be kept current and submitted to THDA within 60 days of receipt from the auditing agency.
- (3) Sub-recipients expending less than \$100,000 in Federal funds annually must submit unaudited financial statements, a profit and loss statement, and a letter on agency letterhead stating the sub-recipient expended less than \$100,000 in Federal funds. This information must be provided to THDA within 60 days following the end of each fiscal year. Failure to comply with this part may result in Sanctions against the sub-recipient described in this document.
- (4) If the single audit report or audited financial statement questions costs, or reflects management findings or recommendations for improvement of internal controls, this document shall be submitted to THDA showing that issues have been resolved.
- (5) The sub-recipient shall be expected to maintain complete and accurate records justifying all actual and accrued expenditure of funds. A clear audit trail to points of origin must be available at all times.
- (6) New ESG applicants will have 9 months after the first fiscal year to submit their report.

7.3 Grant Expenditures

- (1) Sub-recipients must draw down funds not less than once during each quarter. THDA and its sub-recipients, if applicable, shall make timely payments to each of its sub-recipients within 30 days after the date of receiving a complete payment request.
- (2) All grant funds must be expended within 24 months unless otherwise specified in the sub-recipient agreement.
- (3) Sub-recipients should refer to www.thda.org under Community Programs/ESG for the most current reimbursement forms.

7.4 Changes to Grant Allocations

Sub-recipients must submit in writing requests to amend approved ESG allocations. The request shall be submitted on sub-recipient letterhead and shall include a budget reflecting the amended allocations for each activity. Revisions to approved ESG allocations depend upon federal limitations pertaining to percentages committed to each category, grant expenditure timelines, as well as the sub-recipient's ability to draw down the funds.

7.5 Method of Payment

Payments under the ESG Program will follow a cost reimbursement procedure; sub-recipients shall be reimbursed only for costs that have been incurred and corroborated with a draw report and supporting documentation. Sub-recipients must submit an ESG-2 form at least quarterly and shall include the following documentation:

- Payroll records (copy of check stub or accounting records) for all salaries charged to ESG. Employee timesheets must accompany first reimbursement request.
- Mileage reimbursement requests must include employee mileage logs.
- The sub-recipient must provide evidence that verifies all payments were made to vendors and not to the program participant or to cash. This documentation may be a copy of the canceled check, or a printout from the sub-recipients financial system showing the client's names and names of vendors that received payments during the draw period.
- Financial records or cancelled checks documenting operational expenses.

All reimbursement requests must be submitted to THDA and be signed by two authorized persons designated on THDA's Request for Funds Authorization form. All requests for payments should be submitted directly to the Community Programs Division. Sub-recipients should note that reimbursement requests are honored within 30 days. Reimbursement might take longer in cases where the sub-recipient fails to submit appropriate documentation, or when the amount being requested does not reflect in the approved budget. When in doubt, contact THDA for assistance. Community Programs Division staff will contact the sub-recipient via email or by phone if there are questions regarding what has been submitted.

7.6 Matching Requirements

Each ESG grantee must match the funding provided by THDA with an equal amount of funds from other sources. The regulations at 42 U.S.C. 11375(a) contain the requirements for the ESG funding match. In calculating the amount of matching funds, a grantee may include the value of any donated material or building, the value of any lease on a building, any salary paid to staff to carry out the program of the recipient, and the value of the time and services contributed by volunteers to carry out the program.

- (a) The value of donated land and buildings shall not exceed its fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.
- (b) The value of donated materials for the rehabilitation or conversion of an ESG shelter may be counted as match. Materials must have been purchased with non-federal funds. The Grantee must use its normal cost estimating procedures to determine the value of materials, and must document its value determination.

- (c) The reasonable value of the use of site preparation and rehabilitation equipment donated to an ESG shelter may be counted as match. Documentation of the match must include a letter from the equipment owner stating the rental rate and number of hours/days donated.
- (d) Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the recipient's organization. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

All requests for reimbursements must reflect a match expenditure from the sub-recipient equal or more than the ESG funds being requested. If the sub-recipient provides evidence of either cash or in-kind match expenditure with the request for reimbursement, the same documentation required for reimbursement must be submitted with the match.

7.7 **Procurement Procedures**

Local Procurement Standards - All cities, towns and counties in Tennessee are governed by procurement policies. Policies vary from community to community. If your community does not have a specific procurement policy or law, the County Purchasing Law of 1983 or the Municipal Purchasing Law of 1983 will apply. Both of these laws require formal bidding for all purchases of \$2,500 or greater. Some cities and counties in Tennessee have procurement policies that require formal bidding for purchases less than \$2,500. Grantees may use their own procurement procedures provided they conform to the standards of the ESG program.

ESG Procurement Standards - For cities and counties, ESG procurement standards are at 24 CFR Section 85.36. For non-profit organizations, ESG procurement standards are at 24 CFR Sections 84.40 - 84.48. 24 CFR 85.36 and 24 CFR Section 84.44 require formal procurement procedures for all purchases of \$25,000 or greater. It is the grantee's responsibility to ascertain whether the local policies, 85.36 or 84.44 provisions apply. The stricter standard must always be used.

Small Dollar Procurement - Informal methods that are sound and appropriate are allowed for the procurement of supplies and other property whose total cost is not more than the local bidding limit (\$2,500 in most cases). Informal procurement methods would also apply to professional service contracts of \$10,000 or less.

1. **SMALL DOLLAR PURCHASES OF EQUIPMENT, SUPPLIES AND NON-PROFESSIONAL SERVICES** - Price or rate quotations must be obtained from at least 3 qualified sources. These quotations may be obtained over the telephone as long

as the Grantee keeps a written record of the price quotations in the grant file. The contract should be awarded to the offer with the lowest price quotation.

2. **PROFESSIONAL SERVICE CONTRACTS (LESS THAN \$10,000)** - Prior to the performance of any professional services, a written request for statements of qualifications must be sent to at least 3 firms that offer the type of service the grantee wishes to procure. Copies of these letters must be on file. Advertising for statements of qualifications is not required if the professional service contract amount is less than \$10,000. The contract must be awarded solely on the basis of qualifications and cost.

Procurement that requires local bidding - Procurement of equipment, non-professional services and construction contracts whose total cost is more than the local bidding limit (\$2,500 in most cases) must formally advertise for sealed bids or competitive proposals and a public bid opening in a newspaper of general circulation.

1. **ADVERTISEMENT REQUIREMENTS** - The invitation to bid must be published in a newspaper of general circulation at least 14 days prior to the public bid opening. To avoid delays, a Grantee may wish to publish the invitation for bids in the newspaper of the closest major city (Knoxville, Nashville, Memphis or Chattanooga) to gain wider circulation and thereby increase chances of receiving at least 3 bids. The cost of publication is a reimbursable administrative expense.
2. **BID SOLICITATION** - Bid Solicitation must be a free, open competitive process. Every effort must be made to solicit minority and female businesses. The Grantee should not structure its procedures in order to keep business "in town". Absolute fairness must prevail in every aspect of the program, and any questions concerning conflict, or apparent conflict of interest should be discussed with THDA.
3. **BID SELECTION** - **A minimum of three (3) bids must be received.** Bids will be opened on the date and time previously established. A bid tabulation form will be prepared. The owner will select the lowest qualified bid. **THDA requires that the project be re-bid if there are not at least three (3) valid bids in response to the invitation for bids.**
 - a. If the project is re-bid and 3 bids still are not obtained, contact THDA for an exception to the 3 bid requirement. THDA may consider your project as a sole source procurement and/or allow you to award the contract with less than 3 bidders. **Written permission must be obtained from THDA before you may award a contract with less than three bids.**
 - b. Should the Grantee/owner decide to select a bid other than the lowest qualified bid, the Grantee/owner should state the reasons/justification in writing. If the owner's justification is not acceptable, the owner will be required to finance any rehabilitation amount that exceeds the lowest qualified bid through his/her personal resources.

- c. The Grantee will reject a bid in instances where the bid exceeds the cost estimate by a percentage determined by the Grantee in its policies and procedures, unless a review of the cost estimate demonstrates an error. If a low bid is under the cost estimate, a meeting will be arranged with the contractor to assure that his cost is within reason and will allow him to satisfactorily complete the job. The homeowner will be advised if no acceptable bids are received on their house and the project will be re-bid.
4. **REBID OR CHANGES IN SCOPE** - If all bids exceed the amount of the construction budget, Grantees may not negotiate solely with the low bidder. The project can be re-bid or changed in scope. If the scope of the project is changed, then each bidder must be given the opportunity to bid again. Bidders must be informed that they have the right to change their original unit prices as long as they conform to the revised bid specifications. Grantees must maintain documentation to demonstrate that this process was followed.
5. **DEDUCTIBLE AND ADDITIVE ALTERNATES** - Bid specifications for construction projects may contain deductible alternates. By definition, a deductible alternate is a portion of the project that can be deleted to bring construction costs within the budget if all bids received exceed the funds available for construction. The deductible alternates must not change the scope of the project. Bid specifications for construction projects may also contain additive alternates.
6. **DISQUALIFIED CONTRACTORS** – The Grantee must disqualify a contractor from bidding on projects when the contractor is listed on HUD’s Limited Denial of Participation and Voluntary Abstention List (the “Debarred List”).
7. A Grantee may also disqualify a contractor from bidding on projects when:
 - a. There is documented proof that the contractor has not paid material suppliers; or
 - b. The contractor has not completed projects within the allotted time frame; or
 - c. There exist complaints by property owners about quality of work and performance.

Professional Service Procurement (more than \$10,000) – Professional service procurement procedures must be followed prior to the performance of any work by the professional service contractor to be paid with HOME funds. The Grantee may publicly advertise for proposals or solicit requests for proposals from at least 3 firms that offer the type of service the Grantee wishes to procure.

1. Once the proposals have been received, the preferred method of review is by a committee of at least three people who have technical knowledge of the type of service being considered.
2. The review, including the criteria for selection, should be thorough, uniform and well-documented. The reviewers should have no potential conflicts of interest with any of the firms or individuals under review (i.e., family relationships, close friendships, or business dealings).

7.7 Reallocation

THDA reserves the right to reallocate ESG funds as provided for in the federal regulations governing the program in order to ensure that the funds provide the maximum benefit to the State's homeless population. Funding (grant award) reallocations will be made on the basis of THDA's determination of the best use of available funds.

7.8 Contracting/Subcontracting

The use of debarred, suspended, or ineligible contractors in association with ESG project activities is prohibited. The provisions of 24 CFR Part 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractors or subcontractors during any period of debarment, suspension, or placement in ineligibility status apply and are enforceable under the ESG Program.

7.9 Amendments

Any proposed changes which would affect the scope of work of the projects or activities described in the sub-recipient's application must be approved in writing by THDA. Modifications or changes to the scope of work or activity will not be approved by THDA if it is determined that the change will substantially modify the approved application as selected through the competitive process.

7.10 Budget Revisions

Any changes in the sub-recipient's budget of any line item must be approved, in writing by THDA prior to any expenditures of ESG funds. Sub-recipients must submit a written explanation of the proposed budget change. Budget revisions will not be accepted for the following changes:

- An increase in Street Outreach or Shelter funding
- A decrease in Rapid Rehousing funding

THDA approves applications based on a maximum level of funding (60%) for Street Outreach and Shelter categories and a minimum level of funding (20%) for Rapid Re-Housing activities.

7.11 Grant Close-Out Procedures

At the end of each grant period sub-recipients must provide close-out documentation provided by THDA. Included shall be a certification of actual expenditures charged to the grant and beneficiary information. Close out documents shall be provided to THDA within 60 days of the end of the grant period.

SECTION 8: MONITORING OVERSIGHT

8.1 Monitoring

THDA, as administrator of the ESG program, is required to monitor recipients for compliance with ESG regulations. Using techniques, guidelines and Federal regulations at 24 CFR Part 576 from HUD's Monitoring Guidance for the ESG Program, THDA has developed a process that includes the following components, to determine the type of monitoring to be conducted during the year:

- **Application Process:** Some documents and budget issues necessary for compliance are required at the time of application for funding and are reviewed for compliance standards;
- **Written Agreement:** THDA incorporates into the Written Agreement many of the policy issues that are areas of concern to HUD, the State of Tennessee and THDA. These agreements, signed by authorized agency personnel, represent their willingness to comply with these issues.
- **Draw Process:** Draw processes for reimbursement of funds have been created to include various areas of compliance required by HUD. Draw reports will be reviewed for eligible costs prior to the actual request of funds from HUD;
- **Desk Audit:** A desk audit is the first step of monitoring recipients each year. Compliance issues considered on this assessment will be combined with any non-compliance or outstanding problems noted during the year and will be used to determine whether an on-site visit will be necessary. A Desk Audit, which includes a review of draw reimbursement requests, financial statement review by THDA's financial auditor, and the agency's Risk Assessment Form which will determine if an agency is a Low-, Medium- or High-Risk Agency and is warranted an on-site compliance review.
- **Risk Assessment:** Program staff will conduct a risk assessment of agencies receiving ESG funds at beginning of grant year to determine the need and frequency of site visits during the upcoming grant year. Included in the assessment will be a determination of risk (low, medium or high) using factors such as financial and program issues, allocation amount, and other discretionary criteria. THDA's Risk Assessment Form will be completed for each agency receiving ESG funds. At a minimum, agencies considered High-Risk will receive an on-site review at least annually;
- **On-Site Review:** On-site visits for certain aspects of compliance-such as facility verifications, equipment inventory, review of client files and accounting records that cannot be monitored by other components of the grant process will be conducted as scheduling allows.
- **Follow-up of non-compliance issues:** THDA shall conduct an exit interview at the end of a compliance review and shall issue a follow-up monitoring letter within 30 days of the visit. THDA will inform the sub-recipient of any findings, concerns or recommendations, and will include instructions on actions to be taken by the sub-recipient in order to be in compliance with program regulations. If necessary Division staff may conduct a follow-up review to ensure procedures have been implemented that will ensure compliance with the program.

EXHIBIT B

Emergency Solutions Grant Annual Reporting Form

Grantee: _____

A. Bed Count (shelters only)	
At beginning of grant cycle:	_____
At end of grant cycle:	_____
B. Number of clients served (all grantees)	
Adult Male	_____
Adult Female	_____
Children (0-17)	_____
TOTAL	_____
C. Income level at intake (all grantees)	
0 - 30%	_____
30 - 60%	_____
60 - 80%	_____
Not available	_____
TOTAL	_____

D. Race/Ethnicity (all grantees)	Male	Female
White		
Black African American		
Black African American/White		
Native Hawaiian Pacific Islander		
Asian		
Asian & White		
American Indian Alaskan Native		
American Indian Alaskan Native White		
American Indian Alaskan Native African American		
Other		
TOTAL		

Financial Assistance						
	Number of months assisted with ESG					
Rapid Rehousing	1	2	3	4	5	6
Number of clients served	_____	_____	_____	_____	_____	_____
	Number of months assisted with ESG					
Prevention	1	2	3	4	5	6
Number of clients served	_____	_____	_____	_____	_____	_____
Case Management Services						
	Number of months assisted with ESG					
Rapid Rehousing	1	2	3	4	5	6
Number of clients served	_____	_____	_____	_____	_____	_____
	Number of months assisted with ESG					
Prevention	1	2	3	4	5	6
Number of clients served	_____	_____	_____	_____	_____	_____

If known, how many clients assisted through Prevention and Rapid Rehousing (total) were able to maintain permanent housing upon last contact with them? _____

City of Morristown

Incorporated 1855



Department of Community Development & Planning

July 27, 2016

To: Tony Cox
From: Tracy Stroud
Re: Community Development contracts

Below is a brief synopsis of the four contracts to go before City Council at the next council meeting. All of the projects were approved with this year's action plan and budgeted accordingly;

1. Emergency Shelter Grants program (ESG) City/MATS contract. This contract is for \$50,850 and is funded by THDA. It requires a 50/50 match which is provided by the Subgrantee, MATS (Ministerial Association Temporary Shelter). MATS uses the funds for operating costs to run the homeless shelter. We pass the funds through and I monitor compliance with THDA regulations.
2. Community Development Block Grant (CDBG) contract with Rose Center. This contract is for \$17,400.00 and is funded by HUD. There is no match. Rose Center plans to replace at least two HVAC units with the funds. We pass the funds through and I monitor compliance with HUD regulations.
3. CDBG contract with the TN Valley Coalition for the Homeless (TVCH). This contract is for \$4500.00 and is funded through HUD. There is no match. TVCH is the lead entity for the areas Homeless Management and Information System (HMIS). This is a computerized data collection program designed to capture client-level information over time on the characteristics and service needs of men, women, and children experiencing homelessness. The data is ultimately provided to congress as an aid to funding decisions. We pass the funds through and I monitor compliance with HUD regulations.
4. CDBG contract with Morristown-Hamblen Central Services (MHCS). This contract is for \$9000.00 and is funded through HUD. There is no match. MHCS will utilize the funds to assist qualifying people at risk of homelessness with rent or utility payments. We pass the funds through and I monitor compliance with HUD regulations.

Please let me know if you need anything else or if you have any questions.

Thanks,
Tracy





COMMUNITY DEVELOPMENT BLOCK GRANT SUBRECIPIENT CONTRACT

**CITY OF MORRISTOWN
AND
ROSE COMMUNITY CENTER**

FOR

JULY 1, 2016 TO JUNE 30, 2017

COMMUNITY DEVELOPMENT BLOCK GRANT SUBRECIPIENT CONTRACT

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**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CFDA #14.218**

SUBRECIPIENT CONTRACT

This contract is entered into between the **City of Morristown** as Recipient, hereinafter referred to as City; and Rose Community Center, hereinafter referred to as Subrecipient.

All of the funds provided under this Agreement come from the Community Development Block Grant (hereafter "CDBG") program, as authorized by the United States Department of Housing and Urban Development (hereinafter referred to as "HUD"). HUD is the original grantor of the CDBG funds.

I. PURPOSE

This contract sets forth the responsibilities of City and Subrecipient in accomplishing the objectives of the United States Department of Housing and Urban Development (HUD) Community Development Block Grant Program, as set forth in the Housing and Community Development Act of 1974, as amended, (Public Law 93-383; 42 U.S.C. 5301 et seq.), hereinafter referred to as CDBG.

The City, as grant recipient, will be responsible for receiving and securing the HUD/CDBG funds identified within this contract and for distribution of same to Subrecipient.

The City is sub granting funds to the Subrecipient to be used for the primary objective of the CDBG program of developing viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (which is defined as 80 percent or less of the area's median income). Funded projects must be consistent with the goals and objectives of the City of Morristown 2014-2019 Consolidated Plan.

The Subrecipient shall abide by the terms of this contract and the attached exhibits:

EXHIBIT A: GENERAL PROVISIONS

EXHIBIT B: SCOPE OF WORK

EXHIBIT C: REQUIREMENTS FOR REPORTING

EXHIBIT D: REQUIREMENTS FOR REIMBURSEMENT REQUESTS

II. GENERAL PROVISIONS

The basic program regulations governing management and financial systems for the CDBG program are contained in 24 Code of Federal Regulations part 570, subparts J and K. They are applicable both to grantees and cities in the public and private sectors:

- (A) Subpart J (24 C.F.R. 570.500–570.513) addresses general responsibilities for grant administration, including the applicability of uniform administrative requirements, provisions of Subrecipient Agreements, program income, use of real property, record keeping and reporting, and closeout procedures.
- (B) Subpart K (24 C.F.R. 570.600–570.613) deals with other program requirements of the CDBG program, including civil rights; labor standards; environmental standards; flood insurance; relocation; displacement; acquisition; employment and contracting opportunities; lead-based paint; use of debarred, suspended, or ineligible contractors; uniform administrative requirements and cost principles; and conflicts of interest.

In addition to the basic regulations of the CDBG program contained in 24 Code of Federal Regulations part 570, there are three other categories of requirements that affect the administrative systems and procedures cities must have in place to receive support:

- a) Federal regulations governing administrative and audit requirements for grants and cooperative agreements (governmental Cities) for which HUD has oversight responsibilities.
- b) Administrative circulars from the Office of Management and Budget (OMB) and Department of the Treasury governing cost principles, administrative systems, fiscal procedures, and audit requirements for grantees and Cities.
- c) Executive Orders from the Office of the President implementing various equal employment opportunity and environmental policies.

These requirements are described in detail in Exhibit A of this contract.

III. SCOPE OF WORK

A. National Objectives

All activities funded with CDBG funds must meet one of the CDBG program's National Objectives: benefit low- and moderate-income persons (a minimum of 51 percent of the beneficiaries must have individual or household incomes which are considered low and moderate income); aid in the prevention or elimination of slums or blight; or meet community development needs having a particular urgency, as defined in 24 Code of Federal Regulations part 570.208.

B. Activities

The Scope of Work for each approved project is described in Exhibit B, which is comprised of, at a minimum, the following documents:

Part I – General Information

Part II – Project Specific- Part II will be one of the following documents:

- A. Public Service. To be used for public service projects administered by a City or City agency, non-profit or faith-based organization.
- B. Public Facility - Acquisition, Construction and/or Substantial Rehabilitation. To be used for public facilities and improvements, infrastructure, facility rehabilitation/ construction and/or property acquisition for facility construction.
- C. Economic Development. To be used for projects that provide commercial development, technical or financial assistance to a business and/or projects which create and/or retain jobs to be filled by or made available to low-income persons.
- D. Housing Rehabilitation or Code Enforcement. To be used for all single-family owner-occupied housing rehabilitation programs (including Mobile home Repair programs) and all code enforcement programs.
- E. Other Projects. To be used for projects that cannot be adequately described on any of the above Part II project application forms, yet CDBG City staff have determined the project to be eligible.

Some project's Scope of Work may also include Part III - Preliminary Environmental Review.

C. Performance Measures and Monitoring

The Subrecipient agrees to provide the levels of service (number of persons served, number of units rehabbed, etc.) and meet the implementation schedule (if applicable) as specified below:

Project Number	Project Name/Activity Description	# Low-Mod Beneficiaries to be Served	Implementation Milestones	
			Mo/Yr Begin	Mo/Yr End
CD126	Rose Center HVAC unit replacement x 2	City Wide	7-1-16	6-30-17

***For more detail on each goal, refer to Exhibit B, Part II.**

The City will monitor the performance of the Subrecipient against goals and performance standards as stated above on a quarterly basis. Material substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such material substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the Grantee, contract suspension or termination procedures may be initiated.

D. Projects

Subrecipient agrees to implement the project(s) identified below and as described in the specified section of Exhibit B, which is included in this contract and made a part hereof by this reference:

TABLE I

Project Number	Project Name/Activity Description	Amount Obligated
CD123	Rose Center HVAC unit replacement	\$17,400.00
TOTAL AMOUNT OF FUNDS OBLIGATED		\$17,400.00

IV. MODIFICATIONS / CONTRACT AMENDMENTS

The City may, at its discretion, amend and/or terminate this contract in order to comply with federal, state and local laws, regulations or guidelines. Any other modifications to this contract must be executed in writing and approved by a duly authorized representative of each party. A written amendment executed by each party to this contract shall be required in order to change any of the following:

Total funds obligated to the project,

- Project scope/activities, location, beneficiaries, or level of service; and/or
- The allocation of resources within the project budget.
-

V. TERM

The term of this contract shall commence on the date the Community Development Coordinator signs this contract on behalf of the City, as noted below in Section XIII (City and Subrecipient Approval), and shall terminate at such time as: (1) the project activities are completed and the allocated monies are expended or reprogrammed; or (2) the contract is terminated by either party for cause or convenience.

VI. AVAILABILITY / OBLIGATION OF FUNDS

Funding of this contract is contingent on the availability of CDBG funds and continued federal authorization for program activities, and is subject to amendment or termination due to lack of funds or authorization.

The Subrecipient shall not obligate any funds, incur any costs, or initiate identified project(s) until all environmental reviews have been completed and certified

COMPENSATION AND REPORTING

Subrecipient agrees to supply to City, within a specified period of time after conclusion of report period or specific request, progress reports and/or other documentation as may be required by the City to audit performance of this contract and/or to enable the City to analyze and evaluate utilization of the Subrecipients program. Subrecipient shall maintain separate accounting and financial records for each funding (revenue) source in support of the project(s).

A. Quarterly Status Reports (QSR) -If Applicable **N/A**

QSRs shall address project status and, if applicable, explanation of any problems/delays encountered and/or anticipated and measures to be taken to correct such problems; revised milestones including anticipated schedule for project completion; direct benefit statistics. In addition, Subrecipient shall provide as part of the progress report, any citizen comments received during the reporting period relative to the project(s), any responses to such comments, and additional project information, as needed. Subrecipients shall submit such report quarterly within **twenty-one** (21) days of the close of the report period. Additional requirements for compiling data for the quarterly report are included in **Exhibit C**.

Reporting periods are defined in the table below:

QTR	Reporting Period	Due Date	Fax: 805-654-5106
1	July - September	October 21	Mailing address:
2	October - December	January 21	City of Morristown
3	January - March	April 21	Community Development 100 West First North St Morristown, TN 37816
4	April - June	July 21	E-mail: tstroud@mymorristown.com

B. Expenditure Summary and Payment Request

The Subrecipient shall submit **original, signed**, Pay Request (PR) and copies of supporting documents for payment to the City's Community Development Office by the 10th day of each month. If the 10th of the month falls on a Saturday, or Sunday, then Pay Request forms, with attached invoices, will be due by 3 p.m. the Friday preceding the 10th. The City will make all reasonable attempts for payment of accurate and approved Pay Requests within thirty (30) days of receipt. However, if Pay Requests are submitted without the required back up documentation, the reimbursement request may be held over until the next month reimbursement cycle. PR's may be submitted no more often than once a month and no less often than once every three (3) months for projects incurring expenses. Due to HUD timeliness of expenditure requirements, **failure to submit reimbursement requests in a timely manner may lead to reallocation of project funds.** Additional requirements for backup data for the reimbursement request are included in **Exhibit D**.

C. HUD/City Reports

The Subrecipient shall submit to the City and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder in a timely manner to the City including, but not limited to, EEO-4 State and Local Government Information (EEO-4, formally known as the State and Local Government Report) Survey¹ and Minority Financial Institution Reports, and provide, as requested by HUD and/or the City, information necessary to prepare the Consolidated Annual Performance and Evaluation Report (CAPER), Consolidated Plan, Annual Plan, and HUD Monitoring Tool Checklists. The following is a list of some of the major reporting due dates.

N/A. Monthly PR's (with original signatures) and back up need to be in our office by 5 p.m. on the 10th of the month or the Friday before, when the 10th falls on the weekend.

¹ The U.S. Equal Employment Opportunity Commission (EEOC) collects workforce data from employers with more than 100 employees (lower thresholds apply to federal contractors). Employers meeting the reporting thresholds have a legal obligation to provide the data; it is not voluntary.

N/A. Quarterly Reports (QSRs) if applicable are due on or before October 21, January 21, April 21, and July 21. The July report also includes a narrative summarizing the fiscal year activities/challenges, which I include in our annual report (CAPER) to HUD.

Semi-annually - late March and late September - if applicable, we will request information for the HUD Labor Standards report (**HUD 4710 - Semi-annual Labor Standards Enforcement Report**) for construction contracts or purchase orders greater than \$2,000 and for the Minority/Business Enterprise report (**HUD 2516 - Contract and Subcontract Activity**) for contract activities greater than \$10,000.

Yearly - additional input for the CAPER and if applicable, for Section 3 Reporting/Davis Bacon (**HUD 60002 - Section 3 Summary Report - Economic Opportunities for Low- and Very Low- Income Persons**)- for projects greater than \$200,000 and contracts greater than \$100,000 - will be requested in mid-July, due Mid- August.

D. Completion Report for Non-Public Service Projects- If Applicable

The Subrecipient shall prepare and submit to the City a **Project Completion Report within thirty (30) days of project completion** if applicable. Said report shall consist of an overview and evaluation of the project, a comparison of milestones' progress, total costs, listing of files, listing of personnel, and other reasonable information requested by the City. The City shall complete final monitoring within 180 days of receipt of the completion report.

E. Audit

The Subrecipient shall be responsible for conducting an annual audit of its CDBG program in compliance with the applicable OMB Circular as indicated in Exhibit A, Section II.A. If an audit is required, a copy of said audit shall be forwarded to the City upon completion. Any costs associated with the annual audit shall be the responsibility of and paid for by the Subrecipient and are not reimbursable through the CDBG program.

VIII. SPECIFIC CONDITIONS

The Subrecipient agrees to the following specific conditions:

Other Conditions - Depending on the Project

N/A

- A. As cited in Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 1701u), Subrecipient, to the greatest extent feasible, must ensure that when opportunities for training and employment arise in connection with a construction project, priority should be given to low- and very low-income residents within the service area of the project and to low- and very low-income participants in other HUD programs.

- B. Property acquired by the Subrecipient with CDBG funds must continue to meet one of the CDBG program's National Objectives for at least 20 years after the expiration of the Subrecipient Agreement. If a National Objective is not maintained during this time period, the Subrecipient must reimburse the grantee for the current fair market value (including an equity share in the appreciated value of the property, if applicable), less any portion of the value attributable to non-CDBG funds.

C. Program Income

Program Income requirements are detailed in 24 CFR 570.504(c) if applicable. Program income may be retained by the subrecipient during the fiscal year, however program income must be expended on any CDBG eligible activity before any transfers of additional grant funds will be requested by the grantee for the subrecipient (per 24 CFR 570.504 (b)(2)(i), (ii) and (iii), and 570.504(c)). At the end of the FY any remaining program income is to be returned to the grantee.

The Subrecipient shall report on monthly reimbursement requests all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this contract.

Failure to respond to requests for information within 14 calendar days may result in reprogramming of project funds.

IX. REQUESTS FOR TECHNICAL ASSISTANCE

The Subrecipient shall refer to the City Community Development Office any regulatory or procedural questions regarding operation of its CDBG project(s). Requests should specify the problem area, particular assistance being requested and proposed solution, if applicable.

X. AUTHORITY TO BIND

By entering into this contract, the Subrecipient certifies that it is qualified and licensed to conduct business in the State of Tennessee.

XI. NOTICES

Any notice or notices required or permitted to be given pursuant to this contract may be personally served on the other party by the party giving such notice or may be served by certified mail. Notices required by this Agreement shall be in writing and delivered via mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date

of receipt. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

<u>Grantee</u>	<u>Subrecipient</u>
Tracy L. Stroud, CDC tstroud@mymorristown.com 100 W. 1 st N. St. Morristown, Tennessee 37816 Phone: 423-585-1834 Fax: 423-585-4679	Andrew Ogle, E.D., Rose Center www.rosecenter.org 442 W. 2 nd N. St. Morristown, TN 37814 423-581-4330 423-581-4307

XII. CITY AND SUBRECIPIENT APPROVAL

The City and the Subrecipient agree to abide by the terms, conditions, assurances and certifications as specified in this contract.

XIII. ENTIRE AGREEMENT

This contract, and its referenced attachments, contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed, and, once it becomes final, it will completely supersede any prior written or oral agreements or representations regarding same. Any oral representation or modification concerning this writing shall be of no force and effect.

XIV. APPLICABLE LAW

This contract is entered into, and shall be construed and interpreted in accordance with the laws of the State of Tennessee.

CITY APPROVAL

(Signature)

(Title)

(Date)

SUBRECIPIENT APPROVAL

(Signature) [NAME]

Executive Director

(Title)

(Date)

[G:\Regional](#)

EXHIBIT A GENERAL PROVISIONS

Exhibit A

24 Code of Federal Regulations part 570, subparts J and K.

Title 24: Housing and Urban Development **PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS**

[Browse Previous](#) | [Browse Next](#)

Subpart J—Grant Administration

Source: 53 FR 8058, Mar. 11, 1988, unless otherwise noted.

§ 570.500 Definitions.

For the purposes of this subpart, the following terms shall apply:

(a) *Program income* means gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds, except as provided in paragraph (a)(4) of this section.

(1) Program income includes, but is not limited to, the following:

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

(ii) Proceeds from the disposition of equipment purchased with CDBG funds;

(iii) Gross income from the use or rental of real or personal property acquired by the recipient or by a subrecipient with CDBG funds, less costs incidental to generation of the income;

(iv) Gross income from the use or rental of real property, owned by the recipient or by a subrecipient, that was constructed or improved with CDBG funds, less costs incidental to generation of the income;

(v) Payments of principal and interest on loans made using CDBG funds, except as provided in paragraph (a)(3) of this section;

(vi) Proceeds from the sale of loans made with CDBG funds;

(vii) Proceeds from sale of obligations secured by loans made with CDBG funds;

(viii) [Reserved]

(ix) Interest earned on program income pending its disposition; and

(x) Funds collected through special assessments made against properties owned and occupied by households *not* of low and moderate income, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

(2) Program income does not include income earned (except for interest described in §570.513) on grant advances from the U.S. Treasury. The following items of income earned on grant advances must be remitted to HUD for transmittal to the U.S. Treasury, and will not be reallocated under section 108(c) or (d) of the Act:

(i) Interest earned from the investment of the initial proceeds of a grant advance by the U.S. Treasury;

(ii) Interest earned on loans or other forms of assistance provided with CDBG funds that are used for activities determined by HUD either to be ineligible or to fail to meet a national objective in accordance with the requirements of subpart C of this part, or that fail substantially to meet any other requirement of this part; and

(iii) Interest earned on the investment of amounts reimbursed to the CDBG program account prior to the use of the reimbursed funds for eligible purposes.

(3) The calculation of the amount of program income for the recipient's CDBG program as a whole (i.e., comprising activities carried out by a grantee and its subrecipients) shall exclude payments made by subrecipients of principal and/or interest on CDBG-funded loans received from grantees if such payments are made using program income received by the subrecipient. (By making such payments, the subrecipient shall be deemed to have transferred program income to the grantee.) The amount of program income derived from this calculation shall be used for reporting purposes, for purposes of applying the requirement under §570.504(b)(2)(iii), and in determining limitations on planning and administration and public services activities to be paid for with CDBG funds.

(4) Program income does not include:

(i) Any income received in a single program year by the recipient and all its subrecipients if the total amount of such income does not exceed \$25,000; and

(ii) Amounts generated by activities that are financed by a loan guaranteed under section 108 of the Act and meet one or more of the public benefit criteria specified at §570.209(b)(2)(v) or are carried out in conjunction with a grant under section 108(q) in an area determined by HUD to meet the eligibility requirements for designation as an Urban Empowerment Zone pursuant to 24 CFR part 597, subpart B. Such exclusion shall not apply if CDBG funds are used to repay the guaranteed loan. When such a guaranteed loan is partially repaid with CDBG funds, the amount generated shall be prorated to reflect the percentage of CDBG funds used. Amounts generated by activities financed with loans guaranteed under section 108 which are not defined as program income shall be treated as miscellaneous revenue and shall not be subject to any of the requirements of this part, except that the use of such funds shall be limited to activities that are located in a revitalization strategy area and implement a HUD approved area revitalization strategy pursuant to §91.215(e) of this title. However, such treatment shall not affect the right of the Secretary to require the section 108 borrower to pledge such amounts as security for the guaranteed loan. The determination whether such amounts shall constitute program income shall be governed by the provisions of the contract required at §570.705(b)(1).

(5) Examples of other receipts that are not considered program income are proceeds from fund raising activities carried out by subrecipients receiving CDBG assistance (the costs of fundraising are generally unallowable under the applicable OMB circulars referenced in 24 CFR 84.27), funds collected through special assessments used to recover the non-CDBG portion of a public improvement, and proceeds from the disposition of real property acquired or improved with CDBG funds when the disposition occurs after the applicable time period specified in §570.503(b)(8) for subrecipient-controlled property, or in §570.505 for recipient-controlled property.

(b) *Revolving fund* means a separate fund (with a set of accounts that are independent of other program accounts) established for the purpose of carrying out specific activities which, in turn, generate payments to the fund for use in carrying out the same activities. Each revolving loan fund's cash balance must be held in an interest-bearing account, and any interest paid on CDBG funds held in this account shall be considered interest earned on grant advances and must be remitted to HUD for transmittal to the U.S. Treasury no less frequently than annually. (Interest paid by borrowers on eligible loans made from the revolving loan fund shall be program income and treated accordingly.)

(c) *Subrecipient* means a public or private nonprofit agency, authority, or organization, or a for-profit entity authorized under §570.201(o), receiving CDBG funds from the recipient or another subrecipient to undertake activities eligible for such assistance under subpart C of this part. The term excludes an entity receiving CDBG funds from the recipient under the authority of §570.204, unless the grantee explicitly designates it as a subrecipient. The term includes a public agency designated by a unit of general local government to receive a loan guarantee under subpart M of this part, but does not include contractors providing supplies, equipment, construction, or services subject to the procurement requirements in 24 CFR 85.36 or 84.40, as applicable.

[53 FR 8058, Mar. 11, 1988, as amended at 57 FR 27120, June 17, 1992; 60 FR 1952, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56914, Nov. 9, 1995]

§ 570.501 Responsibility for grant administration.

(a) One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of the recipient to undertake activities assisted by this part. A public agency so designated shall be subject to the same requirements as are applicable to subrecipients.

(b) The recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise, such as the actions described in §570.910. Where a unit of general local government is participating with, or as part of, an urban county, or as part of a metropolitan city, the recipient is responsible for applying to the unit of general local government the same requirements as are applicable to subrecipients, except that the five-year period identified under §570.503(b)(8)(i) shall begin with the date that the unit of general local government is no longer considered by HUD to be a part of the metropolitan city or urban county, as applicable, instead of the date that the subrecipient agreement expires.

[53 FR 8058, Mar. 11, 1988, as amended at 57 FR 27120, June 17, 1992]

§ 570.502 Applicability of uniform administrative requirements.

(a) Recipients and subrecipients that are governmental entities (including public agencies) shall comply with the requirements and standards of OMB Circular No. A-87, "Cost Principles for State, Local, and Indian Tribal Governments"; OMB Circular A-128, "Audits of State and Local Governments" (implemented at 24 CFR part 44); and with the following sections of 24 CFR part 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" or the related CDBG provision, as specified in this paragraph:

- (1) Section 85.3, "Definitions";
- (2) Section 85.6, "Exceptions";
- (3) Section 85.12, "Special grant or subgrant conditions for 'high-risk' grantees";
- (4) Section 85.20, "Standards for financial management systems," except paragraph (a);
- (5) Section 85.21, "Payment," except as modified by §570.513;
- (6) Section 85.22, "Allowable costs";
- (7) Section 85.26, "Non-federal audits";
- (8) Section 85.32, "Equipment," except in all cases in which the equipment is sold, the proceeds shall be program income;
- (9) Section 85.33, "Supplies";

- (10) Section 85.34, "Copyrights";
- (11) Section 85.35, "Subawards to debarred and suspended parties";
- (12) Section 85.36, "Procurement," except paragraph (a);
- (13) Section 85.37, "Subgrants";
- (14) Section 85.40, "Monitoring and reporting program performance," except paragraphs (b) through (d) and paragraph (f);
- (15) Section 85.41, "Financial reporting," except paragraphs (a), (b), and (e);
- (16) Section 85.42, "Retention and access requirements for records," except that the period shall be four years;
- (17) Section 85.43, "Enforcement";
- (18) Section 85.44, "Termination for convenience";
- (19) Section 85.51 "Later disallowances and adjustments" and
- (20) Section 85.52, "Collection of amounts due."

(b) Subrecipients, except subrecipients that are governmental entities, shall comply with the requirements and standards of OMB Circular No. A-122, "Cost Principles for Non-profit Organizations," or OMB Circular No. A-21, "Cost Principles for Educational Institutions," as applicable, and OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions" (as set forth in 24 CFR part 45). Audits shall be conducted annually. Such subrecipients shall also comply with the following provisions of the Uniform Administrative requirements of OMB Circular A-110 (Implemented at 24 CFR part 84, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations") or the related CDBG provision, as specified in this paragraph:

- (1) Subpart A—"General";
- (2) Subpart B—"Pre-Award Requirements," except for §84.12, "Forms for Applying for Federal Assistance";
- (3) Subpart C—"Post-Award Requirements," except for:
 - (i) Section 84.22, "Payment Requirements." Grantees shall follow the standards of §§85.20(b)(7) and 85.21 in making payments to subrecipients;
 - (ii) Section 84.23, "Cost Sharing and Matching";
 - (iii) Section 84.24, "Program Income." In lieu of §84.24, CDBG subrecipients shall follow §570.504;
 - (iv) Section 84.25, "Revision of Budget and Program Plans";
 - (v) Section 84.32, "Real Property." In lieu of §84.32, CDBG subrecipients shall follow §570.505;
 - (vi) Section 84.34(g), "Equipment." In lieu of the disposition provisions of §84.34(g), the following applies:
 - (A) In all cases in which equipment is sold, the proceeds shall be program income (prorated to reflect the extent to which CDBG funds were used to acquire the equipment); and

(B) Equipment not needed by the subrecipient for CDBG activities shall be transferred to the recipient for the CDBG program or shall be retained after compensating the recipient;

(vii) Section 84.51 (b), (c), (d), (e), (f), (g), and (h), "Monitoring and Reporting Program Performance";

(viii) Section 84.52, "Financial Reporting";

(ix) Section 84.53(b), "Retention and access requirements for records." Section 84.53(b) applies with the following exceptions:

(A) The retention period referenced in §84.53(b) pertaining to individual CDBG activities shall be four years; and

(B) The retention period starts from the date of submission of the annual performance and evaluation report, as prescribed in 24 CFR 91.520, in which the specific activity is reported on for the final time rather than from the date of submission of the final expenditure report for the award;

(x) Section 84.61, "Termination." In lieu of the provisions of §84.61, CDBG subrecipients shall comply with §570.503(b)(7); and

(4) Subpart D—"After-the-Award Requirements," except for §84.71, "Closeout Procedures."

[53 FR 8058, Mar. 11, 1988, as amended at 60 FR 1916, Jan. 5, 1995; 60 FR 56915, Nov. 9, 1995]

§ 570.503 Agreements with subrecipients.

(a) Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.

(b) At a minimum, the written agreement with the subrecipient shall include provisions concerning the following items:

(1) *Statement of work.* The agreement shall include a description of the work to be performed, a schedule for completing the work, and a budget. These items shall be in sufficient detail to provide a sound basis for the recipient effectively to monitor performance under the agreement.

(2) *Records and reports.* The recipient shall specify in the agreement the particular records the subrecipient must maintain and the particular reports the subrecipient must submit in order to assist the recipient in meeting its recordkeeping and reporting requirements.

(3) *Program income.* The agreement shall include the program income requirements set forth in §570.504(c). The agreement shall also specify that, at the end of the program year, the grantee may require remittance of all or part of any program income balances (including investments thereof) held by the subrecipient (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).

(4) *Uniform administrative requirements.* The agreement shall require the subrecipient to comply with applicable uniform administrative requirements, as described in §570.502.

(5) *Other program requirements.* The agreement shall require the subrecipient to carry out each activity in compliance with all Federal laws and regulations described in subpart K of these regulations, except that:

(i) The subrecipient does not assume the recipient's environmental responsibilities described at §570.604; and

(ii) The subrecipient does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR part 52.

(6) *Suspension and termination.* The agreement shall specify that, in accordance with 24 CFR 85.43, suspension or termination may occur if the subrecipient materially fails to comply with any term of the award, and that the award may be terminated for convenience in accordance with 24 CFR 85.44.

(7) *Reversion of assets.* The agreement shall specify that upon its expiration the subrecipient shall transfer to the recipient any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. It shall also include provisions designed to ensure that any real property under the subrecipient's control that was acquired or improved in whole or in part with CDBG funds (including CDBG funds provided to the subrecipient in the form of a loan) in excess of \$25,000 is either:

(i) Used to meet one of the national objectives in §570.208 (formerly §570.901) until five years after expiration of the agreement, or for such longer period of time as determined to be appropriate by the recipient; or

(ii) Not used in accordance with paragraph (b)(7)(i) of this section, in which event the subrecipient shall pay to the recipient an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. The payment is program income to the recipient. (No payment is required after the period of time specified in paragraph (b)(7)(i) of this section.)

[53 FR 8058, Mar. 11, 1988, as amended at 53 FR 41331, Oct. 21, 1988; 57 FR 27120, June 17, 1992; 60 FR 56915, Nov. 9, 1995; 68 FR 56405, Sept. 30, 2003]

§ 570.504 Program income.

(a) *Recording program income.* The receipt and expenditure of program income as defined in §570.500(a) shall be recorded as part of the financial transactions of the grant program.

(b) *Disposition of program income received by recipients.* (1) Program income received before grant closeout may be retained by the recipient if the income is treated as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds.

(2) If the recipient chooses to retain program income, that program income shall be disposed of as follows:

(i) Program income in the form of repayments to, or interest earned on, a revolving fund as defined in §570.500(b) shall be substantially disbursed from the fund before additional cash withdrawals are made from the U.S. Treasury for the same activity. (This rule does not prevent a lump sum disbursement to finance the rehabilitation of privately owned properties as provided for in §570.513.)

(ii) Substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the U.S. Treasury.

(iii) At the end of each program year, the aggregate amount of program income cash balances and any investment thereof (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 loan guarantee security needs) that, as of the last day of the program year, exceeds one-twelfth of the most recent grant made pursuant to §570.304 shall be remitted to HUD as soon as practicable thereafter, to be placed in the recipient's line of credit. This provision applies to program income cash balances and investments thereof held by the grantee and its subrecipients. (This provision shall be applied for the first time at the end of the program year for which Federal Fiscal Year 1996 funds are provided.)

(3) Program income on hand at the time of closeout shall continue to be subject to the eligibility requirements in subpart C and all other applicable provisions of this part until it is expended.

(4) Unless otherwise provided in any grant closeout agreement, and subject to the requirements of paragraph (b)(5) of this section, income received after closeout shall not be governed by the provisions of this part, except that, if at the time of closeout the recipient has another ongoing CDBG grant received directly from HUD, funds received after closeout shall be treated as program income of the ongoing grant program.

(5) If the recipient does not have another ongoing grant received directly from HUD at the time of closeout, income received after closeout from the disposition of real property or from loans outstanding at the time of closeout shall not be governed by the provisions of this part, except that such income shall be used for activities that meet one of the national objectives in §570.901 and the eligibility requirements described in section 105 of the Act.

(c) *Disposition of program income received by subrecipients.* The written agreement between the recipient and the subrecipient, as required by §570.503, shall specify whether program income received is to be returned to the recipient or retained by the subrecipient. Where program income is to be retained by the subrecipient, the agreement shall specify the activities that will be undertaken with the program income and that all provisions of the written agreement shall apply to the specified activities. When the subrecipient retains program income, transfers of grant funds by the recipient to the subrecipient shall be adjusted according to the principles described in paragraphs (b)(2)(i) and (ii) of this section. Any program income on hand when the agreement expires, or received after the agreement's expiration, shall be paid to the recipient as required by §570.503(b)(8).

(d) *Disposition of certain program income received by urban counties.* Program income derived from urban county program activities undertaken by or within the jurisdiction of a unit of general local government which thereafter terminates its participation in the urban county shall continue to be program income of the urban county. The urban county may transfer the program income to the unit of general local government, upon its termination of urban county participation, provided that the unit of general local government has become an entitlement grantee and agrees to use the program income in its own CDBG entitlement program.

[53 FR 8058, Mar. 11, 1988, as amended at 80 FR 56915, Nov. 9, 1995]

§ 570.505 Use of real property.

The standards described in this section apply to real property within the recipient's control which was acquired or improved in whole or in part using CDBG funds in excess of \$25,000. These standards shall apply from the date CDBG funds are first spent for the property until five years after closeout of an entitlement recipient's participation in the entitlement CDBG program or, with respect to other recipients, until five years after the closeout of the grant from which the assistance to the property was provided.

(a) A recipient may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made unless the recipient provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either:

(1) The new use of such property qualifies as meeting one of the national objectives in §570.208 (formerly §570.901) and is not a building for the general conduct of government; or

(2) The requirements in paragraph (b) of this section are met.

(b) If the recipient determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under paragraph (a)(1) of this section, it may retain or dispose of the property for the changed use if the recipient's CDBG program is reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property.

(c) If the change of use occurs after closeout, the provisions governing income from the disposition of the real property in §570.504(b)(4) or (5), as applicable, shall apply to the use of funds reimbursed.

(d) Following the reimbursement of the CDBG program in accordance with paragraph (b) of this section, the property no longer will be subject to any CDBG requirements.

[53 FR 8058, Mar. 11, 1988, as amended at 53 FR 41331, Oct. 21, 1988]

§ 570.506 Records to be maintained.

Each recipient shall establish and maintain sufficient records to enable the Secretary to determine whether the recipient has met the requirements of this part. At a minimum, the following records are needed:

(a) Records providing a full description of each activity assisted (or being assisted) with CDBG funds, including its location (if the activity has a geographical locus), the amount of CDBG funds budgeted, obligated and expended for the activity, and the provision in subpart C under which it is eligible.

(b) Records demonstrating that each activity undertaken meets one of the criteria set forth in §570.208. (Where information on income by family size is required, the recipient may substitute evidence establishing that the person assisted qualifies under another program having income qualification criteria at least as restrictive as that used in the definitions of "low and moderate income person" and "low and moderate income household" (as applicable) at §570.3, such as Job Training Partnership Act (JTPA) and welfare programs; or the recipient may substitute evidence that the assisted person is homeless; or the recipient may substitute a copy of a verifiable certification from the assisted person that his or her family income does not exceed the applicable income limit established in accordance with §570.3; or the recipient may substitute a notice that the assisted person is a referral from a state, county or local employment agency or other entity that agrees to refer individuals it determines to be low and moderate income persons based on HUD's criteria and agrees to maintain documentation supporting these determinations.) Such records shall include the following information:

(1) For each activity determined to benefit low and moderate income persons, the income limits applied and the point in time when the benefit was determined.

(2) For each activity determined to benefit low and moderate income persons based on the area served by the activity:

(i) The boundaries of the service area;

(ii) The income characteristics of families and unrelated individuals in the service area; and

(iii) If the percent of low and moderate income persons in the service area is less than 51 percent, data showing that the area qualifies under the exception criteria set forth at §570.208(a)(1)(ii).

(3) For each activity determined to benefit low and moderate income persons because the activity involves a facility or service designed for use by a limited clientele consisting exclusively or predominantly of low and moderate income persons:

(i) Documentation establishing that the facility or service is designed for the particular needs of or used exclusively by senior citizens, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," persons living with AIDS, battered spouses, abused children, the homeless, illiterate adults, or migrant farm workers, for which the regulations provide a presumption concerning the extent to which low- and moderate-income persons benefit; or

(ii) Documentation describing how the nature and, if applicable, the location of the facility or service establishes that it is used predominantly by low and moderate income persons; or

(iii) Data showing the size and annual income of the family of each person receiving the benefit.

(4) For each activity carried out for the purpose of providing or improving housing which is determined to benefit low and moderate income persons:

(i) A copy of a written agreement with each landlord or developer receiving CDBG assistance indicating the total number of dwelling units in each multifamily structure assisted and the number of those units which will be occupied by low and moderate income households after assistance;

(ii) The total cost of the activity, including both CDBG and non-CDBG funds.

(iii) For each unit occupied by a low and moderate income household, the size and income of the household;

(iv) For rental housing only:

(A) The rent charged (or to be charged) after assistance for each dwelling unit in each structure assisted; and

(B) Such information as necessary to show the affordability of units occupied (or to be occupied) by low and moderate income households pursuant to criteria established and made public by the recipient;

(v) For each property acquired on which there are no structures, evidence of commitments ensuring that the criteria in §570.208(a)(3) will be met when the structures are built;

(vi) Where applicable, records demonstrating that the activity qualifies under the special conditions at §570.208(a)(3)(i);

(vii) For any homebuyer assistance activity qualifying under §570.201(e), 570.201(n), or 570.204, identification of the applicable eligibility paragraph and evidence that the activity meets the eligibility criteria for that provision; for any such activity qualifying under §570.208(a), the size and income of each homebuyer's household; and

(viii) For a §570.201(k) housing services activity, identification of the HOME project(s) or assistance that the housing services activity supports, and evidence that project(s) or assistance meet the HOME program income targeting requirements at 24 CFR 92.252 or 92.254.

(5) For each activity determined to benefit low and moderate income persons based on the creation of jobs, the recipient shall provide the documentation described in either paragraph (b)(5)(i) or (ii) of this section.

(i) Where the recipient chooses to document that at least 51 percent of the jobs will be available to low and moderate income persons, documentation for each assisted business shall include:

(A) A copy of a written agreement containing:

(1) A commitment by the business that it will make at least 51 percent of the jobs available to low and moderate income persons and will provide training for any of those jobs requiring special skills or education;

(2) A listing by job title of the permanent jobs to be created indicating which jobs will be available to low and moderate income persons, which jobs require special skills or education, and which jobs are part-time, if any; and

(3) A description of actions to be taken by the recipient and business to ensure that low and moderate income persons receive first consideration for those jobs; and

(B) A listing by job title of the permanent jobs filled, and which jobs of those were available to low and moderate income persons, and a description of how first consideration was given to such persons for those jobs. The description shall include what hiring process was used; which low and moderate income persons were interviewed for a particular job; and which low and moderate income persons were hired.

(ii) Where the recipient chooses to document that at least 51 percent of the jobs will be held by low and moderate income persons, documentation for each assisted business shall include:

(A) A copy of a written agreement containing:

(1) A commitment by the business that at least 51 percent of the jobs, on a full-time equivalent basis, will be held by low and moderate income persons; and

(2) A listing by job title of the permanent jobs to be created, identifying which are part-time, if any;

(B) A listing by job title of the permanent jobs filled and which jobs were initially held by low and moderate income persons; and

(C) For each such low and moderate income person hired, the size and annual income of the person's family prior to the person being hired for the job.

(6) For each activity determined to benefit low and moderate income persons based on the retention of jobs:

(i) Evidence that in the absence of CDBG assistance jobs would be lost;

(ii) For each business assisted, a listing by job title of permanent jobs retained, indicating which of those jobs are part-time and (where it is known) which are held by low and moderate income persons at the time the CDBG assistance is provided. Where applicable, identification of any of the retained jobs (other than those known to be held by low and moderate income persons) which are projected to become available to low and moderate income persons through job turnover within two years of the time CDBG assistance is provided. Information upon which the job turnover projections were based shall also be included in the record;

(iii) For each retained job claimed to be held by a low and moderate income person, information on the size and annual income of the person's family;

(iv) For jobs claimed to be available to low and moderate income persons based on job turnover, a description covering the items required for "available to" jobs in paragraph (b)(5) of this section; and

(v) Where jobs were claimed to be available to low and moderate income persons through turnover, a listing of each job which has turned over to date, indicating which of those jobs were either taken by, or available to, low and moderate income persons. For jobs made available, a description of how first consideration was given to such persons for those jobs shall also be included in the record.

(7) For purposes of documenting, pursuant to paragraph (b)(5)(i)(B), (b)(5)(ii)(C), (b)(6)(iii) or (b)(6)(v) of this section, that the person for whom a job was either filled by or made available to a low- or moderate-income person based upon the census tract where the person resides or in which the business is located, the recipient, in lieu of maintaining records showing the person's family size and income, may substitute records showing either the person's address at the time the determination of income status was made or the address of the business providing the job, as applicable, the census tract in which that address was located, the percent of persons residing in that tract who either are in poverty or who are low- and moderate-income, as applicable, the data source used for determining the percentage, and a description of the pervasive poverty and general distress in the census tract in sufficient detail to demonstrate how the census tract met the criteria in §570.208(a)(4)(v), as applicable.

(8) For each activity determined to aid in the prevention or elimination of slums or blight based on addressing one or more of the conditions which qualified an area as a slum or blighted area:

(i) The boundaries of the area; and

(ii) A description of the conditions which qualified the area at the time of its designation in sufficient detail to demonstrate how the area met the criteria in §570.208(b)(1).

(9) For each residential rehabilitation activity determined to aid in the prevention or elimination of slums or blight in a slum or blighted area:

(i) The local definition of "substandard";

(ii) A pre-rehabilitation inspection report describing the deficiencies in each structure to be rehabilitated; and

(iii) Details and scope of CDBG assisted rehabilitation, by structure.

(10) For each activity determined to aid in the prevention or elimination of slums or blight based on the elimination of specific conditions of blight or physical decay not located in a slum or blighted area:

(i) A description of the specific condition of blight or physical decay treated; and

(ii) For rehabilitation carried out under this category, a description of the specific conditions detrimental to public health and safety which were identified and the details and scope of the CDBG assisted rehabilitation by structure.

(11) For each activity determined to aid in the prevention or elimination of slums or blight based on addressing slums or blight in an urban renewal area, a copy of the Urban Renewal Plan, as in effect at the time the activity is carried out, including maps and supporting documentation.

(12) For each activity determined to meet a community development need having a particular urgency:

(i) Documentation concerning the nature and degree of seriousness of the condition requiring assistance;

(ii) Evidence that the recipient certified that the CDBG activity was designed to address the urgent need;

(iii) Information on the timing of the development of the serious condition; and

(iv) Evidence confirming that other financial resources to alleviate the need were not available.

(c) Records that demonstrate that the recipient has made the determinations required as a condition of eligibility of certain activities, as prescribed in §§570.201(f), 570.201(i)(2), 570.201(p), 570.201(q), 570.202(b)(3), 570.206(f), 570.209, 570.210, and 570.309.

(d) Records which demonstrate compliance with §570.505 regarding any change of use of real property acquired or improved with CDBG assistance.

(e) Records that demonstrate compliance with the citizen participation requirements prescribed in 24 CFR part 91, subpart B, for entitlement recipients, or in 24 CFR part 91, subpart C, for HUD-administered small cities recipients.

(f) Records which demonstrate compliance with the requirements in §570.606 regarding acquisition, displacement, relocation, and replacement housing.

(g) Fair housing and equal opportunity records containing:

(1) Documentation of the analysis of impediments and the actions the recipient has carried out with its housing and community development and other resources to remedy or ameliorate any impediments to fair housing choice in the recipient's community.

(2) Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with CDBG funds. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No recipient is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.

(3) Data on employment in each of the recipient's operating units funded in whole or in part with CDBG funds, with such data maintained in the categories prescribed on the Equal Employment Opportunity Commission's EEO-4 form; and documentation of any actions undertaken to assure equal employment opportunities to all persons regardless of race, color, national origin, sex or handicap in operating units funded in whole or in part under this part.

(4) Data indicating the race and ethnicity of households (and gender of single heads of households) displaced as a result of CDBG funded activities, together with the address and census tract of the housing units to which each displaced household relocated. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No recipient is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.

(5) Documentation of actions undertaken to meet the requirements of §570.607(b) which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701U) relative to the hiring and training of low and moderate income persons and the use of local businesses.

(6) Data indicating the racial/ethnic character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with CDBG funds, data indicating which of those entities are women's business enterprises as defined in Executive Order 12138, the amount of the contract or subcontract, and documentation of recipient's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Such affirmative steps may include, but are not limited to, technical assistance open to all businesses but designed to enhance opportunities for these enterprises and special outreach efforts to inform them of contract opportunities. Such steps shall not include preferring any business in the award of any contract or subcontract solely or in part on the basis of race or gender.

(7) Documentation of the affirmative action measures the recipient has taken to overcome prior discrimination, where the courts or HUD have found that the recipient has previously discriminated against persons on the ground of race, color, national origin or sex in administering a program or activity funded in whole or in part with CDBG funds.

(h) Financial records, in accordance with the applicable requirements listed in §570.502, including source documentation for entities not subject to parts 84 and 85 of this title. Grantees shall maintain evidence to support how the CDBG funds provided to such entities are expended. Such documentation must include, to the extent applicable, invoices, schedules containing comparisons of budgeted amounts and actual expenditures, construction progress schedules signed by appropriate parties (e.g., general contractor and/or a project architect), and/or other documentation appropriate to the nature of the activity.

(i) Agreements and other records related to lump sum disbursements to private financial institutions for financing rehabilitation as prescribed in §570.513; and

(j) Records required to be maintained in accordance with other applicable laws and regulations set forth in subpart K of this part.

(Approved by the Office of Management and Budget under control number 2506-0077)

[53 FR 34454, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1916, 1995, Jan. 5, 1995; 60 FR 56915, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 64 FR 38813, July 19, 1999; 70 FR 76370, Dec. 23, 2005]

§ 570.507 Reports.

(a) *Performance and evaluation report* —(1) *Entitlement grant recipients and HUD-administered small cities recipients in Hawaii.* The annual performance and evaluation report shall be submitted in accordance with 24 CFR part 91.

(2) *HUD-administered Small Cities recipients in New York, and Hawaii recipients for pre-FY 1995 grants* —(i) *Content.* Each performance and evaluation report must contain completed copies of all forms and narratives prescribed by HUD, including a summary of the citizen comments received on the report.

(ii) *Timing.* The performance and evaluation report on each grant shall be submitted:

(A) No later than October 31 for all grants executed before April 1 of the same calendar year. The first report should cover the period from the execution of the grant until September 30. Reports on grants made after March 31 of a calendar year will be due October 31 of the following calendar year, and the reports will cover the period of time from the execution of the grant until September 30 of the calendar year following grant execution. After the initial submission, the performance and evaluation report will be submitted annually on October 31 until completion of the activities funded under the grant;

(B) Hawaii grantees will submit their small cities performance and evaluation report for each pre-FY 1995 grant no later than 90 days after the completion of their most recent program year. After the initial submission, the performance and evaluation report will be submitted annually until completion of the activities funded under the grant; and

(C) No later than 90 days after the criteria for grant closeout, as described in §570.509(a), have been met.

(iii) *Citizen comments on the report.* Each recipient shall make copies of the performance and evaluation report available to its citizens in sufficient time to permit the citizens to comment on the report before its submission to HUD. Each recipient may determine the specific manner and times the report will be made available to citizens consistent with the preceding sentence.

(b) *Equal employment opportunity reports.* Recipients of entitlement grants or HUD-administered small cities grants shall submit to HUD each year a report (HUD/EEO-4) on recipient employment containing data as of June 30.

(c) *Minority business enterprise reports.* Recipients of entitlement grants, HUD-administered small cities grants or Urban Development Action Grants shall submit to HUD, by April 30, a report on contracts and subcontract activity during the first half of the fiscal year and by October 31 a report on such activity during the second half of the year.

(d) *Other reports.* Recipients may be required to submit such other reports and information as HUD determines are necessary to carry out its responsibilities under the Act or other applicable laws.

(Approved by the Office of Management and Budget under control numbers 2506-0077 for paragraph (a) and 2529-0008 for paragraph (b) and 2506-0066 for paragraph (c))

[53 FR 34456, Sept. 8, 1988, as amended at 60 FR 1916, Jan. 5, 1995; 61 FR 32269, June 21, 1996]

§ 570.508 Public access to program records.

Notwithstanding 24 CFR 85.42(f), recipients shall provide citizens with reasonable access to records regarding the past use of CDBG funds, consistent with applicable State and local laws regarding privacy and obligations of confidentiality.

§ 570.509 Grant closeout procedures.

(a) *Criteria for closeout.* A grant will be closed out when HUD determines, in consultation with the recipient, that the following criteria have been met:

(1) All costs to be paid with CDBG funds have been incurred, with the exception of closeout costs (e.g., audit costs) and costs resulting from contingent liabilities described in the closeout agreement pursuant to paragraph (c) of this section. Contingent liabilities include, but are not limited to, third-party claims against the recipient, as well as related administrative costs.

(2) With respect to activities (such as rehabilitation of privately owned properties) which are financed by means of escrow accounts, loan guarantees, or similar mechanisms, the work to be assisted with CDBG funds (but excluding program income) has actually been completed.

(3) Other responsibilities of the recipient under the grant agreement and applicable laws and regulations appear to have been carried out satisfactorily or there is no further Federal interest in keeping the grant agreement open for the purpose of securing performance.

(b) *Closeout actions.* (1) Within 90 days of the date it is determined that the criteria for closeout have been met, the recipient shall submit to HUD a copy of the final performance and evaluation report described in 24 CFR part 91. If an acceptable report is not submitted, an audit of the recipient's grant activities may be conducted by HUD.

(2) Based on the information provided in the performance report and other relevant information, HUD, in consultation with the recipient, will prepare a closeout agreement in accordance with paragraph (c) of this section.

(3) HUD will cancel any unused portion of the awarded grant, as shown in the signed grant closeout agreement. Any unused grant funds disbursed from the U.S. Treasury which are in the possession of the recipient shall be refunded to HUD.

(4) Any costs paid with CDBG funds which were not audited previously shall be subject to coverage in the recipient's next single audit performed in accordance with 24 CFR part 44. The recipient may be required to repay HUD any disallowed costs based on the results of the audit, or on additional HUD reviews provided for in the closeout agreement.

(c) *Closeout agreement.* Any obligations remaining as of the date of the closeout shall be covered by the terms of a closeout agreement. The agreement shall be prepared by the HUD field office in consultation with the recipient. The agreement shall identify the grant being closed out, and include provisions with respect to the following:

(1) Identification of any closeout costs or contingent liabilities subject to payment with CDBG funds after the closeout agreement is signed;

(2) Identification of any unused grant funds to be canceled by HUD;

(3) Identification of any program income on deposit in financial institutions at the time the closeout agreement is signed;

(4) Description of the recipient's responsibility after closeout for:

(i) Compliance with all program requirements, certifications and assurances in using program income on deposit at the time the closeout agreement is signed and in using any other remaining CDBG funds available for closeout costs and contingent liabilities;

(ii) Use of real property assisted with CDBG funds in accordance with the principles described in §570.505;

(iii) Compliance with requirements governing program income received subsequent to grant closeout, as described in §570.504(b)(4) and (5); and

(iv) Ensuring that flood insurance coverage for affected property owners is maintained for the mandatory period;

(5) Other provisions appropriate to any special circumstances of the grant closeout, in modification of or in addition to the obligations in paragraphs (c)(1) through (4) of this section. The agreement shall authorize monitoring by HUD, and shall provide that findings of noncompliance may be taken into account by HUD, as unsatisfactory performance of the recipient, in the consideration of any future grant award under this part.

(d) *Status of consolidated plan after closeout.* Unless otherwise provided in a closeout agreement, the Consolidated Plan will remain in effect after closeout until the expiration of the program year covered by the last approved consolidated plan.

(e) *Termination of grant for convenience.* Grant assistance provided under this part may be terminated for convenience in whole or in part before the completion of the assisted activities, in accordance with the provisions of 24 CFR 85.44. The recipient shall not incur new obligations for the terminated portions after the effective date, and shall cancel as many outstanding obligations as possible. HUD shall allow full credit to the recipient for those portions of obligations which could not be canceled and which had been properly incurred by the recipient in carrying out the activities before the termination. The closeout policies contained in this section shall apply in such cases, except where the approved grant is terminated in its entirety. Responsibility for the environmental review to be performed under 24 CFR part 50 or 24 CFR part 58, as applicable, shall be determined as part of the closeout process.

(f) *Termination for cause.* In cases in which the Secretary terminates the recipient's grant under the authority of subpart O of this part, or under the terms of the grant agreement, the closeout policies contained in this section shall apply, except where the approved grant is cancelled in its entirety. The provisions in 24 CFR 85.43(c) on the effects of termination shall also apply. HUD shall determine whether an environmental assessment or finding of inapplicability is required, and if such review is required, HUD shall perform it in accordance with 24 CFR part 50.

[53 FR 8058, Mar. 11, 1988, as amended at 56 FR 56128, Oct. 31, 1991; 60 FR 1916, Jan. 5, 1995; 60 FR 16379, Mar. 30, 1995]

§ 570.510 Transferring projects from urban counties to metropolitan cities.

Section 106(c)(3) of the Act authorizes the Secretary to transfer unobligated grant funds from an urban county to a new metropolitan city, provided: the city was an included unit of general local government in the urban county immediately before its qualification as a metropolitan city; the funds to be transferred were received by the county before the qualification of the city as a metropolitan city; the funds to be transferred had been programmed by the urban county for use in the city before such qualification; and the city and county agree to transfer responsibility for the administration of the funds being transferred from the county's letter of credit to the city's letter of credit. The following rules apply to the transfer of responsibility for an activity from an urban county to the new metropolitan city.

(a) The urban county and the metropolitan city must execute a legally binding agreement which shall specify:

(1) The amount of funds to be transferred from the urban county's letter of credit to the metropolitan city's letter of credit;

(2) The activities to be carried out by the city with the funds being transferred;

(3) The county's responsibility for all expenditures and unliquidated obligations associated with the activities before the time of transfer, including a statement that responsibility for all audit and monitoring findings associated with those expenditures and obligations shall remain with the county;

(4) The responsibility of the metropolitan city for all other audit and monitoring findings;

(5) How program income (if any) from the activities specified shall be divided between the metropolitan city and the urban county; and

(6) Such other provisions as may be required by HUD.

(b) Upon receipt of a request for the transfer of funds from an urban county to a metropolitan city and a copy of the executed agreement, HUD, in consultation with the Department of the Treasury, shall establish a date upon which the funds shall be transferred from the letter of credit of the urban county to the letter of credit of the metropolitan city, and shall take all necessary actions to effect the requested transfer of funds.

(c) HUD shall notify the metropolitan city and urban county of any special audit and monitoring rules which apply to the transferred funds when the date of the transfer is communicated to the city and the county.

§ 570.511 Use of escrow accounts for rehabilitation of privately owned residential property.

(a) *Limitations.* A recipient may withdraw funds from its letter of credit for immediate deposit into an escrow account for use in funding loans and grants for the rehabilitation of privately owned residential property under §570.202(a)(1). The following additional limitations apply to the use of escrow accounts for residential rehabilitation loans and grants closed after September 7, 1990:

(1) The use of escrow accounts under this section is limited to loans and grants for the rehabilitation of primarily residential properties containing no more than four dwelling units (and accessory neighborhood-scale non-residential space within the same structure, if any, e.g., a store front below a dwelling unit).

(2) An escrow account shall not be used unless the contract between the property owner and the contractor selected to do the rehabilitation work specifically provides that payment to the contractor shall be made through an escrow account maintained by the recipient, by a subrecipient as defined in §570.500(c), by a public agency designated under §570.501(a), or by an agent under a procurement contract governed by the requirements of 24 CFR 85.36. No deposit to the escrow account shall be made until after the contract has been executed between the property owner and the rehabilitation contractor.

(3) All funds withdrawn under this section shall be deposited into one interest earning account with a financial institution. Separate bank accounts shall not be established for individual loans and grants.

(4) The amount of funds deposited into an escrow account shall be limited to the amount expected to be disbursed within 10 working days from the date of deposit. If the escrow account, for whatever reason, at any time contains funds exceeding 10 days cash needs, the grantee immediately shall transfer the excess funds to its program account. In the program account, the excess funds shall be treated as funds erroneously drawn in accordance with the requirements of U.S. Treasury Financial Manual, paragraph 6-2075.30.

(5) Funds deposited into an escrow account shall be used only to pay the actual costs of rehabilitation incurred by the owner under the contract with a private contractor. Other eligible costs related to the rehabilitation loan or grant, e.g., the recipient's administrative costs under §570.206 or rehabilitation services costs under §570.202(b)(9), are not permissible uses of escrowed funds. Such other eligible rehabilitation costs shall be paid under normal CDBG payment procedures (e.g., from withdrawals of grant funds under the recipient's letter of credit with the Treasury).

(b) *Interest.* Interest earned on escrow accounts established in accordance with this section, less any service charges for the account, shall be remitted to HUD at least quarterly but not more frequently than monthly. Interest earned on escrow accounts is not required to be remitted to HUD to the extent the interest is attributable to the investment of program income.

(c) *Remedies for noncompliance.* If HUD determines that a recipient has failed to use an escrow account in accordance with this section, HUD may, in addition to imposing any other sanctions provided for under this part, require the recipient to discontinue the use of escrow accounts, in whole or in part.

[55 FR 32369, Aug. 8, 1990]

§ 570.512 [Reserved]

§ 570.513 Lump sum drawdown for financing of property rehabilitation activities.

Subject to the conditions prescribed in this section, recipients may draw funds from the letter of credit in a lump sum to establish a rehabilitation fund in one or more private financial institutions for the purpose of financing the rehabilitation of privately owned properties. The fund may be used in conjunction with various rehabilitation financing techniques, including loans, interest subsidies, loan guarantees, loan reserves, or such other uses as may be approved by HUD consistent with the objectives of this section. The fund may also be used for making grants, but only for the purpose of leveraging non-CDBG funds for the rehabilitation of the same property.

(a) *Limitation on drawdown of grant funds.* (1) The funds that a recipient deposits to a rehabilitation fund shall not exceed the grant amount that the recipient reasonably expects will be required, together with anticipated program income from interest and loan repayments, for the rehabilitation activities during the period specified in the agreement to undertake activities, based on either:

(I) Prior level of rehabilitation activity; or

(II) Rehabilitation staffing and management capacity during the period specified in the agreement to undertake activities.

(2) No grant funds may be deposited under this section solely for the purpose of investment, notwithstanding that the interest or other income is to be used for the rehabilitation activities.

(3) The recipient's rehabilitation program administrative costs and the administrative costs of the financial institution may not be funded through lump sum drawdown. Such costs must be paid from periodic letter of credit withdrawals in accordance with standard procedures or from program income, other than program income generated by the lump sum distribution.

(b) *Standards to be met.* The following standards shall apply to all lump sum drawdowns of CDBG funds for rehabilitation:

(1) *Eligible rehabilitation activities.* The rehabilitation fund shall be used to finance the rehabilitation of privately owned properties eligible under the general policies in §570.200 and the specific provisions of either §570.202, including the acquisition of properties for rehabilitation, or §570.203.

(2) *Requirements for agreement.* The recipient shall execute a written agreement with one or more private financial institutions for the operation of the rehabilitation fund. The agreement shall specify the obligations and responsibilities of the parties, the terms and conditions on which CDBG funds are to be deposited and used or returned, the anticipated level of rehabilitation activities by the financial institution, the rate of interest and other benefits to be provided by the financial institution in return for the lump sum deposit, and such other terms as are necessary for compliance with the provisions of this section. Upon execution of the agreement, a copy must be provided to the HUD field office for its record and use in monitoring. Any modifications made during the term of the agreement must also be provided to HUD.

(3) *Period to undertake activities.* The agreement must provide that the rehabilitation fund may only be used for authorized activities during a period of no more than two years. The lump sum deposit shall be made only after the agreement is fully executed.

(4) *Time limit on use of deposited funds.* Use of the deposited funds for rehabilitation financing assistance must start (e.g., first loan must be made, subsidized or guaranteed) within 45 days of the deposit. In addition, substantial disbursements from the fund must occur within 180 days of the receipt of the deposit. (Where CDBG funds are used as a guarantee, the funds that must be substantially disbursed are the guaranteed funds.) For a recipient with an agreement specifying two years to undertake activities, the disbursement of 25 percent of the fund (deposit plus any interest earned) within 180 days will be regarded as meeting this requirement. If a recipient with an agreement specifying two years to undertake activities determines that it has had substantial disbursement from the fund within the 180 days although it had not met this 25 percent threshold, the justification for the recipient's determination shall be included in the program file. Should use of deposited funds not start within 45 days, or substantial disbursement from such fund not occur within 180 days, the recipient may be required by HUD to return all or part of the deposited funds to the recipient's letter of credit.

(5) *Program activity.* Recipients shall review the level of program activity on a yearly basis. Where activity is substantially below that anticipated, program funds shall be returned to the recipient's letter of credit.

(6) *Termination of agreement.* In the case of substantial failure by a private financial institution to comply with the terms of a lump sum drawdown agreement, the recipient shall terminate its agreement, provide written justification for the action, withdraw all unobligated deposited funds from the private financial institution, and return the funds to the recipient's letter of credit.

(7) *Return of unused deposits.* At the end of the period specified in the agreement for undertaking activities, all unobligated deposited funds shall be returned to the recipient's letter of credit unless the recipient enters into a new agreement conforming to the requirements of this section. In addition, the recipient shall reserve the right to withdraw any unobligated deposited funds required by HUD in the exercise of corrective or remedial actions authorized under §570.910(b), §570.911, §570.912 or §570.913.

(8) *Rehabilitation loans made with non-CDBG funds.* If the deposited funds or program income derived from deposited funds are used to subsidize or guarantee repayment of rehabilitation loans made with non-CDBG funds, or to provide a supplemental loan or grant to the borrower of the non-CDBG funds, the rehabilitation activities are considered to be CDBG-assisted activities subject to the requirements applicable to such activities, except that repayment of non-CDBG funds shall not be treated as program income.

(9) *Provision of consideration.* In consideration for the lump sum deposit by the recipient in a private financial institution, the deposit must result in appropriate benefits in support of the recipient's local rehabilitation program. Minimum requirements for such benefits are:

(i) Grantees shall require the financial institution to pay interest on the lump sum deposit.

(A) The interest rate paid by the financial institution shall be no more than three points below the rate on one year Treasury obligations at constant maturity.

(B) When an agreement sets a fixed interest rate for the entire term of the agreement, the rate should be based on the rate at the time the agreement is executed.

(C) The agreement may provide for an interest rate that would fluctuate periodically during the term of the agreement, but at no time shall the rate be established at more than three points below the rate on one year Treasury obligations at constant maturity.

(II) In addition to the payment of interest, at least one of the following benefits must be provided by the financial institution:

(A) Leverage of the deposited funds so that the financial institution commits private funds for loans in the rehabilitation program in an amount substantially in excess of the amount of the lump sum deposit;

(B) Commitment of private funds by the financial institution for rehabilitation loans at below market interest rates, at higher than normal risk, or with longer than normal repayment periods; or

(C) Provision of administrative services in support of the rehabilitation program by the participating financial institution at no cost or at lower than actual cost.

(c) *Program income.* Interest earned on lump sum deposits and payments on loans made from such deposits are program income and, during the period of the agreement, shall be used for rehabilitation activities under the provisions of this section.

(d) *Outstanding findings.* Notwithstanding any other provision of this section, no recipient shall enter into a new agreement during any period of time in which an audit or monitoring finding on a previous lump sum drawdown agreement remains unresolved.

(e) *Prior notification.* The recipient shall provide the HUD field office with written notification of the amount of funds to be distributed to a private financial institution before distribution under the provisions of this section.

(f) *Recordkeeping requirements.* The recipient shall maintain in its files a copy of the written agreement and related documents establishing conformance with this section and concerning performance by a financial institution in accordance with the agreement.

Title 24: Housing and Urban Development

PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

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Subpart K—Other Program Requirements

Source: 53 FR 34456, Sept. 8, 1988, unless otherwise noted.

§ 570.600 General.

(a) This subpart K enumerates laws that the Secretary will treat as applicable to grants made under section 106 of the Act, other than grants to states made pursuant to section 106(d) of the Act, for purposes of the Secretary's determinations under section 104(e)(1) of the Act, including statutes expressly made applicable by the Act and certain other statutes and Executive Orders for which the Secretary has enforcement responsibility. This subpart K applies to grants made under the Insular Areas Program in §570.405 and §570.440 with the exception of §570.612. The absence of mention herein of any other statute for which the Secretary does not have direct enforcement responsibility is not intended to be taken as an indication that, in the Secretary's opinion, such statute or Executive Order is not applicable to activities assisted under the Act. For laws that the Secretary will treat as applicable to grants made to states under section 106(d) of the Act for purposes of the determination required to be made by the Secretary pursuant to section 104(e)(2) of the Act, see §570.487.

(b) This subpart also sets forth certain additional program requirements which the Secretary has determined to be applicable to grants provided under the Act as a matter of administrative discretion.

(c) In addition to grants made pursuant to section 106(b) and 106(d)(2)(B) of the Act (subparts D and F, respectively), the requirements of this subpart K are applicable to grants made pursuant to sections 107 and 119 of the Act (subparts E and G, respectively), and to loans guaranteed pursuant to subpart M.

[53 FR 34456, Sept. 6, 1988, as amended at 61 FR 11477, Mar. 20, 1996; 72 FR 12536, Mar. 15, 2007]

§ 570.601 Public Law 88-352 and Public Law 90-284; affirmatively furthering fair housing; Executive Order 11063.

(a) The following requirements apply according to sections 104(b) and 107 of the Act:

(1) Public Law 88-352, which is title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*), and implementing regulations in 24 CFR part 1.

(2) Public Law 90-284, which is the Fair Housing Act (42 U.S.C. 3601-3620). In accordance with the Fair Housing Act, the Secretary requires that grantees administer all programs and activities related to housing and community development in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, in accordance with section 104(b)(2) of the Act, for each community receiving a grant under subpart D of this part, the certification that the grantee will affirmatively further fair housing shall specifically require the grantee to assume the responsibility of fair housing planning by conducting an analysis to identify impediments to fair housing choice within its jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through that analysis, and maintaining records reflecting the analysis and actions in this regard.

(b) Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652; 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing), and implementing regulations in 24 CFR part 107, also apply.

[61 FR 11477, Mar. 20, 1996]

§ 570.602 Section 109 of the Act.

Section 109 of the Act 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 policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR part 6.

[64 FR 3802, Jan. 25, 1999]

§ 570.603 Labor standards.

(a) Section 110(a) of the Act contains labor standards that apply to nonvolunteer labor financed in whole or in part with assistance received under the Act. In accordance with section 110(a) of the Act, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) also applies. However, these requirements apply to the rehabilitation of residential property only if such property contains not less than 8 units.

(b) The regulations in 24 CFR part 70 apply to the use of volunteers.

[61 FR 11477, Mar. 20, 1996]

§ 570.604 Environmental standards.

For purposes of section 104(g) of the Act, the regulations in 24 CFR part 58 specify the other provisions of law which further the purposes of the National Environmental Policy Act of 1969, and the procedures by which grantees must fulfill their environmental responsibilities. In certain cases, grantees assume these environmental review, decisionmaking, and action responsibilities by execution of grant agreements with the Secretary.

[61 FR 11477, Mar. 20, 1996]

§ 570.605 National Flood Insurance Program.

Notwithstanding the date of HUD approval of the recipient's application (or, in the case of grants made under subpart D of this part or HUD-administered small cities recipients in Hawaii, the date of submission of the grantee's consolidated plan, in accordance with 24 CFR part 91), section 202(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) and the regulations in 44 CFR parts 59 through 79 apply to funds provided under this part 570.

[61 FR 11477, Mar. 20, 1996]

§ 570.606 Displacement, relocation, acquisition, and replacement of housing.

(a) *General policy for minimizing displacement.* Consistent with the other goals and objectives of this part, grantees (or States or state recipients, as applicable) shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of activities assisted under this part.

(b) *Relocation assistance for displaced persons at URA levels.* (1) A displaced person shall be provided with relocation assistance at the levels described in, and in accordance with the requirements of 49 CFR part 24, which contains the government-wide regulations implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601–4655).

(2) *Displaced person.* (i) For purposes of paragraph (b) of this section, the term "displaced person" means any person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves his or her personal property from real property, permanently and involuntarily, as a direct result of rehabilitation, demolition, or acquisition for an activity assisted under this part. A permanent, involuntary move for an assisted activity includes a permanent move from real property that is made:

(A) After notice by the grantee (or the state recipient, if applicable) to move permanently from the property, if the move occurs after the initial official submission to HUD (or the State, as applicable) for grant, loan, or loan guarantee funds under this part that are later provided or granted.

(B) After notice by the property owner to move permanently from the property, if the move occurs after the date of the submission of a request for financial assistance by the property owner (or person in control of the site) that is later approved for the requested activity.

(C) Before the date described in paragraph (b)(2)(i)(A) or (B) of this section, if either HUD or the grantee (or State, as applicable) determines that the displacement directly resulted from acquisition, rehabilitation, or demolition for the requested activity.

(D) After the "initiation of negotiations" if the person is the tenant-occupant of a dwelling unit and any one of the following three situations occurs:

(1) The tenant has not been provided with a reasonable opportunity to lease and occupy a suitable decent, safe, and sanitary dwelling in the same building/complex upon the completion of the project, including a monthly rent that does not exceed the greater of the tenant's monthly rent and estimated average utility costs before the initiation of negotiations or 30 percent of the household's average monthly gross income; or

(2) The tenant is required to relocate temporarily for the activity but the tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving

to and from the temporary location and any increased housing costs, or other conditions of the temporary relocation are not reasonable; and the tenant does not return to the building/complex; or

(3) The tenant is required to move to another unit in the building/complex, but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

(ii) Notwithstanding the provisions of paragraph (b)(2)(i) of this section, the term " *displaced person* " does not include:

(A) A person who is evicted for cause based upon serious or repeated violations of material terms of the lease or occupancy agreement. To exclude a person on this basis, the grantee (or State or state recipient, as applicable) must determine that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance under this section;

(B) A person who moves into the property after the date of the notice described in paragraph (b)(2)(i)(A) or (B) of this section, but who received a written notice of the expected displacement before occupancy.

(C) A person who is not displaced as described in 49 CFR 24.2(g)(2).

(D) A person who the grantee (or State, as applicable) determines is not displaced as a direct result of the acquisition, rehabilitation, or demolition for an assisted activity. To exclude a person on this basis, HUD must concur in that determination.

(iii) A grantee (or State or state recipient, as applicable) may, at any time, request HUD to determine whether a person is a displaced person under this section.

(3) *Initiation of negotiations.* For purposes of determining the type of replacement housing assistance to be provided under paragraph (b) of this section, if the displacement is the direct result of privately undertaken rehabilitation, demolition, or acquisition of real property, the term " *initiation of negotiations* " means the execution of the grant or loan agreement between the grantee (or State or state recipient, as applicable) and the person owning or controlling the real property.

(c) *Residential antidisplacement and relocation assistance plan.* The grantee shall comply with the requirements of 24 CFR part 42, subpart B.

(d) *Optional relocation assistance.* Under section 105(a)(11) of the Act, the grantee may provide (or the State may permit the state recipient to provide, as applicable) relocation payments and other relocation assistance to persons displaced by activities that are not subject to paragraph (b) or (c) of this section. The grantee may also provide (or the State may also permit the state recipient to provide, as applicable) relocation assistance to persons receiving assistance under paragraphs (b) or (c) of this section at levels in excess of those required by these paragraphs. Unless such assistance is provided under State or local law, the grantee (or state recipient, as applicable) shall provide such assistance only upon the basis of a written determination that the assistance is appropriate (see, e.g., 24 CFR 570.201(i), as applicable). The grantee (or state recipient, as applicable) must adopt a written policy available to the public that describes the relocation assistance that the grantee (or state recipient, as applicable) has elected to provide and that provides for equal relocation assistance within each class of displaced persons.

(e) *Acquisition of real property.* The acquisition of real property for an assisted activity is subject to 49 CFR part 24, subpart B.

(f) *Appeals.* If a person disagrees with the determination of the grantee (or the state recipient, as applicable) concerning the person's eligibility for, or the amount of, a relocation payment under this section, the person may file a written appeal of that determination with the grantee (or state recipient, as applicable). The appeal procedures to be followed are described in 49 CFR 24.10. In addition, a low- or moderate-income household that has been displaced from a dwelling may file a written request for review of the grantee's decision to the HUD Field Office. For purposes of the State CDBG program, a low- or moderate-income household may file a written request for review of the state recipient's decision with the State.

(g) *Responsibility of grantee or State.* (1) The grantee (or State, if applicable) is responsible for ensuring compliance with the requirements of this section, notwithstanding any third party's contractual obligation to the grantee to comply with the provisions of this section. For purposes of the State CDBG program, the State shall require state recipients to certify that they will comply with the requirements of this section.

(2) The cost of assistance required under this section may be paid from local public funds, funds provided under this part, or funds available from other sources.

(3) The grantee (or State and state recipient, as applicable) must maintain records in sufficient detail to demonstrate compliance with the provisions of this section.

(Approved by the Office of Management and Budget under OMB control number 2506-0102)

[61 FR 11477, Mar. 20, 1996, as amended at 61 FR 51760, Oct. 3, 1996]

§ 570.607 Employment and contracting opportunities.

To the extent that they are otherwise applicable, grantees shall comply with:

(a) Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR 1964-1965 Comp. p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970., p. 803; 3 CFR, 1978 Comp., p. 230; 3 CFR, 1978 Comp., p. 264 (Equal Employment Opportunity), and Executive Order 13279 (Equal Protection of the Laws for Faith-Based and Community Organizations), 67 FR 77141, 3 CFR, 2002 Comp., p. 258; and the implementing regulations at 41 CFR chapter 60; and

(b) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.

[68 FR 56405, Sept. 30, 2003]

§ 570.608 Lead-based paint.

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this part apply to activities under this program.

[64 FR 50226, Sept. 15, 1999]

§ 570.609 Use of debarred, suspended or ineligible contractors or subrecipients.

The requirements set forth in 24 CFR part 5 apply to this program.

[61 FR 5209, Feb. 9, 1996]

§ 570.610 Uniform administrative requirements and cost principles.

The recipient, its agencies or instrumentalities, and subrecipients shall comply with the policies, guidelines, and requirements of 24 CFR part 85 and OMB Circulars A-87, A-110 (implemented at 24 CFR part 84), A-122, A-133 (implemented at 24 CFR part 45), and A-128² (implemented at 24 CFR part 44), as applicable, as they relate to the acceptance and use of Federal funds under this part. The applicable sections of 24 CFR parts 84 and 85 are set forth at §570.502.

² See footnote 1 at §570.200(a)(5).

[60 FR 56916, Nov. 9, 1995]

§ 570.611 Conflict of interest.

(a) *Applicability.* (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to §570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to §570.203, 570.204, 570.465, or 570.703(i)).

(b) *Conflicts prohibited.* The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

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

(d) *Exceptions.* Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) *Threshold requirements.* HUD will consider an exception only after the recipient has provided the following documentation:

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

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

(2) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

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

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

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

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

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

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

(vii) Any other relevant considerations.

[60 FR 56916, Nov. 9, 1995]

§ 570.612 Executive Order 12372.

(a) *General.* Executive Order 12372, Intergovernmental Review of Federal Programs, and the Department's implementing regulations at 24 CFR part 52, allow each State to establish its own process for review and comment on proposed Federal financial assistance programs.

(b) *Applicability.* Executive Order 12372 applies to the CDBG Entitlement program and the UDAG program. The Executive Order applies to all activities proposed to be assisted under UDAG, but it applies to the Entitlement program only where a grantee proposes to use funds for the planning or construction (reconstruction or installation) of water or sewer facilities. Such facilities include storm sewers as well as all sanitary sewers, but do not include water and sewer lines connecting a structure to the lines in the public right-of-way or easement. It is the responsibility of the grantee to initiate the Executive Order review process if it proposes to use its CDBG or UDAG funds for activities subject to review.

§ 570.613 Eligibility restrictions for certain resident aliens.

(a) *Restriction.* Certain newly legalized aliens, as described in 24 CFR part 49, are not eligible to apply for benefits under covered activities funded by the programs listed in paragraph (e) of this section. "Benefits" under this section means financial assistance, public services, jobs and access to new or rehabilitated housing and other facilities made available under covered activities funded by programs listed in paragraph (e) of this section. "Benefits" do not include relocation services and payments to which displacees are entitled by law.

(b) *Covered activities.* "Covered activities" under this section means activities meeting the requirements of §570.208(a) that either:

(1) Have income eligibility requirements limiting the benefits exclusively to low and moderate income persons; or

(2) Are targeted geographically or otherwise to primarily benefit low and moderate income persons (excluding activities serving the public at large, such as sewers, roads, sidewalks, and parks), and that provide benefits to persons on the basis of an application.

(c) *Limitation on coverage.* The restrictions under this section apply only to applicants for new benefits not being received by covered resident aliens as of the effective date of this section.

(d) *Compliance.* Compliance can be accomplished by obtaining certification as provided in 24 CFR 49.20.

(e) *Programs affected.* (1) The Community Development Block Grant program for small cities, administered under subpart F of part 570 of this title until closeout of the recipient's grant.

(2) The Community Development Block Grant program for entitlement grants, administered under subpart D of part 570 of this title.

(3) The Community Development Block Grant program for States, administered under subpart I of part 570 of this title until closeout of the unit of general local government's grant by the State.

(4) The Urban Development Action Grants program, administered under subpart G of part 570 of this title until closeout of the recipient's grant.

[55 FR 18494, May 2, 1990]

§ 570.614 Architectural Barriers Act and the Americans with Disabilities Act.

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

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

[60 FR 56917, Nov. 9, 1995]

EXHIBIT B SCOPE OF WORK

Part 1- General Information

Rose Center is Morristown and Hamblen County's community cultural center. Located in Morristown's first coeducational public high school built in 1892, the facility is named after Judge James G. Rose, Civil War Hero and Chairman of the School Board at the time when plans for construction of the school were initiated.

The building operated as a school until 1975, at which time a group of local citizens organized, raised funds to replace the vintage roof, and re-opened the building as a museum and cultural center. This effort was part of the community's celebration of the nation's bicentennial.

Thirty years later, the "castle" - as it is referred to by many of the thousands of school children who visit the Center on field trips and other occasions - is a busy place. The Center offers classes for children and adults, meeting space for community groups including the attractively renovated Jean Keener Community Room, rotating exhibits of artwork in the Edith Davis Gallery, historical displays in the Hal Noe Gallery, a look at early schooling in the Historic Classroom, concerts, summer programs for young people, and produces major annual events such as the Mountain Makins Festival, From Africa To Appalachia Celebration, and the International Festival.

The building is listed on the National Register of Historic Places (Listed as the "Rose School," Jackson and W. 2nd North Sts., Morristown 19761018 76001778) . A major fundraising drive resulted in the complete renovation of the former gym/auditorium area of Rose School. This area has been named Perk Prater Hall in honor of Perk Prater, arts educator and artist. This space is both attractive and functional for community use.

Requested Repairs:

HVAC repair/replacement and upgrades	\$17,400.00
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Part 2- Project Specific Information

Project Title: Rose Historic Community Center Repairs

Project Description: Perform priority/emergency repairs to the center relating to energy conservation and safety.

Priority Need/Local Objective: The need for non-residential historic preservation was identified as a moderate level priority in the Morristown 2014 Consolidated Plan.

Funding Sources: CDBG- \$17,400.00

National CDBG Eligible Activity Category	CDBG National Objectives	HUD Matrix Code	CDBG Citation
Non-Residential Historic Preservation	LMA	16b	570.202(d)

Project ID	Type of Recipient	Start Date	Completion Date
	Local Government	7-1-16	6-30-17

Performance Indicator	Proposed Annual Units	IDIS Activity #	Units Upon Completion
HVAC repair/replacement	2		

Annual Action Plan Performance Measurement

National Performance Measure Objective	National Performance Measure Outcome	Specific Objectives	Proposed Actions	Accomplishment Data by CDBG Program Year	
				Proposed	Actual
Create suitable living environment	Sustainability	Replace / repair HVAC systems	Monitor through completion	2	

A. Public Service. To be used for public service projects administered by a City or City agency, non-profit or faith-based organization.

B. Public Facility - Acquisition, Construction and/or Substantial Rehabilitation. To be used for public facilities and improvements, infrastructure, facility rehabilitation/ construction and/or property acquisition for facility construction.

C. Economic Development. To be used for projects that provide commercial

development, technical or financial assistance to a business and/or projects which create and/or retain jobs to be filled by or made available to low-income persons.

D. Housing Rehabilitation or Code Enforcement. To be used for all single-family owner-occupied housing rehabilitation programs (including Mobile home Repair programs) and all code enforcement programs.

E. Other Projects. To be used for projects that cannot be adequately described on any of the above Part II project application forms, yet CDBG City staff have determined the project to be eligible. (Non-Residential Historic Preservation)

The Environmental review for this project is complete and certified.

EXHIBIT C REQUIREMENTS FOR QUARTERLY REPORTING **N/A**

(if applicable)

The QSR must be completed each quarter regardless of whether CDBG funds are expended in the quarter.

The following categories are critical for the proper reporting of achievements for your program:

Type of Beneficiaries Served - The entire QSR should reflect only households served or persons served, not both.

Households are generally used when the program addresses housing units (housing rehabilitation, homebuyer programs, etc.).

Persons are used for public service programs, public facility improvements, etc.

The QSR is cumulative in that each quarter, the number of new or additional beneficiaries will be added to the previous quarter's QSR report information.

At year-end, the beneficiary counts will reflect the **unduplicated** total of beneficiaries served during the program year.

Income eligibility – Income category dollar amounts and ranges are **updated** and published **annually** by HUD. If your program uses intake or membership forms to verify client income, your intake forms must be updated annually.

Race and Ethnicity – In 2003, HUD revised its standards for collection of racial data, based on OMB direction in 2000. There were two significant impacts on grantee data collection and reporting:

(1) **Hispanic** is now considered an ethnicity category rather than a race category. OMB recommends that when collecting racial data, grantees ask respondents to identify their ethnicity prior to asking them to identify their race; and

(2) **Asian/Pacific Islander** was split into the two categories of Asian and Native Hawaiian/Other Pacific Islander.

Additional instructions for the completion of the QSR are provided in the “Instructions for the Quarterly Status Report (QSR)” will be provided with the FY 2010-11 QSR.

EXHIBIT D REQUIREMENTS FOR REIMBURSEMENT REQUESTS

The following are some key points regarding the **documentation** required in order to submit a complete Request for Payment.

Complete and accurate documentation that supports each request must be attached. The documentation should be:

1. Clearly marked to indicate which program the expenditure relates to and the applicable dollar amount on the receipt. The dollar amount should be circled or highlighted.
2. Summarized. Summary listings should be provided if there are extensive receipts and documents.
3. Detailed.

N/A. Payroll – (If applicable) Time sheets for each pay period, for each employee charging time to the CDBG program, should be included. Time sheets must be signed by the employee and the manager. Time sheets should reflect the total time worked each day (8 hours, etc.) with **the amount of CDBG time being charged clearly identified**. Proof of payment, such as a payroll register or copies of pay checks must also be included.

Other charges – An invoice for the charge and documentation that the invoice was paid.

4. Well Documented.

CDBG funds are issued on a reimbursement basis only. All items requested for reimbursement must have an invoice (or some document that verifies the expenditure was incurred) and evidence of payment.

Specific documentation, in addition to financial expenditures, may also be required. For projects affected by the Davis-Bacon Act and/or the Uniform Relocation Act more rigorous documentation must be submitted. Please refer to specific conditions in your contract for the type of documentation that is required to back up your claim(s) for reimbursement.

City of Morristown

Incorporated 1855



Department of Community Development & Planning

July 27, 2016

To: Tony Cox
From: Tracy Stroud
Re: Community Development contracts

Below is a brief synopsis of the four contracts to go before City Council at the next council meeting. All of the projects were approved with this year's action plan and budgeted accordingly;

1. Emergency Shelter Grants program (ESG) City/MATS contract. This contract is for \$50,850 and is funded by THDA. It requires a 50/50 match which is provided by the Subgrantee, MATS (Ministerial Association Temporary Shelter). MATS uses the funds for operating costs to run the homeless shelter. We pass the funds through and I monitor compliance with THDA regulations.
2. Community Development Block Grant (CDBG) contract with Rose Center. This contract is for \$17,400.00 and is funded by HUD. There is no match. Rose Center plans to replace at least two HVAC units with the funds. We pass the funds through and I monitor compliance with HUD regulations.
3. CDBG contract with the TN Valley Coalition for the Homeless (TVCH). This contract is for \$4500.00 and is funded through HUD. There is no match. TVCH is the lead entity for the areas Homeless Management and Information System (HMIS). This is a computerized data collection program designed to capture client-level information over time on the characteristics and service needs of men, women, and children experiencing homelessness. The data is ultimately provided to congress as an aid to funding decisions. We pass the funds through and I monitor compliance with HUD regulations.
4. CDBG contract with Morristown-Hamblen Central Services (MHCS). This contract is for \$9000.00 and is funded through HUD. There is no match. MHCS will utilize the funds to assist qualifying people at risk of homelessness with rent or utility payments. We pass the funds through and I monitor compliance with HUD regulations.

Please let me know if you need anything else or if you have any questions.

Thanks,
Tracy





COMMUNITY DEVELOPMENT BLOCK GRANT SUBRECIPIENT CONTRACT

**CITY OF MORRISTOWN
AND
TENNESSEE VALLEY COALITION FOR THE
HOMELESS (TVCH)**

FOR

JULY 1, 2016 TO JUNE 30, 2017

COMMUNITY DEVELOPMENT BLOCK GRANT SUBRECIPIENT CONTRACT

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**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CFDA #14.218**

SUBRECIPIENT CONTRACT

This contract is entered into between the **City of Morristown** as Recipient, hereinafter referred to as City; and the Tennessee Valley Coalition for the Homeless(TVCH), hereinafter referred to as Subrecipient.

All of the funds provided under this Agreement come from the Community Development Block Grant (hereafter "CDBG") program, as authorized by the United States Department of Housing and Urban Development (hereinafter referred to as "HUD"). HUD is the original grantor of the CDBG funds.

I. PURPOSE

This contract sets forth the responsibilities of City and Subrecipient in accomplishing the objectives of the United States Department of Housing and Urban Development (HUD) Community Development Block Grant Program, as set forth in the Housing and Community Development Act of 1974, as amended, (Public Law 93-383; 42 U.S.C. 5301 et seq.), hereinafter referred to as CDBG.

The City, as grant recipient, will be responsible for receiving and securing the HUD/CDBG funds identified within this contract and for distribution of same to Subrecipient.

The City is sub granting funds to the Subrecipient to be used for the primary objective of the CDBG program of developing viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (which is defined as 80 percent or less of the area's median income). Funded projects must be consistent with the goals and objectives of the City of Morristown 2014-2019 Consolidated Plan.

The Subrecipient shall abide by the terms of this contract and the attached exhibits:

- EXHIBIT A: GENERAL PROVISIONS
- EXHIBIT B: SCOPE OF WORK
- EXHIBIT C: REQUIREMENTS FOR REPORTING
- EXHIBIT D: REQUIREMENTS FOR REIMBURSEMENT REQUESTS

II. GENERAL PROVISIONS

The basic program regulations governing management and financial systems for the CDBG program are contained in 24 Code of Federal Regulations part 570, subparts J and K. They are applicable both to grantees and cities in the public and private sectors:

- (A) Subpart J (24 C.F.R. 570.500–570.513) addresses general responsibilities for grant administration, including the applicability of uniform administrative requirements, provisions of Subrecipient Agreements, program income, use of real property, record keeping and reporting, and closeout procedures.
- (B) Subpart K (24 C.F.R. 570.600–570.613) deals with other program requirements of the CDBG program, including civil rights; labor standards; environmental standards; flood insurance; relocation; displacement; acquisition; employment and contracting opportunities; lead-based paint; use of debarred, suspended, or ineligible contractors; uniform administrative requirements and cost principles; and conflicts of interest.

In addition to the basic regulations of the CDBG program contained in 24 Code of Federal Regulations part 570, there are three other categories of requirements that affect the administrative systems and procedures cities must have in place to receive support:

- a) Federal regulations governing administrative and audit requirements for grants and cooperative agreements (governmental Cities) for which HUD has oversight responsibilities.
- b) Administrative circulars from the Office of Management and Budget (OMB) and Department of the Treasury governing cost principles, administrative systems, fiscal procedures, and audit requirements for grantees and Cities.
- c) Executive Orders from the Office of the President implementing various equal employment opportunity and environmental policies.

These requirements are described in detail in Exhibit A of this contract.

III. SCOPE OF WORK

A. National Objectives

All activities funded with CDBG funds must meet one of the CDBG program's National Objectives: benefit low- and moderate-income persons (a minimum of 51 percent of the beneficiaries must have individual or household incomes which are considered low and moderate income); aid in the prevention or elimination of slums or blight; or meet community development needs having a particular urgency, as defined in 24 Code of Federal Regulations part 570.208.

B. Activities

The Scope of Work for each approved project is described in Exhibit B, which is comprised of, at a minimum, the following documents:

Part I – General Information

Part II – Project Specific- Part II will be one of the following documents:

- A. Public Service. To be used for public service projects administered by a City or City agency, non-profit or faith-based organization.
- B. Public Facility - Acquisition, Construction and/or Substantial Rehabilitation. To be used for public facilities and improvements, infrastructure, facility rehabilitation/ construction and/or property acquisition for facility construction.
- C. Economic Development. To be used for projects that provide commercial development, technical or financial assistance to a business and/or projects which create and/or retain jobs to be filled by or made available to low-income persons.
- D. Housing Rehabilitation or Code Enforcement. To be used for all single-family owner-occupied housing rehabilitation programs (including Mobile home Repair programs) and all code enforcement programs.
- E. Other Projects. To be used for projects that cannot be adequately described on any of the above Part II project application forms, yet CDBG City staff have determined the project to be eligible.

Some project's Scope of Work may also include Part III - Preliminary Environmental Review.

C. Performance Measures and Monitoring

The Subrecipient agrees to provide the levels of service (number of persons served, number of units rehabbed, etc.) and meet the implementation schedule (if applicable) as specified below:

Project Number	Project Name/Activity Description	# Low-Mod Beneficiaries to be Served	Implementation Milestones	
			Mo/Yr Begin	Mo/Yr End
CD125	TVCH-HMIS Program	1000+	7-1-16	6-30-17

***For more detail on each goal, refer to Exhibit B, Part II.**

The City will monitor the performance of the Subrecipient against goals and performance standards as stated above on a quarterly basis. Material substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such material substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the Grantee, contract suspension or termination procedures may be initiated.

D. Projects

Subrecipient agrees to implement the project(s) identified below and as described in the specified section of Exhibit B, which is included in this contract and made a part hereof by this reference:

TABLE I

Project Number	Project Name/Activity Description	Amount Obligated
CD125	TVCH-HMIS Program	\$4500.00
TOTAL AMOUNT OF FUNDS OBLIGATED		\$4500.00

IV. MODIFICATIONS / CONTRACT AMENDMENTS

The City may, at its discretion, amend and/or terminate this contract in order to comply with federal, state and local laws, regulations or guidelines. Any other modifications to this contract must be executed in writing and approved by a duly authorized representative of each party. A written amendment executed by each party to this contract shall be required in order to change any of the following:

Total funds obligated to the project,

- Project scope/activities, location, beneficiaries, or level of service; and/or
- The allocation of resources within the project budget.
-

V. TERM

The term of this contract shall commence on the date the Community Development Coordinator signs this contract on behalf of the City, as noted below in Section XIII (City and Subrecipient Approval), and shall terminate at such time as: (1) the project activities are completed and the allocated monies are expended or reprogrammed; or (2) the contract is terminated by either party for cause or convenience.

VI. AVAILABILITY / OBLIGATION OF FUNDS

Funding of this contract is contingent on the availability of CDBG funds and continued federal authorization for program activities, and is subject to amendment or termination due to lack of funds or authorization.

The Subrecipient shall not obligate any funds, incur any costs, or initiate identified project(s) until all environmental reviews have been completed and certified

COMPENSATION AND REPORTING

Subrecipient agrees to supply to City, within a specified period of time after conclusion of report period or specific request, progress reports and/or other documentation as may be required by the City to audit performance of this contract and/or to enable the City to analyze and evaluate utilization of the Subrecipients program. Subrecipient shall maintain separate accounting and financial records for each funding (revenue) source in support of the project(s).

A. Quarterly Status Reports (QSR) -If Applicable **N/A**

QSRs shall address project status and, if applicable, explanation of any problems/delays encountered and/or anticipated and measures to be taken to correct such problems; revised milestones including anticipated schedule for project completion; direct benefit statistics. In addition, Subrecipient shall provide as part of the progress report, any citizen comments received during the reporting period relative to the project(s), any responses to such comments, and additional project information, as needed. Subrecipients shall submit such report quarterly within **twenty-one** (21) days of the close of the report period. Additional requirements for compiling data for the quarterly report are included in **Exhibit C**.

Reporting periods are defined in the table below:

QTR	Reporting Period	Due Date	Fax: 805-654-5 106
1	July - September	October 21	Mailing address:
2	October - December	January 21	City of Morristown
3	January - March	April 21	Community Development 100 West First North St Morristown, TN 37816
4	April - June	July 21	E-mail: tstroud@mymorristown.com

B. Expenditure Summary and Payment Request

The Subrecipient shall submit **original, signed**, Pay Request (PR) and copies of supporting documents for payment to the City's Community Development Office by the 10th day of each month when expenses are incurred. If the 10th of the month falls on a Saturday, or Sunday, then Pay Request forms, with attached invoices, will be due by 3 p.m. the Friday preceding the 10th. The City will make all reasonable attempts for payment of accurate and approved Pay Requests within thirty (30) days of receipt. However, if Pay Requests are submitted without the required back up documentation, the reimbursement request may be held over until the next month reimbursement cycle. PR's may be submitted no more often than once a month and no less often than once every three (3) months for projects incurring expenses. Due to HUD timeliness of expenditure requirements, **failure to submit reimbursement requests in a timely manner may lead to reallocation of project funds.** Additional requirements for backup data for the reimbursement request are included in **Exhibit D.**

C. HUD/City Reports

The Subrecipient shall submit to the City and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder in a timely manner to the City including, but not limited to, EEO-4 State and Local Government Information (EEO-4, formally known as the State and Local Government Report) Survey¹ and Minority Financial Institution Reports, and provide, as requested by HUD and/or the City, information necessary to prepare the Consolidated Annual Performance and Evaluation Report (CAPER), Consolidated Plan, Annual Plan, and HUD Monitoring Tool Checklists. The following is a list of some of the major reporting due dates.

N/A. Monthly PR's (with original signatures) and back up need to be in our office by 5 p.m. on the 10th of the month or the Friday before, when the 10th falls on the weekend.

¹ The U.S. Equal Employment Opportunity Commission (EEOC) collects workforce data from employers with more than 100 employees (lower thresholds apply to federal contractors). Employers meeting the reporting thresholds have a legal obligation to provide the data; it is not voluntary.

N/A. Quarterly Reports (QSRs) if applicable are due on or before October 21, January 21, April 21, and July 21. The July report also includes a narrative summarizing the fiscal year activities/challenges, which I include in our annual report (CAPER) to HUD.

Semi-annually - late March and late September - if applicable, we will request information for the HUD Labor Standards report (**HUD 4710 . Semi-annual Labor Standards Enforcement Report**) for construction contracts or purchase orders greater than \$2,000 and for the Minority/Business Enterprise report (**HUD 2516 - Contract and Subcontract Activity**) for contract activities greater than \$10,000.

Yearly - additional input for the CAPER and if applicable, for Section 3 Reporting/Davis Bacon (**HUD 60002 . Section 3 Summary Report . Economic Opportunities for Low- and Very Low- Income Persons**)- for projects greater than \$200,000 and contracts greater than \$100,000 - will be requested in mid-July, due Mid- August.

D. Completion Report for Non-Public Service Projects- If Applicable

The Subrecipient shall prepare and submit to the City a **Project Completion Report within thirty (30) days of project completion** if applicable. Said report shall consist of an overview and evaluation of the project, a comparison of milestones' progress, total costs, listing of files, listing of personnel, and other reasonable information requested by the City. The City shall complete final monitoring within 180 days of receipt of the completion report.

E. Audit

The Subrecipient shall be responsible for conducting an annual audit of its CDBG program in compliance with the applicable OMB Circular as indicated in Exhibit A, Section II.A. If an audit is required, a copy of said audit shall be forwarded to the City upon completion. Any costs associated with the annual audit shall be the responsibility of and paid for by the Subrecipient and are not reimbursable through the CDBG program.

VIII. SPECIFIC CONDITIONS

The Subrecipient agrees to the following specific conditions:

Other Conditions . Depending on the Project

N/A

- A. As cited in Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 1701u), Subrecipient, to the greatest extent feasible, must ensure that when opportunities for training and employment arise in connection with a construction project, priority should be given to low- and very low-income residents within the service area of the project and to low- and very low-income participants in other HUD programs.

- B. Property acquired by the Subrecipient with CDBG funds must continue to meet one of the CDBG program's National Objectives for at least 20 years after the expiration of the Subrecipient Agreement. If a National Objective is not maintained during this time period, the Subrecipient must reimburse the grantee for the current fair market value (including an equity share in the appreciated value of the property, if applicable), less any portion of the value attributable to non-CDBG funds.

C. Program Income

Program Income requirements are detailed in 24 CFR 570.504(c) if applicable. Program income may be retained by the subrecipient during the fiscal year, however program income must be expended on any CDBG eligible activity before any transfers of additional grant funds will be requested by the grantee for the subrecipient (per 24 CFR 570.504 (b)(2)(i), (ii) and (iii), and 570.504(c)). At the end of the FY any remaining program income is to be returned to the grantee.

The Subrecipient shall report on monthly reimbursement requests all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this contract.

Failure to respond to requests for information within 14 calendar days may result in reprogramming of project funds.

IX. REQUESTS FOR TECHNICAL ASSISTANCE

The Subrecipient shall refer to the City Community Development Office any regulatory or procedural questions regarding operation of its CDBG project(s). Requests should specify the problem area, particular assistance being requested and proposed solution, if applicable.

X. AUTHORITY TO BIND

By entering into this contract, the Subrecipient certifies that it is qualified and licensed to conduct business in the State of Tennessee.

XI. NOTICES

Any notice or notices required or permitted to be given pursuant to this contract may be personally served on the other party by the party giving such notice or may be served by certified mail. Notices required by this Agreement shall be in writing and delivered via mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date

of receipt. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

<u>Grantee</u>	<u>Subrecipient</u>
Tracy L. Stroud, CDC	Melanie Cordell, E.D. TVCH
tstroud@mymorristown.com	www.tvchomeless.org
100 W. 1 st N. St.	4313 Bellcamp Pike, Suite 201
Morristown, Tennessee 37816	Knoxville, TN 37921
Phone: 423-585-1834	865-859-0749
Fax: 423-585-4679	865-876-0527

XII. CITY AND SUBRECIPIENT APPROVAL

The City and the Subrecipient agree to abide by the terms, conditions, assurances and certifications as specified in this contract.

XIII. ENTIRE AGREEMENT

This contract, and its referenced attachments, contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed, and, once it becomes final, it will completely supersede any prior written or oral agreements or representations regarding same. Any oral representation or modification concerning this writing shall be of no force and effect.

XIV. APPLICABLE LAW

This contract is entered into, and shall be construed and interpreted in accordance with the laws of the State of Tennessee.

CITY APPROVAL

(Signature)

(Title)

(Date)

SUBRECIPIENT APPROVAL

(Signature) [NAME]

Executive Director
(Title)

(Date)

[G:\Regional](#)

EXHIBIT A GENERAL PROVISIONS

Exhibit A

24 Code of Federal Regulations part 570, subparts J and K.

Title 24: Housing and Urban Development **PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS**

[Browse Previous](#) | [Browse Next](#)

Subpart J—Grant Administration

Source: 53 FR 8058, Mar. 11, 1988, unless otherwise noted.

§ 570.500 Definitions.

For the purposes of this subpart, the following terms shall apply:

(a) *Program income* means gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds, except as provided in paragraph (a)(4) of this section.

(1) Program income includes, but is not limited to, the following:

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

(ii) Proceeds from the disposition of equipment purchased with CDBG funds;

(iii) Gross income from the use or rental of real or personal property acquired by the recipient or by a subrecipient with CDBG funds, less costs incidental to generation of the income;

(iv) Gross income from the use or rental of real property, owned by the recipient or by a subrecipient, that was constructed or improved with CDBG funds, less costs incidental to generation of the income;

(v) Payments of principal and interest on loans made using CDBG funds, except as provided in paragraph (a)(3) of this section;

(vi) Proceeds from the sale of loans made with CDBG funds;

(vii) Proceeds from sale of obligations secured by loans made with CDBG funds;

(viii) [Reserved]

(ix) Interest earned on program income pending its disposition; and

(x) Funds collected through special assessments made against properties owned and occupied by households *not* of low and moderate income, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

(2) Program income does not include income earned (except for interest described in §570.513) on grant advances from the U.S. Treasury. The following items of income earned on grant advances must be remitted to HUD for transmittal to the U.S. Treasury, and will not be reallocated under section 108(c) or (d) of the Act:

(i) Interest earned from the investment of the initial proceeds of a grant advance by the U.S. Treasury;

(ii) Interest earned on loans or other forms of assistance provided with CDBG funds that are used for activities determined by HUD either to be ineligible or to fail to meet a national objective in accordance with the requirements of subpart C of this part, or that fail substantially to meet any other requirement of this part; and

(iii) Interest earned on the investment of amounts reimbursed to the CDBG program account prior to the use of the reimbursed funds for eligible purposes.

(3) The calculation of the amount of program income for the recipient's CDBG program as a whole (i.e., comprising activities carried out by a grantee and its subrecipients) shall exclude payments made by subrecipients of principal and/or interest on CDBG-funded loans received from grantees if such payments are made using program income received by the subrecipient. (By making such payments, the subrecipient shall be deemed to have transferred program income to the grantee.) The amount of program income derived from this calculation shall be used for reporting purposes, for purposes of applying the requirement under §570.504(b)(2)(iii), and in determining limitations on planning and administration and public services activities to be paid for with CDBG funds.

(4) Program income does not include:

(i) Any income received in a single program year by the recipient and all its subrecipients if the total amount of such income does not exceed \$25,000; and

(ii) Amounts generated by activities that are financed by a loan guaranteed under section 108 of the Act and meet one or more of the public benefit criteria specified at §570.209(b)(2)(v) or are carried out in conjunction with a grant under section 108(q) in an area determined by HUD to meet the eligibility requirements for designation as an Urban Empowerment Zone pursuant to 24 CFR part 597, subpart B. Such exclusion shall not apply if CDBG funds are used to repay the guaranteed loan. When such a guaranteed loan is partially repaid with CDBG funds, the amount generated shall be prorated to reflect the percentage of CDBG funds used. Amounts generated by activities financed with loans guaranteed under section 108 which are not defined as program income shall be treated as miscellaneous revenue and shall not be subject to any of the requirements of this part, except that the use of such funds shall be limited to activities that are located in a revitalization strategy area and implement a HUD approved area revitalization strategy pursuant to §91.215(e) of this title. However, such treatment shall not affect the right of the Secretary to require the section 108 borrower to pledge such amounts as security for the guaranteed loan. The determination whether such amounts shall constitute program income shall be governed by the provisions of the contract required at §570.705(b)(1).

(5) Examples of other receipts that are not considered program income are proceeds from fund raising activities carried out by subrecipients receiving CDBG assistance (the costs of fundraising are generally unallowable under the applicable OMB circulars referenced in 24 CFR 84.27), funds collected through special assessments used to recover the non-CDBG portion of a public improvement, and proceeds from the disposition of real property acquired or improved with CDBG funds when the disposition occurs after the applicable time period specified in §570.503(b)(8) for subrecipient-controlled property, or in §570.505 for recipient-controlled property.

(b) *Revolving fund* means a separate fund (with a set of accounts that are independent of other program accounts) established for the purpose of carrying out specific activities which, in turn, generate payments to the fund for use in carrying out the same activities. Each revolving loan fund's cash balance must be held in an interest-bearing account, and any interest paid on CDBG funds held in this account shall be considered interest earned on grant advances and must be remitted to HUD for transmittal to the U.S. Treasury no less frequently than annually. (Interest paid by borrowers on eligible loans made from the revolving loan fund shall be program income and treated accordingly.)

(c) *Subrecipient* means a public or private nonprofit agency, authority, or organization, or a for-profit entity authorized under §570.201(o), receiving CDBG funds from the recipient or another subrecipient to undertake activities eligible for such assistance under subpart C of this part. The term excludes an entity receiving CDBG funds from the recipient under the authority of §570.204, unless the grantee explicitly designates it as a subrecipient. The term includes a public agency designated by a unit of general local government to receive a loan guarantee under subpart M of this part, but does not include contractors providing supplies, equipment, construction, or services subject to the procurement requirements in 24 CFR 85.36 or 84.40, as applicable.

[53 FR 8058, Mar. 11, 1988, as amended at 57 FR 27120, June 17, 1992; 60 FR 1952, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 58914, Nov. 9, 1995]

§ 570.501 Responsibility for grant administration.

(a) One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of the recipient to undertake activities assisted by this part. A public agency so designated shall be subject to the same requirements as are applicable to subrecipients.

(b) The recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise, such as the actions described in §570.910. Where a unit of general local government is participating with, or as part of, an urban county, or as part of a metropolitan city, the recipient is responsible for applying to the unit of general local government the same requirements as are applicable to subrecipients, except that the five-year period identified under §570.503(b)(8)(i) shall begin with the date that the unit of general local government is no longer considered by HUD to be a part of the metropolitan city or urban county, as applicable, instead of the date that the subrecipient agreement expires.

[53 FR 8058, Mar. 11, 1988, as amended at 57 FR 27120, June 17, 1992]

§ 570.502 Applicability of uniform administrative requirements.

(a) Recipients and subrecipients that are governmental entities (including public agencies) shall comply with the requirements and standards of OMB Circular No. A-87, "Cost Principles for State, Local, and Indian Tribal Governments"; OMB Circular A-128, "Audits of State and Local Governments" (implemented at 24 CFR part 44); and with the following sections of 24 CFR part 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" or the related CDBG provision, as specified in this paragraph:

- (1) Section 85.3, "Definitions";
- (2) Section 85.6, "Exceptions";
- (3) Section 85.12, "Special grant or subgrant conditions for 'high-risk' grantees";
- (4) Section 85.20, "Standards for financial management systems," except paragraph (a);
- (5) Section 85.21, "Payment," except as modified by §570.513;
- (6) Section 85.22, "Allowable costs";
- (7) Section 85.26, "Non-federal audits";
- (8) Section 85.32, "Equipment," except in all cases in which the equipment is sold, the proceeds shall be program income;
- (9) Section 85.33, "Supplies";

- (10) Section 85.34, "Copyrights";
- (11) Section 85.35, "Subawards to debarred and suspended parties";
- (12) Section 85.36, "Procurement," except paragraph (a);
- (13) Section 85.37, "Subgrants";
- (14) Section 85.40, "Monitoring and reporting program performance," except paragraphs (b) through (d) and paragraph (f);
- (15) Section 85.41, "Financial reporting," except paragraphs (a), (b), and (e);
- (16) Section 85.42, "Retention and access requirements for records," except that the period shall be four years;
- (17) Section 85.43, "Enforcement";
- (18) Section 85.44, "Termination for convenience";
- (19) Section 85.51 "Later disallowances and adjustments" and
- (20) Section 85.52, "Collection of amounts due."

(b) Subrecipients, except subrecipients that are governmental entities, shall comply with the requirements and standards of OMB Circular No. A-122, "Cost Principles for Non-profit Organizations," or OMB Circular No. A-21, "Cost Principles for Educational Institutions," as applicable, and OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions" (as set forth in 24 CFR part 45). Audits shall be conducted annually. Such subrecipients shall also comply with the following provisions of the Uniform Administrative requirements of OMB Circular A-110 (Implemented at 24 CFR part 84, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations") or the related CDBG provision, as specified in this paragraph:

- (1) Subpart A—"General";
- (2) Subpart B—"Pre-Award Requirements," except for §84.12, "Forms for Applying for Federal Assistance";
- (3) Subpart C—"Post-Award Requirements," except for:
 - (i) Section 84.22, "Payment Requirements." Grantees shall follow the standards of §§85.20(b)(7) and 85.21 in making payments to subrecipients;
 - (ii) Section 84.23, "Cost Sharing and Matching";
 - (iii) Section 84.24, "Program Income." In lieu of §84.24, CDBG subrecipients shall follow §570.504;
 - (iv) Section 84.25, "Revision of Budget and Program Plans";
 - (v) Section 84.32, "Real Property." In lieu of §84.32, CDBG subrecipients shall follow §570.505;
 - (vi) Section 84.34(g), "Equipment." In lieu of the disposition provisions of §84.34(g), the following applies:
 - (A) In all cases in which equipment is sold, the proceeds shall be program income (prorated to reflect the extent to which CDBG funds were used to acquire the equipment); and

(B) Equipment not needed by the subrecipient for CDBG activities shall be transferred to the recipient for the CDBG program or shall be retained after compensating the recipient;

(vii) Section 84.51 (b), (c), (d), (e), (f), (g), and (h), "Monitoring and Reporting Program Performance";

(viii) Section 84.52, "Financial Reporting";

(ix) Section 84.53(b), "Retention and access requirements for records." Section 84.53(b) applies with the following exceptions:

(A) The retention period referenced in §84.53(b) pertaining to individual CDBG activities shall be four years; and

(B) The retention period starts from the date of submission of the annual performance and evaluation report, as prescribed in 24 CFR 91.520, in which the specific activity is reported on for the final time rather than from the date of submission of the final expenditure report for the award;

(x) Section 84.51, "Termination." In lieu of the provisions of §84.61, CDBG subrecipients shall comply with §570.503(b)(7); and

(4) Subpart D—"After-the-Award Requirements," except for §84.71, "Closeout Procedures."

[53 FR 8058, Mar. 11, 1988, as amended at 60 FR 1916, Jan. 5, 1995; 60 FR 56915, Nov. 9, 1995]

§ 570.503 Agreements with subrecipients.

(a) Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.

(b) At a minimum, the written agreement with the subrecipient shall include provisions concerning the following items:

(1) *Statement of work.* The agreement shall include a description of the work to be performed, a schedule for completing the work, and a budget. These items shall be in sufficient detail to provide a sound basis for the recipient effectively to monitor performance under the agreement.

(2) *Records and reports.* The recipient shall specify in the agreement the particular records the subrecipient must maintain and the particular reports the subrecipient must submit in order to assist the recipient in meeting its recordkeeping and reporting requirements.

(3) *Program income.* The agreement shall include the program income requirements set forth in §570.504(c). The agreement shall also specify that, at the end of the program year, the grantee may require remittance of all or part of any program income balances (including investments thereof) held by the subrecipient (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).

(4) *Uniform administrative requirements.* The agreement shall require the subrecipient to comply with applicable uniform administrative requirements, as described in §570.502.

(5) *Other program requirements.* The agreement shall require the subrecipient to carry out each activity in compliance with all Federal laws and regulations described in subpart K of these regulations, except that:

(i) The subrecipient does not assume the recipient's environmental responsibilities described at §570.604; and

(ii) The subrecipient does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR part 62.

(6) *Suspension and termination.* The agreement shall specify that, in accordance with 24 CFR 85.43, suspension or termination may occur if the subrecipient materially fails to comply with any term of the award, and that the award may be terminated for convenience in accordance with 24 CFR 85.44.

(7) *Reversion of assets.* The agreement shall specify that upon its expiration the subrecipient shall transfer to the recipient any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. It shall also include provisions designed to ensure that any real property under the subrecipient's control that was acquired or improved in whole or in part with CDBG funds (including CDBG funds provided to the subrecipient in the form of a loan) in excess of \$25,000 is either:

(i) Used to meet one of the national objectives in §570.208 (formerly §570.901) until five years after expiration of the agreement, or for such longer period of time as determined to be appropriate by the recipient; or

(ii) Not used in accordance with paragraph (b)(7)(i) of this section, in which event the subrecipient shall pay to the recipient an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. The payment is program income to the recipient. (No payment is required after the period of time specified in paragraph (b)(7)(i) of this section.)

[53 FR 8058, Mar. 11, 1988, as amended at 53 FR 41331, Oct. 21, 1988; 57 FR 27120, June 17, 1992; 60 FR 56915, Nov. 9, 1995; 68 FR 58405, Sept. 30, 2003]

§ 570.504 Program income.

(a) *Recording program income.* The receipt and expenditure of program income as defined in §570.500(a) shall be recorded as part of the financial transactions of the grant program.

(b) *Disposition of program income received by recipients.* (1) Program income received before grant closeout may be retained by the recipient if the income is treated as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds.

(2) If the recipient chooses to retain program income, that program income shall be disposed of as follows:

(i) Program income in the form of repayments to, or interest earned on, a revolving fund as defined in §570.500(b) shall be substantially disbursed from the fund before additional cash withdrawals are made from the U.S. Treasury for the same activity. (This rule does not prevent a lump sum disbursement to finance the rehabilitation of privately owned properties as provided for in §570.513.)

(ii) Substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the U.S. Treasury.

(iii) At the end of each program year, the aggregate amount of program income cash balances and any investment thereof (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 loan guarantee security needs) that, as of the last day of the program year, exceeds one-twelfth of the most recent grant made pursuant to §570.304 shall be remitted to HUD as soon as practicable thereafter, to be placed in the recipient's line of credit. This provision applies to program income cash balances and investments thereof held by the grantee and its subrecipients. (This provision shall be applied for the first time at the end of the program year for which Federal Fiscal Year 1996 funds are provided.)

(3) Program income on hand at the time of closeout shall continue to be subject to the eligibility requirements in subpart C and all other applicable provisions of this part until it is expended.

(4) Unless otherwise provided in any grant closeout agreement, and subject to the requirements of paragraph (b)(5) of this section, income received after closeout shall not be governed by the provisions of this part, except that, if at the time of closeout the recipient has another ongoing CDBG grant received directly from HUD, funds received after closeout shall be treated as program income of the ongoing grant program.

(5) If the recipient does not have another ongoing grant received directly from HUD at the time of closeout, income received after closeout from the disposition of real property or from loans outstanding at the time of closeout shall not be governed by the provisions of this part, except that such income shall be used for activities that meet one of the national objectives in §570.901 and the eligibility requirements described in section 105 of the Act.

(c) *Disposition of program income received by subrecipients.* The written agreement between the recipient and the subrecipient, as required by §570.503, shall specify whether program income received is to be returned to the recipient or retained by the subrecipient. Where program income is to be retained by the subrecipient, the agreement shall specify the activities that will be undertaken with the program income and that all provisions of the written agreement shall apply to the specified activities. When the subrecipient retains program income, transfers of grant funds by the recipient to the subrecipient shall be adjusted according to the principles described in paragraphs (b)(2)(i) and (ii) of this section. Any program income on hand when the agreement expires, or received after the agreement's expiration, shall be paid to the recipient as required by §570.503(b)(8).

(d) *Disposition of certain program income received by urban counties.* Program income derived from urban county program activities undertaken by or within the jurisdiction of a unit of general local government which thereafter terminates its participation in the urban county shall continue to be program income of the urban county. The urban county may transfer the program income to the unit of general local government, upon its termination of urban county participation, provided that the unit of general local government has become an entitlement grantee and agrees to use the program income in its own CDBG entitlement program.

[53 FR 8058, Mar. 11, 1988, as amended at 60 FR 56915, Nov. 9, 1995]

§ 570.505 Use of real property.

The standards described in this section apply to real property within the recipient's control which was acquired or improved in whole or in part using CDBG funds in excess of \$25,000. These standards shall apply from the date CDBG funds are first spent for the property until five years after closeout of an entitlement recipient's participation in the entitlement CDBG program or, with respect to other recipients, until five years after the closeout of the grant from which the assistance to the property was provided.

(a) A recipient may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made unless the recipient provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either:

(1) The new use of such property qualifies as meeting one of the national objectives in §570.208 (formerly §570.901) and is not a building for the general conduct of government; or

(2) The requirements in paragraph (b) of this section are met.

(b) If the recipient determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under paragraph (a)(1) of this section, it may retain or dispose of the property for the changed use if the recipient's CDBG program is reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property.

(c) If the change of use occurs after closeout, the provisions governing income from the disposition of the real property in §570.504(b)(4) or (5), as applicable, shall apply to the use of funds reimbursed.

(d) Following the reimbursement of the CDBG program in accordance with paragraph (b) of this section, the property no longer will be subject to any CDBG requirements.

[53 FR 8058, Mar. 11, 1988, as amended at 53 FR 41331, Oct. 21, 1988]

§ 570.506 Records to be maintained.

Each recipient shall establish and maintain sufficient records to enable the Secretary to determine whether the recipient has met the requirements of this part. At a minimum, the following records are needed:

(a) Records providing a full description of each activity assisted (or being assisted) with CDBG funds, including its location (if the activity has a geographical locus), the amount of CDBG funds budgeted, obligated and expended for the activity, and the provision in subpart C under which it is eligible.

(b) Records demonstrating that each activity undertaken meets one of the criteria set forth in §570.208. (Where information on income by family size is required, the recipient may substitute evidence establishing that the person assisted qualifies under another program having income qualification criteria at least as restrictive as that used in the definitions of "low and moderate income person" and "low and moderate income household" (as applicable) at §570.3, such as Job Training Partnership Act (JTPA) and welfare programs; or the recipient may substitute evidence that the assisted person is homeless; or the recipient may substitute a copy of a verifiable certification from the assisted person that his or her family income does not exceed the applicable income limit established in accordance with §570.3; or the recipient may substitute a notice that the assisted person is a referral from a state, county or local employment agency or other entity that agrees to refer individuals it determines to be low and moderate income persons based on HUD's criteria and agrees to maintain documentation supporting these determinations.) Such records shall include the following information:

(1) For each activity determined to benefit low and moderate income persons, the income limits applied and the point in time when the benefit was determined.

(2) For each activity determined to benefit low and moderate income persons based on the area served by the activity:

(i) The boundaries of the service area;

(ii) The income characteristics of families and unrelated individuals in the service area; and

(iii) If the percent of low and moderate income persons in the service area is less than 51 percent, data showing that the area qualifies under the exception criteria set forth at §570.208(a)(1)(ii).

(3) For each activity determined to benefit low and moderate income persons because the activity involves a facility or service designed for use by a limited clientele consisting exclusively or predominantly of low and moderate income persons:

(i) Documentation establishing that the facility or service is designed for the particular needs of or used exclusively by senior citizens, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," persons living with AIDS, battered spouses, abused children, the homeless, illiterate adults, or migrant farm workers, for which the regulations provide a presumption concerning the extent to which low- and moderate-income persons benefit; or

(ii) Documentation describing how the nature and, if applicable, the location of the facility or service establishes that it is used predominantly by low and moderate income persons; or

(iii) Data showing the size and annual income of the family of each person receiving the benefit.

(4) For each activity carried out for the purpose of providing or improving housing which is determined to benefit low and moderate income persons:

(i) A copy of a written agreement with each landlord or developer receiving CDBG assistance indicating the total number of dwelling units in each multifamily structure assisted and the number of those units which will be occupied by low and moderate income households after assistance;

(ii) The total cost of the activity, including both CDBG and non-CDBG funds.

(iii) For each unit occupied by a low and moderate income household, the size and income of the household;

(iv) For rental housing only:

(A) The rent charged (or to be charged) after assistance for each dwelling unit in each structure assisted; and

(B) Such information as necessary to show the affordability of units occupied (or to be occupied) by low and moderate income households pursuant to criteria established and made public by the recipient;

(v) For each property acquired on which there are no structures, evidence of commitments ensuring that the criteria in §570.208(a)(3) will be met when the structures are built;

(vi) Where applicable, records demonstrating that the activity qualifies under the special conditions at §570.208(a)(3)(i);

(vii) For any homebuyer assistance activity qualifying under §570.201(e), 570.201(n), or 570.204, identification of the applicable eligibility paragraph and evidence that the activity meets the eligibility criteria for that provision; for any such activity qualifying under §570.208(a), the size and income of each homebuyer's household; and

(viii) For a §570.201(k) housing services activity, identification of the HOME project(s) or assistance that the housing services activity supports, and evidence that project(s) or assistance meet the HOME program income targeting requirements at 24 CFR 92.252 or 92.254.

(5) For each activity determined to benefit low and moderate income persons based on the creation of jobs, the recipient shall provide the documentation described in either paragraph (b)(5)(i) or (ii) of this section.

(i) Where the recipient chooses to document that at least 51 percent of the jobs will be available to low and moderate income persons, documentation for each assisted business shall include:

(A) A copy of a written agreement containing:

(1) A commitment by the business that it will make at least 51 percent of the jobs available to low and moderate income persons and will provide training for any of those jobs requiring special skills or education;

(2) A listing by job title of the permanent jobs to be created indicating which jobs will be available to low and moderate income persons, which jobs require special skills or education, and which jobs are part-time, if any; and

(3) A description of actions to be taken by the recipient and business to ensure that low and moderate income persons receive first consideration for those jobs; and

(B) A listing by job title of the permanent jobs filled, and which jobs of those were available to low and moderate income persons, and a description of how first consideration was given to such persons for those jobs. The description shall include what hiring process was used; which low and moderate income persons were interviewed for a particular job; and which low and moderate income persons were hired.

(ii) Where the recipient chooses to document that at least 51 percent of the jobs will be held by low and moderate income persons, documentation for each assisted business shall include:

(A) A copy of a written agreement containing:

(1) A commitment by the business that at least 51 percent of the jobs, on a full-time equivalent basis, will be held by low and moderate income persons; and

(2) A listing by job title of the permanent jobs to be created, identifying which are part-time, if any;

(B) A listing by job title of the permanent jobs filled and which jobs were initially held by low and moderate income persons; and

(C) For each such low and moderate income person hired, the size and annual income of the person's family prior to the person being hired for the job.

(6) For each activity determined to benefit low and moderate income persons based on the retention of jobs:

(i) Evidence that in the absence of CDBG assistance jobs would be lost;

(ii) For each business assisted, a listing by job title of permanent jobs retained, indicating which of those jobs are part-time and (where it is known) which are held by low and moderate income persons at the time the CDBG assistance is provided. Where applicable, identification of any of the retained jobs (other than those known to be held by low and moderate income persons) which are projected to become available to low and moderate income persons through job turnover within two years of the time CDBG assistance is provided. Information upon which the job turnover projections were based shall also be included in the record;

(iii) For each retained job claimed to be held by a low and moderate income person, information on the size and annual income of the person's family;

(iv) For jobs claimed to be available to low and moderate income persons based on job turnover, a description covering the items required for "available to" jobs in paragraph (b)(5) of this section; and

(v) Where jobs were claimed to be available to low and moderate income persons through turnover, a listing of each job which has turned over to date, indicating which of those jobs were either taken by, or available to, low and moderate income persons. For jobs made available, a description of how first consideration was given to such persons for those jobs shall also be included in the record.

(7) For purposes of documenting, pursuant to paragraph (b)(5)(i)(B), (b)(5)(ii)(C), (b)(6)(iii) or (b)(6)(v) of this section, that the person for whom a job was either filled by or made available to a low- or moderate-income person based upon the census tract where the person resides or in which the business is located, the recipient, in lieu of maintaining records showing the person's family size and income, may substitute records showing either the person's address at the time the determination of income status was made or the address of the business providing the job, as applicable, the census tract in which that address was located, the percent of persons residing in that tract who either are in poverty or who are low- and moderate-income, as applicable, the data source used for determining the percentage, and a description of the pervasive poverty and general distress in the census tract in sufficient detail to demonstrate how the census tract met the criteria in §570.208(a)(4)(v), as applicable.

(8) For each activity determined to aid in the prevention or elimination of slums or blight based on addressing one or more of the conditions which qualified an area as a slum or blighted area:

(i) The boundaries of the area; and

(ii) A description of the conditions which qualified the area at the time of its designation in sufficient detail to demonstrate how the area met the criteria in §570.208(b)(1).

(9) For each residential rehabilitation activity determined to aid in the prevention or elimination of slums or blight in a slum or blighted area:

(i) The local definition of "substandard";

(ii) A pre-rehabilitation inspection report describing the deficiencies in each structure to be rehabilitated; and

(iii) Details and scope of CDBG assisted rehabilitation, by structure.

(10) For each activity determined to aid in the prevention or elimination of slums or blight based on the elimination of specific conditions of blight or physical decay not located in a slum or blighted area:

(i) A description of the specific condition of blight or physical decay treated; and

(ii) For rehabilitation carried out under this category, a description of the specific conditions detrimental to public health and safety which were identified and the details and scope of the CDBG assisted rehabilitation by structure.

(11) For each activity determined to aid in the prevention or elimination of slums or blight based on addressing slums or blight in an urban renewal area, a copy of the Urban Renewal Plan, as in effect at the time the activity is carried out, including maps and supporting documentation.

(12) For each activity determined to meet a community development need having a particular urgency:

(i) Documentation concerning the nature and degree of seriousness of the condition requiring assistance;

(ii) Evidence that the recipient certified that the CDBG activity was designed to address the urgent need;

(iii) Information on the timing of the development of the serious condition; and

(iv) Evidence confirming that other financial resources to alleviate the need were not available.

(c) Records that demonstrate that the recipient has made the determinations required as a condition of eligibility of certain activities, as prescribed in §§570.201(f), 570.201(i)(2), 570.201(p), 570.201(q), 570.202(b)(3), 570.206(f), 570.209, 570.210, and 570.309.

(d) Records which demonstrate compliance with §570.505 regarding any change of use of real property acquired or improved with CDBG assistance.

(e) Records that demonstrate compliance with the citizen participation requirements prescribed in 24 CFR part 91, subpart B, for entitlement recipients, or in 24 CFR part 91, subpart C, for HUD-administered small cities recipients.

(f) Records which demonstrate compliance with the requirements in §570.606 regarding acquisition, displacement, relocation, and replacement housing.

(g) Fair housing and equal opportunity records containing:

(1) Documentation of the analysis of impediments and the actions the recipient has carried out with its housing and community development and other resources to remedy or ameliorate any impediments to fair housing choice in the recipient's community.

(2) Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with CDBG funds. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No recipient is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.

(3) Data on employment in each of the recipient's operating units funded in whole or in part with CDBG funds, with such data maintained in the categories prescribed on the Equal Employment Opportunity Commission's EEO-4 form; and documentation of any actions undertaken to assure equal employment opportunities to all persons regardless of race, color, national origin, sex or handicap in operating units funded in whole or in part under this part.

(4) Data indicating the race and ethnicity of households (and gender of single heads of households) displaced as a result of CDBG funded activities, together with the address and census tract of the housing units to which each displaced household relocated. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No recipient is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.

(5) Documentation of actions undertaken to meet the requirements of §570.607(b) which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701U) relative to the hiring and training of low and moderate income persons and the use of local businesses.

(6) Data indicating the racial/ethnic character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with CDBG funds, data indicating which of those entities are women's business enterprises as defined in Executive Order 12138, the amount of the contract or subcontract, and documentation of recipient's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Such affirmative steps may include, but are not limited to, technical assistance open to all businesses but designed to enhance opportunities for these enterprises and special outreach efforts to inform them of contract opportunities. Such steps shall not include preferring any business in the award of any contract or subcontract solely or in part on the basis of race or gender.

(7) Documentation of the affirmative action measures the recipient has taken to overcome prior discrimination, where the courts or HUD have found that the recipient has previously discriminated against persons on the ground of race, color, national origin or sex in administering a program or activity funded in whole or in part with CDBG funds.

(h) Financial records, in accordance with the applicable requirements listed in §570.502, including source documentation for entities not subject to parts 84 and 85 of this title. Grantees shall maintain evidence to support how the CDBG funds provided to such entities are expended. Such documentation must include, to the extent applicable, invoices, schedules containing comparisons of budgeted amounts and actual expenditures, construction progress schedules signed by appropriate parties (e.g., general contractor and/or a project architect), and/or other documentation appropriate to the nature of the activity.

(i) Agreements and other records related to lump sum disbursements to private financial institutions for financing rehabilitation as prescribed in §570.513; and

(j) Records required to be maintained in accordance with other applicable laws and regulations set forth in subpart K of this part.

(Approved by the Office of Management and Budget under control number 2506-0077)

[53 FR 34454, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1916, 1995, Jan. 5, 1995; 60 FR 56915, Nov. 9, 1995; 61 FR 18874, Apr. 29, 1996; 64 FR 38813, July 19, 1999; 70 FR 76370, Dec. 23, 2005]

§ 570.507 Reports.

(a) *Performance and evaluation report* —(1) *Entitlement grant recipients and HUD-administered small cities recipients in Hawaii.* The annual performance and evaluation report shall be submitted in accordance with 24 CFR part 91.

(2) *HUD-administered Small Cities recipients in New York, and Hawaii recipients for pre-FY 1995 grants* —(i) *Content.* Each performance and evaluation report must contain completed copies of all forms and narratives prescribed by HUD, including a summary of the citizen comments received on the report.

(ii) *Timing.* The performance and evaluation report on each grant shall be submitted:

(A) No later than October 31 for all grants executed before April 1 of the same calendar year. The first report should cover the period from the execution of the grant until September 30. Reports on grants made after March 31 of a calendar year will be due October 31 of the following calendar year, and the reports will cover the period of time from the execution of the grant until September 30 of the calendar year following grant execution. After the initial submission, the performance and evaluation report will be submitted annually on October 31 until completion of the activities funded under the grant;

(B) Hawaii grantees will submit their small cities performance and evaluation report for each pre-FY 1995 grant no later than 90 days after the completion of their most recent program year. After the initial submission, the performance and evaluation report will be submitted annually until completion of the activities funded under the grant; and

(C) No later than 90 days after the criteria for grant closeout, as described in §570.509(a), have been met.

(iii) *Citizen comments on the report.* Each recipient shall make copies of the performance and evaluation report available to its citizens in sufficient time to permit the citizens to comment on the report before its submission to HUD. Each recipient may determine the specific manner and times the report will be made available to citizens consistent with the preceding sentence.

(b) *Equal employment opportunity reports.* Recipients of entitlement grants or HUD-administered small cities grants shall submit to HUD each year a report (HUD/EEO-4) on recipient employment containing data as of June 30.

(c) *Minority business enterprise reports.* Recipients of entitlement grants, HUD-administered small cities grants or Urban Development Action Grants shall submit to HUD, by April 30, a report on contracts and subcontract activity during the first half of the fiscal year and by October 31 a report on such activity during the second half of the year.

(d) *Other reports.* Recipients may be required to submit such other reports and information as HUD determines are necessary to carry out its responsibilities under the Act or other applicable laws.

(Approved by the Office of Management and Budget under control numbers 2506-0077 for paragraph (a) and 2529-0008 for paragraph (b) and 2506-0066 for paragraph (c))

[53 FR 34456, Sept. 6, 1988, as amended at 60 FR 1916, Jan. 5, 1995; 61 FR 32269, June 21, 1996]

§ 570.508 Public access to program records.

Notwithstanding 24 CFR 85.42(f), recipients shall provide citizens with reasonable access to records regarding the past use of CDBG funds, consistent with applicable State and local laws regarding privacy and obligations of confidentiality.

§ 570.509 Grant closeout procedures.

(a) *Criteria for closeout.* A grant will be closed out when HUD determines, in consultation with the recipient, that the following criteria have been met:

(1) All costs to be paid with CDBG funds have been incurred, with the exception of closeout costs (e.g., audit costs) and costs resulting from contingent liabilities described in the closeout agreement pursuant to paragraph (c) of this section. Contingent liabilities include, but are not limited to, third-party claims against the recipient, as well as related administrative costs.

(2) With respect to activities (such as rehabilitation of privately owned properties) which are financed by means of escrow accounts, loan guarantees, or similar mechanisms, the work to be assisted with CDBG funds (but excluding program income) has actually been completed.

(3) Other responsibilities of the recipient under the grant agreement and applicable laws and regulations appear to have been carried out satisfactorily or there is no further Federal interest in keeping the grant agreement open for the purpose of securing performance.

(b) *Closeout actions.* (1) Within 90 days of the date it is determined that the criteria for closeout have been met, the recipient shall submit to HUD a copy of the final performance and evaluation report described in 24 CFR part 91. If an acceptable report is not submitted, an audit of the recipient's grant activities may be conducted by HUD.

(2) Based on the information provided in the performance report and other relevant information, HUD, in consultation with the recipient, will prepare a closeout agreement in accordance with paragraph (c) of this section.

(3) HUD will cancel any unused portion of the awarded grant, as shown in the signed grant closeout agreement. Any unused grant funds disbursed from the U.S. Treasury which are in the possession of the recipient shall be refunded to HUD.

(4) Any costs paid with CDBG funds which were not audited previously shall be subject to coverage in the recipient's next single audit performed in accordance with 24 CFR part 44. The recipient may be required to repay HUD any disallowed costs based on the results of the audit, or on additional HUD reviews provided for in the closeout agreement.

(c) *Closeout agreement.* Any obligations remaining as of the date of the closeout shall be covered by the terms of a closeout agreement. The agreement shall be prepared by the HUD field office in consultation with the recipient. The agreement shall identify the grant being closed out, and include provisions with respect to the following:

(1) Identification of any closeout costs or contingent liabilities subject to payment with CDBG funds after the closeout agreement is signed;

(2) Identification of any unused grant funds to be canceled by HUD;

(3) Identification of any program income on deposit in financial institutions at the time the closeout agreement is signed;

(4) Description of the recipient's responsibility after closeout for:

(i) Compliance with all program requirements, certifications and assurances in using program income on deposit at the time the closeout agreement is signed and in using any other remaining CDBG funds available for closeout costs and contingent liabilities;

(ii) Use of real property assisted with CDBG funds in accordance with the principles described in §570.505;

(iii) Compliance with requirements governing program income received subsequent to grant closeout, as described in §570.504(b)(4) and (5); and

(iv) Ensuring that flood insurance coverage for affected property owners is maintained for the mandatory period;

(5) Other provisions appropriate to any special circumstances of the grant closeout, in modification of or in addition to the obligations in paragraphs (c)(1) through (4) of this section. The agreement shall authorize monitoring by HUD, and shall provide that findings of noncompliance may be taken into account by HUD, as unsatisfactory performance of the recipient, in the consideration of any future grant award under this part.

(d) *Status of consolidated plan after closeout.* Unless otherwise provided in a closeout agreement, the Consolidated Plan will remain in effect after closeout until the expiration of the program year covered by the last approved consolidated plan.

(e) *Termination of grant for convenience.* Grant assistance provided under this part may be terminated for convenience in whole or in part before the completion of the assisted activities, in accordance with the provisions of 24 CFR 85.44. The recipient shall not incur new obligations for the terminated portions after the effective date, and shall cancel as many outstanding obligations as possible. HUD shall allow full credit to the recipient for those portions of obligations which could not be canceled and which had been properly incurred by the recipient in carrying out the activities before the termination. The closeout policies contained in this section shall apply in such cases, except where the approved grant is terminated in its entirety. Responsibility for the environmental review to be performed under 24 CFR part 50 or 24 CFR part 58, as applicable, shall be determined as part of the closeout process.

(f) *Termination for cause.* In cases in which the Secretary terminates the recipient's grant under the authority of subpart O of this part, or under the terms of the grant agreement, the closeout policies contained in this section shall apply, except where the approved grant is cancelled in its entirety. The provisions in 24 CFR 85.43(c) on the effects of termination shall also apply. HUD shall determine whether an environmental assessment or finding of inapplicability is required, and if such review is required, HUD shall perform it in accordance with 24 CFR part 50.

[53 FR 8058, Mar. 11, 1988, as amended at 56 FR 56128, Oct. 31, 1991; 60 FR 1916, Jan. 5, 1995; 60 FR 16379, Mar. 30, 1995]

§ 570.510 Transferring projects from urban counties to metropolitan cities.

Section 106(c)(3) of the Act authorizes the Secretary to transfer unobligated grant funds from an urban county to a new metropolitan city, provided: the city was an included unit of general local government in the urban county immediately before its qualification as a metropolitan city; the funds to be transferred were received by the county before the qualification of the city as a metropolitan city; the funds to be transferred had been programmed by the urban county for use in the city before such qualification; and the city and county agree to transfer responsibility for the administration of the funds being transferred from the county's letter of credit to the city's letter of credit. The following rules apply to the transfer of responsibility for an activity from an urban county to the new metropolitan city.

(a) The urban county and the metropolitan city must execute a legally binding agreement which shall specify:

(1) The amount of funds to be transferred from the urban county's letter of credit to the metropolitan city's letter of credit;

(2) The activities to be carried out by the city with the funds being transferred;

(3) The county's responsibility for all expenditures and unliquidated obligations associated with the activities before the time of transfer, including a statement that responsibility for all audit and monitoring findings associated with those expenditures and obligations shall remain with the county;

(4) The responsibility of the metropolitan city for all other audit and monitoring findings;

(5) How program income (if any) from the activities specified shall be divided between the metropolitan city and the urban county; and

(6) Such other provisions as may be required by HUD.

(b) Upon receipt of a request for the transfer of funds from an urban county to a metropolitan city and a copy of the executed agreement, HUD, in consultation with the Department of the Treasury, shall establish a date upon which the funds shall be transferred from the letter of credit of the urban county to the letter of credit of the metropolitan city, and shall take all necessary actions to effect the requested transfer of funds.

(c) HUD shall notify the metropolitan city and urban county of any special audit and monitoring rules which apply to the transferred funds when the date of the transfer is communicated to the city and the county.

§ 570.511 Use of escrow accounts for rehabilitation of privately owned residential property.

(a) *Limitations.* A recipient may withdraw funds from its letter of credit for immediate deposit into an escrow account for use in funding loans and grants for the rehabilitation of privately owned residential property under §570.202(a)(1). The following additional limitations apply to the use of escrow accounts for residential rehabilitation loans and grants closed after September 7, 1990:

(1) The use of escrow accounts under this section is limited to loans and grants for the rehabilitation of primarily residential properties containing no more than four dwelling units (and accessory neighborhood-scale non-residential space within the same structure, if any, e.g., a store front below a dwelling unit).

(2) An escrow account shall not be used unless the contract between the property owner and the contractor selected to do the rehabilitation work specifically provides that payment to the contractor shall be made through an escrow account maintained by the recipient, by a subrecipient as defined in §570.500(c), by a public agency designated under §570.501(a), or by an agent under a procurement contract governed by the requirements of 24 CFR 85.36. No deposit to the escrow account shall be made until after the contract has been executed between the property owner and the rehabilitation contractor.

(3) All funds withdrawn under this section shall be deposited into one interest earning account with a financial institution. Separate bank accounts shall not be established for individual loans and grants.

(4) The amount of funds deposited into an escrow account shall be limited to the amount expected to be disbursed within 10 working days from the date of deposit. If the escrow account, for whatever reason, at any time contains funds exceeding 10 days cash needs, the grantee immediately shall transfer the excess funds to its program account. In the program account, the excess funds shall be treated as funds erroneously drawn in accordance with the requirements of U.S. Treasury Financial Manual, paragraph 6-2075.30.

(5) Funds deposited into an escrow account shall be used only to pay the actual costs of rehabilitation incurred by the owner under the contract with a private contractor. Other eligible costs related to the rehabilitation loan or grant, e.g., the recipient's administrative costs under §570.206 or rehabilitation services costs under §570.202(b)(9), are not permissible uses of escrowed funds. Such other eligible rehabilitation costs shall be paid under normal CDBG payment procedures (e.g., from withdrawals of grant funds under the recipient's letter of credit with the Treasury).

(b) *Interest.* Interest earned on escrow accounts established in accordance with this section, less any service charges for the account, shall be remitted to HUD at least quarterly but not more frequently than monthly. Interest earned on escrow accounts is not required to be remitted to HUD to the extent the interest is attributable to the investment of program income.

(c) *Remedies for noncompliance.* If HUD determines that a recipient has failed to use an escrow account in accordance with this section, HUD may, in addition to imposing any other sanctions provided for under this part, require the recipient to discontinue the use of escrow accounts, in whole or in part.

[55 FR 32369, Aug. 8, 1990]

§ 570.512 [Reserved]

§ 570.513 Lump sum drawdown for financing of property rehabilitation activities.

Subject to the conditions prescribed in this section, recipients may draw funds from the letter of credit in a lump sum to establish a rehabilitation fund in one or more private financial institutions for the purpose of financing the rehabilitation of privately owned properties. The fund may be used in conjunction with various rehabilitation financing techniques, including loans, interest subsidies, loan guarantees, loan reserves, or such other uses as may be approved by HUD consistent with the objectives of this section. The fund may also be used for making grants, but only for the purpose of leveraging non-CDBG funds for the rehabilitation of the same property.

(a) *Limitation on drawdown of grant funds.* (1) The funds that a recipient deposits to a rehabilitation fund shall not exceed the grant amount that the recipient reasonably expects will be required, together with anticipated program income from interest and loan repayments, for the rehabilitation activities during the period specified in the agreement to undertake activities, based on either:

(I) Prior level of rehabilitation activity; or

(II) Rehabilitation staffing and management capacity during the period specified in the agreement to undertake activities.

(2) No grant funds may be deposited under this section solely for the purpose of investment, notwithstanding that the interest or other income is to be used for the rehabilitation activities.

(3) The recipient's rehabilitation program administrative costs and the administrative costs of the financial institution may not be funded through lump sum drawdown. Such costs must be paid from periodic letter of credit withdrawals in accordance with standard procedures or from program income, other than program income generated by the lump sum distribution.

(b) *Standards to be met.* The following standards shall apply to all lump sum drawdowns of CDBG funds for rehabilitation:

(1) *Eligible rehabilitation activities.* The rehabilitation fund shall be used to finance the rehabilitation of privately owned properties eligible under the general policies in §570.200 and the specific provisions of either §570.202, including the acquisition of properties for rehabilitation, or §570.203.

(2) *Requirements for agreement.* The recipient shall execute a written agreement with one or more private financial institutions for the operation of the rehabilitation fund. The agreement shall specify the obligations and responsibilities of the parties, the terms and conditions on which CDBG funds are to be deposited and used or returned, the anticipated level of rehabilitation activities by the financial institution, the rate of interest and other benefits to be provided by the financial institution in return for the lump sum deposit, and such other terms as are necessary for compliance with the provisions of this section. Upon execution of the agreement, a copy must be provided to the HUD field office for its record and use in monitoring. Any modifications made during the term of the agreement must also be provided to HUD.

(3) *Period to undertake activities.* The agreement must provide that the rehabilitation fund may only be used for authorized activities during a period of no more than two years. The lump sum deposit shall be made only after the agreement is fully executed.

(4) *Time limit on use of deposited funds.* Use of the deposited funds for rehabilitation financing assistance must start (e.g., first loan must be made, subsidized or guaranteed) within 45 days of the deposit. In addition, substantial disbursements from the fund must occur within 180 days of the receipt of the deposit. (Where CDBG funds are used as a guarantee, the funds that must be substantially disbursed are the guaranteed funds.) For a recipient with an agreement specifying two years to undertake activities, the disbursement of 25 percent of the fund (deposit plus any interest earned) within 180 days will be regarded as meeting this requirement. If a recipient with an agreement specifying two years to undertake activities determines that it has had substantial disbursement from the fund within the 180 days although it had not met this 25 percent threshold, the justification for the recipient's determination shall be included in the program file. Should use of deposited funds not start within 45 days, or substantial disbursement from such fund not occur within 180 days, the recipient may be required by HUD to return all or part of the deposited funds to the recipient's letter of credit.

(5) *Program activity.* Recipients shall review the level of program activity on a yearly basis. Where activity is substantially below that anticipated, program funds shall be returned to the recipient's letter of credit.

(6) *Termination of agreement.* In the case of substantial failure by a private financial institution to comply with the terms of a lump sum drawdown agreement, the recipient shall terminate its agreement, provide written justification for the action, withdraw all unobligated deposited funds from the private financial institution, and return the funds to the recipient's letter of credit.

(7) *Return of unused deposits.* At the end of the period specified in the agreement for undertaking activities, all unobligated deposited funds shall be returned to the recipient's letter of credit unless the recipient enters into a new agreement conforming to the requirements of this section. In addition, the recipient shall reserve the right to withdraw any unobligated deposited funds required by HUD in the exercise of corrective or remedial actions authorized under §570.910(b), §570.911, §570.912 or §570.913.

(8) *Rehabilitation loans made with non-CDBG funds.* If the deposited funds or program income derived from deposited funds are used to subsidize or guarantee repayment of rehabilitation loans made with non-CDBG funds, or to provide a supplemental loan or grant to the borrower of the non-CDBG funds, the rehabilitation activities are considered to be CDBG-assisted activities subject to the requirements applicable to such activities, except that repayment of non-CDBG funds shall not be treated as program income.

(9) *Provision of consideration.* In consideration for the lump sum deposit by the recipient in a private financial institution, the deposit must result in appropriate benefits in support of the recipient's local rehabilitation program. Minimum requirements for such benefits are:

(i) Grantees shall require the financial institution to pay interest on the lump sum deposit.

(A) The interest rate paid by the financial institution shall be no more than three points below the rate on one year Treasury obligations at constant maturity.

(B) When an agreement sets a fixed interest rate for the entire term of the agreement, the rate should be based on the rate at the time the agreement is executed.

(C) The agreement may provide for an interest rate that would fluctuate periodically during the term of the agreement, but at no time shall the rate be established at more than three points below the rate on one year Treasury obligations at constant maturity.

(II) In addition to the payment of interest, at least one of the following benefits must be provided by the financial institution:

(A) Leverage of the deposited funds so that the financial institution commits private funds for loans in the rehabilitation program in an amount substantially in excess of the amount of the lump sum deposit;

(B) Commitment of private funds by the financial institution for rehabilitation loans at below market interest rates, at higher than normal risk, or with longer than normal repayment periods; or

(C) Provision of administrative services in support of the rehabilitation program by the participating financial institution at no cost or at lower than actual cost.

(c) *Program income.* Interest earned on lump sum deposits and payments on loans made from such deposits are program income and, during the period of the agreement, shall be used for rehabilitation activities under the provisions of this section.

(d) *Outstanding findings.* Notwithstanding any other provision of this section, no recipient shall enter into a new agreement during any period of time in which an audit or monitoring finding on a previous lump sum drawdown agreement remains unresolved.

(e) *Prior notification.* The recipient shall provide the HUD field office with written notification of the amount of funds to be distributed to a private financial institution before distribution under the provisions of this section.

(f) *Recordkeeping requirements.* The recipient shall maintain in its files a copy of the written agreement and related documents establishing conformance with this section and concerning performance by a financial institution in accordance with the agreement.

Title 24: Housing and Urban Development

PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

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Subpart K—Other Program Requirements

Source: 53 FR 34456, Sept. 6, 1988, unless otherwise noted.

§ 570.600 General.

(a) This subpart K enumerates laws that the Secretary will treat as applicable to grants made under section 106 of the Act, other than grants to states made pursuant to section 106(d) of the Act, for purposes of the Secretary's determinations under section 104(e)(1) of the Act, including statutes expressly made applicable by the Act and certain other statutes and Executive Orders for which the Secretary has enforcement responsibility. This subpart K applies to grants made under the Insular Areas Program in §570.405 and §570.440 with the exception of §570.612. The absence of mention herein of any other statute for which the Secretary does not have direct enforcement responsibility is not intended to be taken as an indication that, in the Secretary's opinion, such statute or Executive Order is not applicable to activities assisted under the Act. For laws that the Secretary will treat as applicable to grants made to states under section 106(d) of the Act for purposes of the determination required to be made by the Secretary pursuant to section 104(e)(2) of the Act, see §570.487.

(b) This subpart also sets forth certain additional program requirements which the Secretary has determined to be applicable to grants provided under the Act as a matter of administrative discretion.

(c) In addition to grants made pursuant to section 106(b) and 106(d)(2)(B) of the Act (subparts D and F, respectively), the requirements of this subpart K are applicable to grants made pursuant to sections 107 and 119 of the Act (subparts E and G, respectively), and to loans guaranteed pursuant to subpart M.

[53 FR 34456, Sept. 6, 1988, as amended at 61 FR 11477, Mar. 20, 1996; 72 FR 12536, Mar. 15, 2007]

§ 570.601 Public Law 88-352 and Public Law 90-284; affirmatively furthering fair housing; Executive Order 11063.

(a) The following requirements apply according to sections 104(b) and 107 of the Act:

(1) Public Law 88-352, which is title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*), and implementing regulations in 24 CFR part 1.

(2) Public Law 90-284, which is the Fair Housing Act (42 U.S.C. 3601-3620). In accordance with the Fair Housing Act, the Secretary requires that grantees administer all programs and activities related to housing and community development in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, in accordance with section 104(b)(2) of the Act, for each community receiving a grant under subpart D of this part, the certification that the grantee will affirmatively further fair housing shall specifically require the grantee to assume the responsibility of fair housing planning by conducting an analysis to identify impediments to fair housing choice within its jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through that analysis, and maintaining records reflecting the analysis and actions in this regard.

(b) Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1983 Comp., p. 652; 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing), and implementing regulations in 24 CFR part 107, also apply.

[61 FR 11477, Mar. 20, 1996]

§ 570.602 Section 109 of the Act.

Section 109 of the Act 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 policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR part 6.

[64 FR 3802, Jan. 25, 1999]

§ 570.603 Labor standards.

(a) Section 110(a) of the Act contains labor standards that apply to nonvolunteer labor financed in whole or in part with assistance received under the Act. In accordance with section 110(a) of the Act, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) also applies. However, these requirements apply to the rehabilitation of residential property only if such property contains not less than 8 units.

(b) The regulations in 24 CFR part 70 apply to the use of volunteers.

[61 FR 11477, Mar. 20, 1996]

§ 570.604 Environmental standards.

For purposes of section 104(g) of the Act, the regulations in 24 CFR part 58 specify the other provisions of law which further the purposes of the National Environmental Policy Act of 1969, and the procedures by which grantees must fulfill their environmental responsibilities. In certain cases, grantees assume these environmental review, decisionmaking, and action responsibilities by execution of grant agreements with the Secretary.

[61 FR 11477, Mar. 20, 1996]

§ 570.605 National Flood Insurance Program.

Notwithstanding the date of HUD approval of the recipient's application (or, in the case of grants made under subpart D of this part or HUD-administered small cities recipients in Hawaii, the date of submission of the grantee's consolidated plan, in accordance with 24 CFR part 91), section 202(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) and the regulations in 44 CFR parts 59 through 79 apply to funds provided under this part 570.

[61 FR 11477, Mar. 20, 1996]

§ 570.606 Displacement, relocation, acquisition, and replacement of housing.

(a) *General policy for minimizing displacement.* Consistent with the other goals and objectives of this part, grantees (or States or state recipients, as applicable) shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of activities assisted under this part.

(b) *Relocation assistance for displaced persons at URA levels.* (1) A displaced person shall be provided with relocation assistance at the levels described in, and in accordance with the requirements of 49 CFR part 24, which contains the government-wide regulations implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601–4655).

(2) *Displaced person.* (i) For purposes of paragraph (b) of this section, the term "displaced person" means any person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves his or her personal property from real property, permanently and involuntarily, as a direct result of rehabilitation, demolition, or acquisition for an activity assisted under this part. A permanent, involuntary move for an assisted activity includes a permanent move from real property that is made:

(A) After notice by the grantee (or the state recipient, if applicable) to move permanently from the property, if the move occurs after the initial official submission to HUD (or the State, as applicable) for grant, loan, or loan guarantee funds under this part that are later provided or granted.

(B) After notice by the property owner to move permanently from the property, if the move occurs after the date of the submission of a request for financial assistance by the property owner (or person in control of the site) that is later approved for the requested activity.

(C) Before the date described in paragraph (b)(2)(i)(A) or (B) of this section, if either HUD or the grantee (or State, as applicable) determines that the displacement directly resulted from acquisition, rehabilitation, or demolition for the requested activity.

(D) After the "initiation of negotiations" if the person is the tenant-occupant of a dwelling unit and any one of the following three situations occurs:

(1) The tenant has not been provided with a reasonable opportunity to lease and occupy a suitable decent, safe, and sanitary dwelling in the same building/complex upon the completion of the project, including a monthly rent that does not exceed the greater of the tenant's monthly rent and estimated average utility costs before the initiation of negotiations or 30 percent of the household's average monthly gross income; or

(2) The tenant is required to relocate temporarily for the activity but the tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving

to and from the temporary location and any increased housing costs, or other conditions of the temporary relocation are not reasonable; and the tenant does not return to the building/complex; or

(3) The tenant is required to move to another unit in the building/complex, but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

(ii) Notwithstanding the provisions of paragraph (b)(2)(i) of this section, the term " *displaced person* -" does not include:

(A) A person who is evicted for cause based upon serious or repeated violations of material terms of the lease or occupancy agreement. To exclude a person on this basis, the grantee (or State or state recipient, as applicable) must determine that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance under this section;

(B) A person who moves into the property after the date of the notice described in paragraph (b)(2)(i)(A) or (B) of this section, but who received a written notice of the expected displacement before occupancy.

(C) A person who is not displaced as described in 49 CFR 24.2(g)(2).

(D) A person who the grantee (or State, as applicable) determines is not displaced as a direct result of the acquisition, rehabilitation, or demolition for an assisted activity. To exclude a person on this basis, HUD must concur in that determination.

(iii) A grantee (or State or state recipient, as applicable) may, at any time, request HUD to determine whether a person is a displaced person under this section.

(3) *Initiation of negotiations.* For purposes of determining the type of replacement housing assistance to be provided under paragraph (b) of this section, if the displacement is the direct result of privately undertaken rehabilitation, demolition, or acquisition of real property, the term " *initiation of negotiations* " means the execution of the grant or loan agreement between the grantee (or State or state recipient, as applicable) and the person owning or controlling the real property.

(c) *Residential antidisplacement and relocation assistance plan.* The grantee shall comply with the requirements of 24 CFR part 42, subpart B.

(d) *Optional relocation assistance.* Under section 105(a)(11) of the Act, the grantee may provide (or the State may permit the state recipient to provide, as applicable) relocation payments and other relocation assistance to persons displaced by activities that are not subject to paragraph (b) or (c) of this section. The grantee may also provide (or the State may also permit the state recipient to provide, as applicable) relocation assistance to persons receiving assistance under paragraphs (b) or (c) of this section at levels in excess of those required by these paragraphs. Unless such assistance is provided under State or local law, the grantee (or state recipient, as applicable) shall provide such assistance only upon the basis of a written determination that the assistance is appropriate (see, e.g., 24 CFR 570.201(i), as applicable). The grantee (or state recipient, as applicable) must adopt a written policy available to the public that describes the relocation assistance that the grantee (or state recipient, as applicable) has elected to provide and that provides for equal relocation assistance within each class of displaced persons.

(e) *Acquisition of real property.* The acquisition of real property for an assisted activity is subject to 49 CFR part 24, subpart B.

(f) *Appeals.* If a person disagrees with the determination of the grantee (or the state recipient, as applicable) concerning the person's eligibility for, or the amount of, a relocation payment under this section, the person may file a written appeal of that determination with the grantee (or state recipient, as applicable). The appeal procedures to be followed are described in 49 CFR 24.10. In addition, a low- or moderate-income household that has been displaced from a dwelling may file a written request for review of the grantee's decision to the HUD Field Office. For purposes of the State CDBG program, a low- or moderate-income household may file a written request for review of the state recipient's decision with the State.

(g) *Responsibility of grantee or State.* (1) The grantee (or State, if applicable) is responsible for ensuring compliance with the requirements of this section, notwithstanding any third party's contractual obligation to the grantee to comply with the provisions of this section. For purposes of the State CDBG program, the State shall require state recipients to certify that they will comply with the requirements of this section.

(2) The cost of assistance required under this section may be paid from local public funds, funds provided under this part, or funds available from other sources.

(3) The grantee (or State and state recipient, as applicable) must maintain records in sufficient detail to demonstrate compliance with the provisions of this section.

(Approved by the Office of Management and Budget under OMB control number 2506-0102)

[61 FR 11477, Mar. 20, 1996, as amended at 61 FR 51760, Oct. 3, 1996]

§ 570.607 Employment and contracting opportunities.

To the extent that they are otherwise applicable, grantees shall comply with:

(a) Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR 1964-1965 Comp. p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970., p. 803; 3 CFR, 1978 Comp., p. 230; 3 CFR, 1978 Comp., p. 264 (Equal Employment Opportunity), and Executive Order 13279 (Equal Protection of the Laws for Faith-Based and Community Organizations), 67 FR 77141, 3 CFR, 2002 Comp., p. 258; and the implementing regulations at 41 CFR chapter 60; and

(b) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.

[68 FR 56405, Sept. 30, 2003]

§ 570.608 Lead-based paint.

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this part apply to activities under this program.

[64 FR 50226, Sept. 15, 1999]

§ 570.609 Use of debarred, suspended or ineligible contractors or subrecipients.

The requirements set forth in 24 CFR part 5 apply to this program.

[61 FR 5209, Feb. 9, 1996]

§ 570.610 Uniform administrative requirements and cost principles.

The recipient, its agencies or instrumentalities, and subrecipients shall comply with the policies, guidelines, and requirements of 24 CFR part 85 and OMB Circulars A-87, A-110 (implemented at 24 CFR part 84), A-122, A-133 (implemented at 24 CFR part 45), and A-128² (implemented at 24 CFR part 44), as applicable, as they relate to the acceptance and use of Federal funds under this part. The applicable sections of 24 CFR parts 84 and 85 are set forth at §570.502.

² See footnote 1 at §570.200(a)(5).

[60 FR 56916, Nov. 9, 1995]

§ 570.611 Conflict of interest.

(a) *Applicability.* (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to §570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to §570.203, 570.204, 570.455, or 570.703(i)).

(b) *Conflicts prohibited.* The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

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

(d) *Exceptions.* Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) *Threshold requirements.* HUD will consider an exception only after the recipient has provided the following documentation:

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

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

(2) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

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

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

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

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

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

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

(vii) Any other relevant considerations.

[60 FR 56916, Nov. 9, 1995]

§ 570.612 Executive Order 12372.

(a) *General.* Executive Order 12372, Intergovernmental Review of Federal Programs, and the Department's implementing regulations at 24 CFR part 52, allow each State to establish its own process for review and comment on proposed Federal financial assistance programs.

(b) *Applicability.* Executive Order 12372 applies to the CDBG Entitlement program and the UDAG program. The Executive Order applies to all activities proposed to be assisted under UDAG, but it applies to the Entitlement program only where a grantee proposes to use funds for the planning or construction (reconstruction or installation) of water or sewer facilities. Such facilities include storm sewers as well as all sanitary sewers, but do not include water and sewer lines connecting a structure to the lines in the public right-of-way or easement. It is the responsibility of the grantee to initiate the Executive Order review process if it proposes to use its CDBG or UDAG funds for activities subject to review.

§ 570.613 Eligibility restrictions for certain resident aliens.

(a) *Restriction.* Certain newly legalized aliens, as described in 24 CFR part 49, are not eligible to apply for benefits under covered activities funded by the programs listed in paragraph (e) of this section. "Benefits" under this section means financial assistance, public services, jobs and access to new or rehabilitated housing and other facilities made available under covered activities funded by programs listed in paragraph (e) of this section. "Benefits" do not include relocation services and payments to which displacees are entitled by law.

(b) *Covered activities.* "Covered activities" under this section means activities meeting the requirements of §570.208(a) that either:

(1) Have income eligibility requirements limiting the benefits exclusively to low and moderate income persons; or

(2) Are targeted geographically or otherwise to primarily benefit low and moderate income persons (excluding activities serving the public at large, such as sewers, roads, sidewalks, and parks), and that provide benefits to persons on the basis of an application.

(c) *Limitation on coverage.* The restrictions under this section apply only to applicants for new benefits not being received by covered resident aliens as of the effective date of this section.

(d) *Compliance.* Compliance can be accomplished by obtaining certification as provided in 24 CFR 49.20.

(e) *Programs affected.* (1) The Community Development Block Grant program for small cities, administered under subpart F of part 570 of this title until closeout of the recipient's grant.

(2) The Community Development Block Grant program for entitlement grants, administered under subpart D of part 570 of this title.

(3) The Community Development Block Grant program for States, administered under subpart I of part 570 of this title until closeout of the unit of general local government's grant by the State.

(4) The Urban Development Action Grants program, administered under subpart G of part 570 of this title until closeout of the recipient's grant.

[55 FR 18494, May 2, 1990]

§ 570.614 Architectural Barriers Act and the Americans with Disabilities Act.

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

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

[60 FR 58917, Nov. 9, 1995]

EXHIBIT B SCOPE OF WORK

Part 1- General Information

The HMIS program is designed to aggregate data collected by all users in order to generate an unduplicated count of clients served within a community's system of homeless services. The Tennessee Valley Coalition's HMIS will cover an eleven county regional area comprised of Hamblen, Cocke, Jefferson, Sevier, Blount, Monroe, Loudon, Grainger, Claiborne, Union, and Campbell Counties. The HMIS will provide up to date information on client characteristics and service utilization. It will allow member agencies to track services provided, to network and consult, and to better serve our homeless populations by reducing duplication of services and fraud.

The HMIS Homeless Facilities project National Objective will be 'low/mod limited clientele' as the primary beneficiary will be homeless persons. The overwhelming majority of the beneficiaries will be LMI or lower.

The eligible activity category/accomplishment type will be 'Public Services'. The specific clientele to be served by this program will be at least 51% low/mod income persons.

The Performance Measure Objective for this program will be 'Suitable Living Environment' and the Outcome will be 'Availability / Accessibility' as it will increase access or availability to shelter or service that will improve the beneficiary's living environment.

The software program will track the number of individuals served as well as the client and system level activities provided with measurable results. These Outcome performance indicators will be identified and tracked by the software and reported annually to HUD.

Part 2- Project Specific Information

Project Title: (HMIS) Homeless Management Information System

Project Description: This is a computerized data collection application designed to capture client-level information over time on the characteristics and service needs of men, women, and children experiencing homelessness, while also protecting confidentiality in an 11+ county area.

Priority Need/Local Objective: The need for homeless facilities/services was identified as a medium level priority in the Morristown 2009 Consolidated Plan.

Funding Sources: CDBG- \$4500.00.

National CDBG Eligible Activity Category Public Services	CDBG National Objectives LMLC	HUD Matrix Code 05	CDBG Citation 570.201(e)
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Project ID	Type of Recipient Local Government	Start Date 7-1-16	Completion Date 6-30-17
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Performance Indicator # of clients served	Proposed Annual Units 2000	IDIS Activity #	Units Upon Completion
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Annual Action Plan Performance Measurement

National Performance Measure Objective	National Performance Measure Outcome	Specific Objectives	Proposed Actions	Accomplishment Data by CDBG Program Year	
				Proposed	Actual
Create suitable living environment	Availability/ Accessibility	End chronic homelessness	Monitor # of individuals assisted toward moving out of homelessness	2000	

A. Public Service. To be used for public service projects administered by a City or City agency, non-profit or faith-based organization.

B. Public Facility - Acquisition, Construction and/or Substantial Rehabilitation. To be used for public facilities and improvements, infrastructure, facility rehabilitation/ construction and/or property acquisition for facility construction.

C. Economic Development. To be used for projects that provide commercial development, technical or financial assistance to a business and/or projects which create and/or retain jobs to be filled by or made available to low-income persons.

D. Housing Rehabilitation or Code Enforcement. To be used for all single-family owner-occupied housing rehabilitation programs (including Mobile home Repair programs) and all code enforcement programs.

E. Other Projects. To be used for projects that cannot be adequately described on any of the above Part II project application forms, yet CDBG City staff have determined the project to be eligible.

F. The Environmental review for this project is complete and certified.

EXHIBIT C REQUIREMENTS FOR QUARTERLY REPORTING **N/A**

(if applicable)

The QSR must be completed each quarter regardless of whether CDBG funds are expended in the quarter.

The following categories are critical for the proper reporting of achievements for your program:

Type of Beneficiaries Served - The entire QSR should reflect only households served or — persons served, not both.

Households are generally used when the program addresses housing units (housing rehabilitation, homebuyer programs, etc.).

Persons are used for public service programs, public facility improvements, etc.

The QSR is cumulative in that each quarter, the number of new or additional beneficiaries will be added to the previous quarter's QSR report information.

At year-end, the beneficiary counts will reflect the **unduplicated** total of beneficiaries served during the program year.

Income eligibility – Income category dollar amounts and ranges are **updated** and published **annually** by HUD. If your program uses intake or membership forms to verify client income, your intake forms must be updated annually.

Race and Ethnicity – In 2003, HUD revised its standards for collection of racial data, based on OMB direction in 2000. There were two significant impacts on grantee data collection and reporting:

(1) **Hispanic** is now considered an ethnicity category rather than a race category. OMB recommends that when collecting racial data, grantees ask respondents to identify their ethnicity prior to asking them to identify their race; and

(2) **Asian/Pacific Islander** was split into the two categories of Asian and Native Hawaiian/Other Pacific Islander.

Additional instructions for the completion of the QSR are provided in the "Instructions for the Quarterly Status Report (QSR)" will be provided with the FY 2010-11 QSR.

EXHIBIT D REQUIREMENTS FOR REIMBURSEMENT REQUESTS

The following are some key points regarding the **documentation** required in order to submit a complete Request for Payment.

Complete and accurate documentation that supports each request must be attached. The documentation should be:

1. Clearly marked to indicate which program the expenditure relates to and the applicable dollar amount on the receipt. The dollar amount should be circled or highlighted.
2. Summarized. Summary listings should be provided if there are extensive receipts and documents.
3. Detailed.

N/A. Payroll – (If applicable) Time sheets for each pay period, for each employee charging time to the CDBG program, should be included. Time sheets must be signed by the employee and the manager. Time sheets should reflect the total time worked each day (8 hours, etc.) with **the amount of CDBG time being charged clearly identified**. Proof of payment, such as a payroll register or copies of pay checks must also be included.

Other charges – An invoice for the charge and documentation that the invoice was paid.

4. Well Documented.

CDBG funds are issued on a reimbursement **basis** only. All items requested for reimbursement must have an invoice (or some document that verifies the expenditure was incurred) and evidence of payment.

Specific documentation, in addition to financial expenditures, may also be required. For projects affected by the Davis-Bacon Act and/or the Uniform Relocation Act more rigorous documentation must be submitted. Please refer to specific conditions in your contract for the type of documentation that is required to back up your claim(s) for reimbursement.

City of Morristown

Incorporated 1855



Department of Community Development & Planning

July 27, 2016

To: Tony Cox
From: Tracy Stroud
Re: Community Development contracts

Below is a brief synopsis of the four contracts to go before City Council at the next council meeting. All of the projects were approved with this year's action plan and budgeted accordingly;

1. Emergency Shelter Grants program (ESG) City/MATS contract. This contract is for \$50,850 and is funded by THDA. It requires a 50/50 match which is provided by the Subgrantee, MATS (Ministerial Association Temporary Shelter). MATS uses the funds for operating costs to run the homeless shelter. We pass the funds through and I monitor compliance with THDA regulations.
2. Community Development Block Grant (CDBG) contract with Rose Center. This contract is for \$17,400.00 and is funded by HUD. There is no match. Rose Center plans to replace at least two HVAC units with the funds. We pass the funds through and I monitor compliance with HUD regulations.
3. CDBG contract with the TN Valley Coalition for the Homeless (TVCH). This contract is for \$4500.00 and is funded through HUD. There is no match. TVCH is the lead entity for the areas Homeless Management and Information System (HMIS). This is a computerized data collection program designed to capture client-level information over time on the characteristics and service needs of men, women, and children experiencing homelessness. The data is ultimately provided to congress as an aid to funding decisions. We pass the funds through and I monitor compliance with HUD regulations.
4. CDBG contract with Morristown-Hamblen Central Services (MHCS). This contract is for \$9000.00 and is funded through HUD. There is no match. MHCS will utilize the funds to assist qualifying people at risk of homelessness with rent or utility payments. We pass the funds through and I monitor compliance with HUD regulations.

Please let me know if you need anything else or if you have any questions.

Thanks,
Tracy





COMMUNITY DEVELOPMENT BLOCK GRANT SUBRECIPIENT CONTRACT

**CITY OF MORRISTOWN
AND
MORRISTOWN-HAMBLEN CENTRAL
SERVICES (MHCS)**

FOR

JULY 1, 2016 TO JUNE 30, 2017

COMMUNITY DEVELOPMENT BLOCK GRANT SUBRECIPIENT CONTRACT

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**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
CFDA #14.218**

SUBRECIPIENT CONTRACT

This contract is entered into between the **City of Morristown** as Recipient, hereinafter referred to as City; and Morristown-Hamblen Central Services (MHCS), hereinafter referred to as Subrecipient.

All of the funds provided under this Agreement come from the Community Development Block Grant (hereafter "CDBG") program, as authorized by the United States Department of Housing and Urban Development (hereinafter referred to as "HUD"). HUD is the original grantor of the CDBG funds.

I. PURPOSE

This contract sets forth the responsibilities of City and Subrecipient in accomplishing the objectives of the United States Department of Housing and Urban Development (HUD) Community Development Block Grant Program, as set forth in the Housing and Community Development Act of 1974, as amended, (Public Law 93-383; 42 U.S.C. 5301 et seq.), hereinafter referred to as CDBG.

The City, as grant recipient, will be responsible for receiving and securing the HUD/CDBG funds identified within this contract and for distribution of same to Subrecipient.

The City is sub granting funds to the Subrecipient to be used for the primary objective of the CDBG program of developing viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income (which is defined as 80 percent or less of the area's median income). Funded projects must be consistent with the goals and objectives of the City of Morristown 2014-2019 Consolidated Plan.

The Subrecipient shall abide by the terms of this contract and the attached exhibits:

EXHIBIT A: GENERAL PROVISIONS

EXHIBIT B: SCOPE OF WORK

EXHIBIT C: REQUIREMENTS FOR REPORTING

EXHIBIT D: REQUIREMENTS FOR REIMBURSEMENT REQUESTS

II. GENERAL PROVISIONS

The basic program regulations governing management and financial systems for the CDBG program are contained in 24 Code of Federal Regulations part 570, subparts J and K. They are applicable both to grantees and cities in the public and private sectors:

- (A) Subpart J (24 C.F.R. 570.500–570.513) addresses general responsibilities for grant administration, including the applicability of uniform administrative requirements, provisions of Subrecipient Agreements, program income, use of real property, record keeping and reporting, and closeout procedures.
- (B) Subpart K (24 C.F.R. 570.600–570.613) deals with other program requirements of the CDBG program, including civil rights; labor standards; environmental standards; flood insurance; relocation; displacement; acquisition; employment and contracting opportunities; lead-based paint; use of debarred, suspended, or ineligible contractors; uniform administrative requirements and cost principles; and conflicts of interest.

In addition to the basic regulations of the CDBG program contained in 24 Code of Federal Regulations part 570, there are three other categories of requirements that affect the administrative systems and procedures cities must have in place to receive support:

- a) Federal regulations governing administrative and audit requirements for grants and cooperative agreements (governmental Cities) for which HUD has oversight responsibilities.
- b) Administrative circulars from the Office of Management and Budget (OMB) and Department of the Treasury governing cost principles, administrative systems, fiscal procedures, and audit requirements for grantees and Cities.
- c) Executive Orders from the Office of the President implementing various equal employment opportunity and environmental policies.

These requirements are described in detail in Exhibit A of this contract.

III. SCOPE OF WORK

A. National Objectives

All activities funded with CDBG funds must meet one of the CDBG program's National Objectives: benefit low- and moderate-income persons (a minimum of 51 percent of the beneficiaries must have individual or household incomes which are considered low and moderate income); aid in the prevention or elimination of slums or blight; or meet community development needs having a particular urgency, as defined in 24 Code of Federal Regulations part 570.208.

B. Activities

The Scope of Work for each approved project is described in Exhibit B, which is comprised of, at a minimum, the following documents:

Part I – General Information

Part II – Project Specific- Part II will be one of the following documents:

- A. Public Service. To be used for public service projects administered by a City or City agency, non-profit or faith-based organization.
- B. Public Facility - Acquisition, Construction and/or Substantial Rehabilitation. To be used for public facilities and improvements, infrastructure, facility rehabilitation/ construction and/or property acquisition for facility construction.
- C. Economic Development. To be used for projects that provide commercial development, technical or financial assistance to a business and/or projects which create and/or retain jobs to be filled by or made available to low-income persons.
- D. Housing Rehabilitation or Code Enforcement. To be used for all single-family owner-occupied housing rehabilitation programs (including Mobile home Repair programs) and all code enforcement programs.
- E. Other Projects. To be used for projects that cannot be adequately described on any of the above Part II project application forms, yet CDBG City staff have determined the project to be eligible.

Some project's Scope of Work may also include Part III - Preliminary Environmental Review.

C. Performance Measures and Monitoring

The Subrecipient agrees to provide the levels of service (number of persons served, number of units rehabbed, etc.) and meet the implementation schedule (if applicable) as specified below:

Project Number	Project Name/Activity Description	# Low-Mod Beneficiaries to be Served	Implementation Milestones	
			Mo/Yr Begin	Mo/Yr End
CD645	MHCS Homeless Prevention Program	City Wide	7-1-16	6-30-17

***For more detail on each goal, refer to Exhibit B, Part II.**

The City will monitor the performance of the Subrecipient against goals and performance standards as stated above on a quarterly basis. Material substandard performance as determined by the Grantee will constitute noncompliance with this Agreement. If action to correct such material substandard performance is not taken by the Subrecipient within a reasonable period of time after being notified by the Grantee, contract suspension or termination procedures may be initiated.

D. Projects

Subrecipient agrees to implement the project(s) identified below and as described in the specified section of Exhibit B, which is included in this contract and made a part hereof by this reference:

TABLE I

Project Number	Project Name/Activity Description	Amount Obligated
CD645	MHCS Homeless Prevention Program	\$9000.00
TOTAL AMOUNT OF FUNDS OBLIGATED		\$9000.00

IV. MODIFICATIONS / CONTRACT AMENDMENTS

The City may, at its discretion, amend and/or terminate this contract in order to comply with federal, state and local laws, regulations or guidelines. Any other modifications to this contract must be executed in writing and approved by a duly authorized representative of each party. A written amendment executed by each party to this contract shall be required in order to change any of the following:

Total funds obligated to the project,

- Project scope/activities, location, beneficiaries, or level of service; and/or
- The allocation of resources within the project budget.
-

V. TERM

The term of this contract shall commence on the date the Community Development Coordinator signs this contract on behalf of the City, as noted below in Section XIII (City and Subrecipient Approval), and shall terminate at such time as: (1) the project activities are completed and the allocated monies are expended or reprogrammed; or (2) the contract is terminated by either party for cause or convenience.

VI. AVAILABILITY / OBLIGATION OF FUNDS

Funding of this contract is contingent on the availability of CDBG funds and continued federal authorization for program activities, and is subject to amendment or termination due to lack of funds or authorization.

The Subrecipient shall not obligate any funds, incur any costs, or initiate identified project(s) until all environmental reviews have been completed and certified

COMPENSATION AND REPORTING

Subrecipient agrees to supply to City, within a specified period of time after conclusion of report period or specific request, progress reports and/or other documentation as may be required by the City to audit performance of this contract and/or to enable the City to analyze and evaluate utilization of the Subrecipients program. Subrecipient shall maintain separate accounting and financial records for each funding (revenue) source in support of the project(s).

A. Quarterly Status Reports (QSR) -If Applicable N/A

QSRs shall address project status and, if applicable, explanation of any problems/delays encountered and/or anticipated and measures to be taken to correct such problems; revised milestones including anticipated schedule for project completion; direct benefit statistics. In addition, Subrecipient shall provide as part of the progress report, any citizen comments received during the reporting period relative to the project(s), any responses to such comments, and additional project information, as needed. Subrecipients shall submit such report quarterly within **twenty-one** (21) days of the close of the report period. Additional requirements for compiling data for the quarterly report are included in **Exhibit C**.

Reporting periods are defined in the table below:

QTR	Reporting Period	Due Date	Fax: 805-654-5106
1	July - September	October 21	Mailing address:
2	October - December	January 21	City of Morristown
3	January - March	April 21	Community Development 100 West First North St Morristown, TN 37816
4	April - June	July 21	E-mail: tstroud@mymorristown.com

B. Expenditure Summary and Payment Request

The Subrecipient shall submit **original, signed**, Pay Request (PR) and copies of supporting documents for payment to the City's Community Development Office by the 10th day of each month. If the 10th of the month falls on a Saturday, or Sunday, then Pay Request forms, with attached invoices, will be due by 3 p.m. the Friday preceding the 10th. The City will make all reasonable attempts for payment of accurate and approved Pay Requests within thirty (30) days of receipt. However, if Pay Requests are submitted without the required back up documentation, the reimbursement request may be held over until the next month reimbursement cycle. PR's may be submitted no more often than once a month and no less often than once every three (3) months for projects incurring expenses. Due to HUD timeliness of expenditure requirements, **failure to submit reimbursement requests in a timely manner may lead to reallocation of project funds.** Additional requirements for backup data for the reimbursement request are included in **Exhibit D**.

C. HUD/City Reports

The Subrecipient shall submit to the City and cause each of its own subrecipients or subcontractors to furnish all information and reports required hereunder in a timely manner to the City including, but not limited to, EEO-4 State and Local Government Information (EEO-4, formally known as the State and Local Government Report) Survey¹ and Minority Financial Institution Reports, and provide, as requested by HUD and/or the City, information necessary to prepare the Consolidated Annual Performance and Evaluation Report (CAPER), Consolidated Plan, Annual Plan, and HUD Monitoring Tool Checklists. The following is a list of some of the major reporting due dates.

N/A. Monthly PR's (with original signatures) and back up need to be in our office by 5 p.m. on the 10th of the month or the Friday before, when the 10th falls on the weekend.

¹ The U.S. Equal Employment Opportunity Commission (EEOC) collects workforce data from employers with more than 100 employees (lower thresholds apply to federal contractors). Employers meeting the reporting thresholds have a legal obligation to provide the data; it is not voluntary.

N/A. Quarterly Reports (QSRs) if applicable are due on or before October 21, January 21, April 21, and July 21. The July report also includes a narrative summarizing the fiscal year activities/challenges, which I include in our annual report (CAPER) to HUD.

Semi-annually - late March and late September - if applicable, we will request information for the HUD Labor Standards report (**HUD 4710 . Semi-annual Labor Standards Enforcement Report**) for construction contracts or purchase orders greater than \$2,000 and for the Minority/Business Enterprise report (**HUD 2516 - Contract and Subcontract Activity**) for contract activities greater than \$10,000.

Yearly - additional input for the CAPER and if applicable, for Section 3 Reporting/Davis Bacon (**HUD 60002 . Section 3 Summary Report . Economic Opportunities for Low- and Very Low- Income Persons**)- for projects greater than \$200,000 and contracts greater than \$100,000 - will be requested in mid-July, due Mid- August.

D. Completion Report for Non-Public Service Projects- If Applicable

The Subrecipient shall prepare and submit to the City a **Project Completion Report within thirty (30) days of project completion** if applicable. Said report shall consist of an overview and evaluation of the project, a comparison of milestones' progress, total costs, listing of files, listing of personnel, and other reasonable information requested by the City. The City shall complete final monitoring within 180 days of receipt of the completion report.

E. Audit

The Subrecipient shall be responsible for conducting an annual audit of its CDBG program in compliance with the applicable OMB Circular as indicated in Exhibit A, Section II.A. If an audit is required, a copy of said audit shall be forwarded to the City upon completion. Any costs associated with the annual audit shall be the responsibility of and paid for by the Subrecipient and are not reimbursable through the CDBG program.

VIII. SPECIFIC CONDITIONS

The Subrecipient agrees to the following specific conditions:

Other Conditions . Depending on the Project

N/A

- A. As cited in Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 1701u), Subrecipient, to the greatest extent feasible, must ensure that when opportunities for training and employment arise in connection with a construction project, priority should be given to low- and very low-income residents within the service area of the project and to low- and very low-income participants in other HUD programs.

- B. Property acquired by the Subrecipient with CDBG funds must continue to meet one of the CDBG program's National Objectives for at least 20 years after the expiration of the Subrecipient Agreement. If a National Objective is not maintained during this time period, the Subrecipient must reimburse the grantee for the current fair market value (including an equity share in the appreciated value of the property, if applicable), less any portion of the value attributable to non-CDBG funds.

C. Program Income

Program Income requirements are detailed in 24 CFR 570.504(c) if applicable. Program income may be retained by the subrecipient during the fiscal year, however program income must be expended on any CDBG eligible activity before any transfers of additional grant funds will be requested by the grantee for the subrecipient (per 24 CFR 570.504 (b)(2)(i), (ii) and (iii), and 570.504(c)). At the end of the FY any remaining program income is to be returned to the grantee.

The Subrecipient shall report on monthly reimbursement requests all program income (as defined at 24 CFR 570.500(a)) generated by activities carried out with CDBG funds made available under this contract.

Failure to respond to requests for information within 14 calendar days may result in reprogramming of project funds.

IX. REQUESTS FOR TECHNICAL ASSISTANCE

The Subrecipient shall refer to the City Community Development Office any regulatory or procedural questions regarding operation of its CDBG project(s). Requests should specify the problem area, particular assistance being requested and proposed solution, if applicable.

X. AUTHORITY TO BIND

By entering into this contract, the Subrecipient certifies that it is qualified and licensed to conduct business in the State of Tennessee.

XI. NOTICES

Any notice or notices required or permitted to be given pursuant to this contract may be personally served on the other party by the party giving such notice or may be served by certified mail. Notices required by this Agreement shall be in writing and delivered via mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date

of receipt. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

<u>Grantee</u>	<u>Subrecipient</u>
Tracy L. Stroud, CDC	Barbara Simmons, E.D., MHCS
tstroud@mymorristown.com	www.mhcentralservices.org
100 W. 1 st N. St.	2450 S. Cumberland St.
Morristown, Tennessee 37816	Morristown, TN 37813
Phone: 423-585-1834	423-586-9431
Fax: 423-585-4679	423-586-9493

XII. CITY AND SUBRECIPIENT APPROVAL

The City and the Subrecipient agree to abide by the terms, conditions, assurances and certifications as specified in this contract.

XIII. ENTIRE AGREEMENT

This contract, and its referenced attachments, contains the entire agreement between the parties relating to the rights herein granted and the obligations herein assumed, and, once it becomes final, it will completely supersede any prior written or oral agreements or representations regarding same. Any oral representation or modification concerning this writing shall be of no force and effect.

XIV. APPLICABLE LAW

This contract is entered into, and shall be construed and interpreted in accordance with the laws of the State of Tennessee.

CITY APPROVAL

(Signature)

(Title)

(Date)

SUBRECIPIENT APPROVAL

(Signature) [NAME]

Executive Director
(Title)

(Date)

[G:\Regional](#)

EXHIBIT A GENERAL PROVISIONS

Exhibit A

24 Code of Federal Regulations part 570, subparts J and K.

Title 24: Housing and Urban Development **PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS**

[Browse Previous](#) | [Browse Next](#)

Subpart J—Grant Administration

Source: 53 FR 8058, Mar. 11, 1988, unless otherwise noted.

§ 570.500 Definitions.

For the purposes of this subpart, the following terms shall apply:

(a) *Program income* means gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds, except as provided in paragraph (a)(4) of this section.

(1) Program income includes, but is not limited to, the following:

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

(ii) Proceeds from the disposition of equipment purchased with CDBG funds;

(iii) Gross income from the use or rental of real or personal property acquired by the recipient or by a subrecipient with CDBG funds, less costs incidental to generation of the income;

(iv) Gross income from the use or rental of real property, owned by the recipient or by a subrecipient, that was constructed or improved with CDBG funds, less costs incidental to generation of the income;

(v) Payments of principal and interest on loans made using CDBG funds, except as provided in paragraph (a)(3) of this section;

(vi) Proceeds from the sale of loans made with CDBG funds;

(vii) Proceeds from sale of obligations secured by loans made with CDBG funds;

(viii) [Reserved]

(ix) Interest earned on program income pending its disposition; and

(x) Funds collected through special assessments made against properties owned and occupied by households *not* of low and moderate income, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

(2) Program income does not include income earned (except for interest described in §570.513) on grant advances from the U.S. Treasury. The following items of income earned on grant advances must be remitted to HUD for transmittal to the U.S. Treasury, and will not be reallocated under section 106(c) or (d) of the Act:

(i) Interest earned from the investment of the initial proceeds of a grant advance by the U.S. Treasury;

(ii) Interest earned on loans or other forms of assistance provided with CDBG funds that are used for activities determined by HUD either to be ineligible or to fail to meet a national objective in accordance with the requirements of subpart C of this part, or that fail substantially to meet any other requirement of this part; and

(iii) Interest earned on the investment of amounts reimbursed to the CDBG program account prior to the use of the reimbursed funds for eligible purposes.

(3) The calculation of the amount of program income for the recipient's CDBG program as a whole (i.e., comprising activities carried out by a grantee and its subrecipients) shall exclude payments made by subrecipients of principal and/or interest on CDBG-funded loans received from grantees if such payments are made using program income received by the subrecipient. (By making such payments, the subrecipient shall be deemed to have transferred program income to the grantee.) The amount of program income derived from this calculation shall be used for reporting purposes, for purposes of applying the requirement under §570.504(b)(2)(iii), and in determining limitations on planning and administration and public services activities to be paid for with CDBG funds.

(4) Program income does not include:

(i) Any income received in a single program year by the recipient and all its subrecipients if the total amount of such income does not exceed \$25,000; and

(ii) Amounts generated by activities that are financed by a loan guaranteed under section 108 of the Act and meet one or more of the public benefit criteria specified at §570.209(b)(2)(v) or are carried out in conjunction with a grant under section 108(q) in an area determined by HUD to meet the eligibility requirements for designation as an Urban Empowerment Zone pursuant to 24 CFR part 597, subpart B. Such exclusion shall not apply if CDBG funds are used to repay the guaranteed loan. When such a guaranteed loan is partially repaid with CDBG funds, the amount generated shall be prorated to reflect the percentage of CDBG funds used. Amounts generated by activities financed with loans guaranteed under section 108 which are not defined as program income shall be treated as miscellaneous revenue and shall not be subject to any of the requirements of this part, except that the use of such funds shall be limited to activities that are located in a revitalization strategy area and implement a HUD approved area revitalization strategy pursuant to §91.215(e) of this title. However, such treatment shall not affect the right of the Secretary to require the section 108 borrower to pledge such amounts as security for the guaranteed loan. The determination whether such amounts shall constitute program income shall be governed by the provisions of the contract required at §570.705(b)(1).

(5) Examples of other receipts that are not considered program income are proceeds from fund raising activities carried out by subrecipients receiving CDBG assistance (the costs of fundraising are generally unallowable under the applicable OMB circulars referenced in 24 CFR 84.27), funds collected through special assessments used to recover the non-CDBG portion of a public improvement, and proceeds from the disposition of real property acquired or improved with CDBG funds when the disposition occurs after the applicable time period specified in §570.503(b)(8) for subrecipient-controlled property, or in §570.505 for recipient-controlled property.

(b) *Revolving fund* means a separate fund (with a set of accounts that are independent of other program accounts) established for the purpose of carrying out specific activities which, in turn, generate payments to the fund for use in carrying out the same activities. Each revolving loan fund's cash balance must be held in an interest-bearing account, and any interest paid on CDBG funds held in this account shall be considered interest earned on grant advances and must be remitted to HUD for transmittal to the U.S. Treasury no less frequently than annually. (Interest paid by borrowers on eligible loans made from the revolving loan fund shall be program income and treated accordingly.)

(c) *Subrecipient* means a public or private nonprofit agency, authority, or organization, or a for-profit entity authorized under §570.201(o), receiving CDBG funds from the recipient or another subrecipient to undertake activities eligible for such assistance under subpart C of this part. The term excludes an entity receiving CDBG funds from the recipient under the authority of §570.204, unless the grantee explicitly designates it as a subrecipient. The term includes a public agency designated by a unit of general local government to receive a loan guarantee under subpart M of this part, but does not include contractors providing supplies, equipment, construction, or services subject to the procurement requirements in 24 CFR 85.36 or 84.40, as applicable.

[53 FR 8058, Mar. 11, 1988, as amended at 57 FR 27120, June 17, 1992; 60 FR 1952, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 55914, Nov. 9, 1995]

§ 570.501 Responsibility for grant administration.

(a) One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of the recipient to undertake activities assisted by this part. A public agency so designated shall be subject to the same requirements as are applicable to subrecipients.

(b) The recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the recipient of this responsibility. The recipient is also responsible for determining the adequacy of performance under subrecipient agreements and procurement contracts, and for taking appropriate action when performance problems arise, such as the actions described in §570.910. Where a unit of general local government is participating with, or as part of, an urban county, or as part of a metropolitan city, the recipient is responsible for applying to the unit of general local government the same requirements as are applicable to subrecipients, except that the five-year period identified under §570.503(b)(8)(i) shall begin with the date that the unit of general local government is no longer considered by HUD to be a part of the metropolitan city or urban county, as applicable, instead of the date that the subrecipient agreement expires.

[53 FR 8058, Mar. 11, 1988, as amended at 57 FR 27120, June 17, 1992]

§ 570.502 Applicability of uniform administrative requirements.

(a) Recipients and subrecipients that are governmental entities (including public agencies) shall comply with the requirements and standards of OMB Circular No. A-87, "Cost Principles for State, Local, and Indian Tribal Governments"; OMB Circular A-128, "Audits of State and Local Governments" (implemented at 24 CFR part 44); and with the following sections of 24 CFR part 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments" or the related CDBG provision, as specified in this paragraph:

- (1) Section 85.3, "Definitions";
- (2) Section 85.6, "Exceptions";
- (3) Section 85.12, "Special grant or subgrant conditions for 'high-risk' grantees";
- (4) Section 85.20, "Standards for financial management systems," except paragraph (a);
- (5) Section 85.21, "Payment," except as modified by §570.513;
- (6) Section 85.22, "Allowable costs";
- (7) Section 85.26, "Non-federal audits";
- (8) Section 85.32, "Equipment," except in all cases in which the equipment is sold, the proceeds shall be program income;
- (9) Section 85.33, "Supplies";

- (10) Section 85.34, "Copyrights";
- (11) Section 85.35, "Subawards to debarred and suspended parties";
- (12) Section 85.36, "Procurement," except paragraph (a);
- (13) Section 85.37, "Subgrants";
- (14) Section 85.40, "Monitoring and reporting program performance," except paragraphs (b) through (d) and paragraph (f);
- (15) Section 85.41, "Financial reporting," except paragraphs (a), (b), and (e);
- (16) Section 85.42, "Retention and access requirements for records," except that the period shall be four years;
- (17) Section 85.43, "Enforcement";
- (18) Section 85.44, "Termination for convenience";
- (19) Section 85.51 "Later disallowances and adjustments" and
- (20) Section 85.52, "Collection of amounts due."

(b) Subrecipients, except subrecipients that are governmental entities, shall comply with the requirements and standards of OMB Circular No. A-122, "Cost Principles for Non-profit Organizations," or OMB Circular No. A-21, "Cost Principles for Educational Institutions," as applicable, and OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions" (as set forth in 24 CFR part 45). Audits shall be conducted annually. Such subrecipients shall also comply with the following provisions of the Uniform Administrative requirements of OMB Circular A-110 (Implemented at 24 CFR part 84, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations") or the related CDBG provision, as specified in this paragraph:

- (1) Subpart A—"General";
- (2) Subpart B—"Pre-Award Requirements," except for §84.12, "Forms for Applying for Federal Assistance";
- (3) Subpart C—"Post-Award Requirements," except for:
 - (i) Section 84.22, "Payment Requirements." Grantees shall follow the standards of §§85.20(b)(7) and 85.21 in making payments to subrecipients;
 - (ii) Section 84.23, "Cost Sharing and Matching";
 - (iii) Section 84.24, "Program Income." In lieu of §84.24, CDBG subrecipients shall follow §570.504;
 - (iv) Section 84.25, "Revision of Budget and Program Plans";
 - (v) Section 84.32, "Real Property." In lieu of §84.32, CDBG subrecipients shall follow §570.505;
 - (vi) Section 84.34(g), "Equipment." In lieu of the disposition provisions of §84.34(g), the following applies:
 - (A) In all cases in which equipment is sold, the proceeds shall be program income (prorated to reflect the extent to which CDBG funds were used to acquire the equipment); and

(B) Equipment not needed by the subrecipient for CDBG activities shall be transferred to the recipient for the CDBG program or shall be retained after compensating the recipient;

(vii) Section 84.51 (b), (c), (d), (e), (f), (g), and (h), "Monitoring and Reporting Program Performance";

(viii) Section 84.52, "Financial Reporting";

(ix) Section 84.53(b), "Retention and access requirements for records." Section 84.53(b) applies with the following exceptions:

(A) The retention period referenced in §84.53(b) pertaining to individual CDBG activities shall be four years; and

(B) The retention period starts from the date of submission of the annual performance and evaluation report, as prescribed in 24 CFR 91.520, in which the specific activity is reported on for the final time rather than from the date of submission of the final expenditure report for the award;

(x) Section 84.61, "Termination." In lieu of the provisions of §84.61, CDBG subrecipients shall comply with §570.503(b)(7); and

(4) Subpart D—"After-the-Award Requirements," except for §84.71, "Closeout Procedures,"

[53 FR 8058, Mar. 11, 1988, as amended at 60 FR 1916, Jan. 5, 1995; 60 FR 56915, Nov. 9, 1995]

§ 570.503 Agreements with subrecipients.

(a) Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.

(b) At a minimum, the written agreement with the subrecipient shall include provisions concerning the following items:

(1) *Statement of work.* The agreement shall include a description of the work to be performed, a schedule for completing the work, and a budget. These items shall be in sufficient detail to provide a sound basis for the recipient effectively to monitor performance under the agreement.

(2) *Records and reports.* The recipient shall specify in the agreement the particular records the subrecipient must maintain and the particular reports the subrecipient must submit in order to assist the recipient in meeting its recordkeeping and reporting requirements.

(3) *Program income.* The agreement shall include the program income requirements set forth in §570.504(c). The agreement shall also specify that, at the end of the program year, the grantee may require remittance of all or part of any program income balances (including investments thereof) held by the subrecipient (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).

(4) *Uniform administrative requirements.* The agreement shall require the subrecipient to comply with applicable uniform administrative requirements, as described in §570.502.

(5) *Other program requirements.* The agreement shall require the subrecipient to carry out each activity in compliance with all Federal laws and regulations described in subpart K of these regulations, except that:

(i) The subrecipient does not assume the recipient's environmental responsibilities described at §570.604; and

(ii) The subrecipient does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR part 52.

(6) *Suspension and termination.* The agreement shall specify that, in accordance with 24 CFR 85.43, suspension or termination may occur if the subrecipient materially fails to comply with any term of the award, and that the award may be terminated for convenience in accordance with 24 CFR 85.44.

(7) *Reversion of assets.* The agreement shall specify that upon its expiration the subrecipient shall transfer to the recipient any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. It shall also include provisions designed to ensure that any real property under the subrecipient's control that was acquired or improved in whole or in part with CDBG funds (including CDBG funds provided to the subrecipient in the form of a loan) in excess of \$25,000 is either:

(i) Used to meet one of the national objectives in §570.208 (formerly §570.901) until five years after expiration of the agreement, or for such longer period of time as determined to be appropriate by the recipient; or

(ii) Not used in accordance with paragraph (b)(7)(i) of this section, in which event the subrecipient shall pay to the recipient an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. The payment is program income to the recipient. (No payment is required after the period of time specified in paragraph (b)(7)(i) of this section.)

[53 FR 8058, Mar. 11, 1988, as amended at 53 FR 41331, Oct. 21, 1988; 57 FR 27120, June 17, 1992; 60 FR 56915, Nov. 9, 1995; 68 FR 56405, Sept. 30, 2003]

§ 570.504 Program income.

(a) *Recording program income.* The receipt and expenditure of program income as defined in §570.500(a) shall be recorded as part of the financial transactions of the grant program.

(b) *Disposition of program income received by recipients.* (1) Program income received before grant closeout may be retained by the recipient if the income is treated as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds.

(2) If the recipient chooses to retain program income, that program income shall be disposed of as follows:

(i) Program income in the form of repayments to, or interest earned on, a revolving fund as defined in §570.500(b) shall be substantially disbursed from the fund before additional cash withdrawals are made from the U.S. Treasury for the same activity. (This rule does not prevent a lump sum disbursement to finance the rehabilitation of privately owned properties as provided for in §570.513.)

(ii) Substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the U.S. Treasury.

(iii) At the end of each program year, the aggregate amount of program income cash balances and any investment thereof (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 loan guarantee security needs) that, as of the last day of the program year, exceeds one-twelfth of the most recent grant made pursuant to §570.304 shall be remitted to HUD as soon as practicable thereafter, to be placed in the recipient's line of credit. This provision applies to program income cash balances and investments thereof held by the grantee and its subrecipients. (This provision shall be applied for the first time at the end of the program year for which Federal Fiscal Year 1996 funds are provided.)

(3) Program income on hand at the time of closeout shall continue to be subject to the eligibility requirements in subpart C and all other applicable provisions of this part until it is expended.

(4) Unless otherwise provided in any grant closeout agreement, and subject to the requirements of paragraph (b)(5) of this section, income received after closeout shall not be governed by the provisions of this part, except that, if at the time of closeout the recipient has another ongoing CDBG grant received directly from HUD, funds received after closeout shall be treated as program income of the ongoing grant program.

(5) If the recipient does not have another ongoing grant received directly from HUD at the time of closeout, income received after closeout from the disposition of real property or from loans outstanding at the time of closeout shall not be governed by the provisions of this part, except that such income shall be used for activities that meet one of the national objectives in §570.901 and the eligibility requirements described in section 105 of the Act.

(c) *Disposition of program income received by subrecipients.* The written agreement between the recipient and the subrecipient, as required by §570.503, shall specify whether program income received is to be returned to the recipient or retained by the subrecipient. Where program income is to be retained by the subrecipient, the agreement shall specify the activities that will be undertaken with the program income and that all provisions of the written agreement shall apply to the specified activities. When the subrecipient retains program income, transfers of grant funds by the recipient to the subrecipient shall be adjusted according to the principles described in paragraphs (b)(2)(i) and (ii) of this section. Any program income on hand when the agreement expires, or received after the agreement's expiration, shall be paid to the recipient as required by §570.503(b)(8).

(d) *Disposition of certain program income received by urban counties.* Program income derived from urban county program activities undertaken by or within the jurisdiction of a unit of general local government which thereafter terminates its participation in the urban county shall continue to be program income of the urban county. The urban county may transfer the program income to the unit of general local government, upon its termination of urban county participation, provided that the unit of general local government has become an entitlement grantee and agrees to use the program income in its own CDBG entitlement program.

[53 FR 8058, Mar. 11, 1988, as amended at 60 FR 56915, Nov. 9, 1995]

§ 570.505 Use of real property.

The standards described in this section apply to real property within the recipient's control which was acquired or improved in whole or in part using CDBG funds in excess of \$25,000. These standards shall apply from the date CDBG funds are first spent for the property until five years after closeout of an entitlement recipient's participation in the entitlement CDBG program or, with respect to other recipients, until five years after the closeout of the grant from which the assistance to the property was provided.

(a) A recipient may not change the use or planned use of any such property (including the beneficiaries of such use) from that for which the acquisition or improvement was made unless the recipient provides affected citizens with reasonable notice of, and opportunity to comment on, any proposed change, and either:

(1) The new use of such property qualifies as meeting one of the national objectives in §570.208 (formerly §570.901) and is not a building for the general conduct of government; or

(2) The requirements in paragraph (b) of this section are met.

(b) If the recipient determines, after consultation with affected citizens, that it is appropriate to change the use of the property to a use which does not qualify under paragraph (a)(1) of this section, it may retain or dispose of the property for the changed use if the recipient's CDBG program is reimbursed in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property.

(c) If the change of use occurs after closeout, the provisions governing income from the disposition of the real property in §570.504(b)(4) or (5), as applicable, shall apply to the use of funds reimbursed.

(d) Following the reimbursement of the CDBG program in accordance with paragraph (b) of this section, the property no longer will be subject to any CDBG requirements.

[53 FR 8058, Mar. 11, 1988, as amended at 53 FR 41331, Oct. 21, 1988]

§ 570.506 Records to be maintained.

Each recipient shall establish and maintain sufficient records to enable the Secretary to determine whether the recipient has met the requirements of this part. At a minimum, the following records are needed:

(a) Records providing a full description of each activity assisted (or being assisted) with CDBG funds, including its location (if the activity has a geographical locus), the amount of CDBG funds budgeted, obligated and expended for the activity, and the provision in subpart C under which it is eligible.

(b) Records demonstrating that each activity undertaken meets one of the criteria set forth in §570.208. (Where information on income by family size is required, the recipient may substitute evidence establishing that the person assisted qualifies under another program having income qualification criteria at least as restrictive as that used in the definitions of "low and moderate income person" and "low and moderate income household" (as applicable) at §570.3, such as Job Training Partnership Act (JTPA) and welfare programs; or the recipient may substitute evidence that the assisted person is homeless; or the recipient may substitute a copy of a verifiable certification from the assisted person that his or her family income does not exceed the applicable income limit established in accordance with §570.3; or the recipient may substitute a notice that the assisted person is a referral from a state, county or local employment agency or other entity that agrees to refer individuals it determines to be low and moderate income persons based on HUD's criteria and agrees to maintain documentation supporting these determinations.) Such records shall include the following information:

(1) For each activity determined to benefit low and moderate income persons, the income limits applied and the point in time when the benefit was determined.

(2) For each activity determined to benefit low and moderate income persons based on the area served by the activity:

(i) The boundaries of the service area;

(ii) The income characteristics of families and unrelated individuals in the service area; and

(iii) If the percent of low and moderate income persons in the service area is less than 51 percent, data showing that the area qualifies under the exception criteria set forth at §570.208(a)(1)(ii).

(3) For each activity determined to benefit low and moderate income persons because the activity involves a facility or service designed for use by a limited clientele consisting exclusively or predominantly of low and moderate income persons:

(i) Documentation establishing that the facility or service is designed for the particular needs of or used exclusively by senior citizens, adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," persons living with AIDS, battered spouses, abused children, the homeless, illiterate adults, or migrant farm workers, for which the regulations provide a presumption concerning the extent to which low- and moderate-income persons benefit; or

(ii) Documentation describing how the nature and, if applicable, the location of the facility or service establishes that it is used predominantly by low and moderate income persons; or

(iii) Data showing the size and annual income of the family of each person receiving the benefit.

(4) For each activity carried out for the purpose of providing or improving housing which is determined to benefit low and moderate income persons:

(i) A copy of a written agreement with each landlord or developer receiving CDBG assistance indicating the total number of dwelling units in each multifamily structure assisted and the number of those units which will be occupied by low and moderate income households after assistance;

(ii) The total cost of the activity, including both CDBG and non-CDBG funds.

(iii) For each unit occupied by a low and moderate income household, the size and income of the household;

(iv) For rental housing only:

(A) The rent charged (or to be charged) after assistance for each dwelling unit in each structure assisted; and

(B) Such information as necessary to show the affordability of units occupied (or to be occupied) by low and moderate income households pursuant to criteria established and made public by the recipient;

(v) For each property acquired on which there are no structures, evidence of commitments ensuring that the criteria in §570.208(a)(3) will be met when the structures are built;

(vi) Where applicable, records demonstrating that the activity qualifies under the special conditions at §570.208(a)(3)(i);

(vii) For any homebuyer assistance activity qualifying under §570.201(e), 570.201(n), or 570.204, identification of the applicable eligibility paragraph and evidence that the activity meets the eligibility criteria for that provision; for any such activity qualifying under §570.208(a), the size and income of each homebuyer's household; and

(viii) For a §570.201(k) housing services activity, identification of the HOME project(s) or assistance that the housing services activity supports, and evidence that project(s) or assistance meet the HOME program income targeting requirements at 24 CFR 92.252 or 92.254.

(5) For each activity determined to benefit low and moderate income persons based on the creation of jobs, the recipient shall provide the documentation described in either paragraph (b)(5)(i) or (ii) of this section.

(i) Where the recipient chooses to document that at least 51 percent of the jobs will be available to low and moderate income persons, documentation for each assisted business shall include:

(A) A copy of a written agreement containing:

(1) A commitment by the business that it will make at least 51 percent of the jobs available to low and moderate income persons and will provide training for any of those jobs requiring special skills or education;

(2) A listing by job title of the permanent jobs to be created indicating which jobs will be available to low and moderate income persons, which jobs require special skills or education, and which jobs are part-time, if any; and

(3) A description of actions to be taken by the recipient and business to ensure that low and moderate income persons receive first consideration for those jobs; and

(B) A listing by job title of the permanent jobs filled, and which jobs of those were available to low and moderate income persons, and a description of how first consideration was given to such persons for those jobs. The description shall include what hiring process was used; which low and moderate income persons were interviewed for a particular job; and which low and moderate income persons were hired.

(ii) Where the recipient chooses to document that at least 51 percent of the jobs will be held by low and moderate income persons, documentation for each assisted business shall include:

(A) A copy of a written agreement containing:

(1) A commitment by the business that at least 51 percent of the jobs, on a full-time equivalent basis, will be held by low and moderate income persons; and

(2) A listing by job title of the permanent jobs to be created, identifying which are part-time, if any;

(B) A listing by job title of the permanent jobs filled and which jobs were initially held by low and moderate income persons; and

(C) For each such low and moderate income person hired, the size and annual income of the person's family prior to the person being hired for the job.

(6) For each activity determined to benefit low and moderate income persons based on the retention of jobs:

(i) Evidence that in the absence of CDBG assistance jobs would be lost;

(ii) For each business assisted, a listing by job title of permanent jobs retained, indicating which of those jobs are part-time and (where it is known) which are held by low and moderate income persons at the time the CDBG assistance is provided. Where applicable, identification of any of the retained jobs (other than those known to be held by low and moderate income persons) which are projected to become available to low and moderate income persons through job turnover within two years of the time CDBG assistance is provided. Information upon which the job turnover projections were based shall also be included in the record;

(iii) For each retained job claimed to be held by a low and moderate income person, information on the size and annual income of the person's family;

(iv) For jobs claimed to be available to low and moderate income persons based on job turnover, a description covering the items required for "available to" jobs in paragraph (b)(5) of this section; and

(v) Where jobs were claimed to be available to low and moderate income persons through turnover, a listing of each job which has turned over to date, indicating which of those jobs were either taken by, or available to, low and moderate income persons. For jobs made available, a description of how first consideration was given to such persons for those jobs shall also be included in the record.

(7) For purposes of documenting, pursuant to paragraph (b)(5)(i)(B), (b)(5)(ii)(C), (b)(6)(iii) or (b)(6)(v) of this section, that the person for whom a job was either filled by or made available to a low- or moderate-income person based upon the census tract where the person resides or in which the business is located, the recipient, in lieu of maintaining records showing the person's family size and income, may substitute records showing either the person's address at the time the determination of income status was made or the address of the business providing the job, as applicable, the census tract in which that address was located, the percent of persons residing in that tract who either are in poverty or who are low- and moderate-income, as applicable, the data source used for determining the percentage, and a description of the pervasive poverty and general distress in the census tract in sufficient detail to demonstrate how the census tract met the criteria in §570.208(a)(4)(v), as applicable.

(8) For each activity determined to aid in the prevention or elimination of slums or blight based on addressing one or more of the conditions which qualified an area as a slum or blighted area:

(i) The boundaries of the area; and

(ii) A description of the conditions which qualified the area at the time of its designation in sufficient detail to demonstrate how the area met the criteria in §570.208(b)(1).

(9) For each residential rehabilitation activity determined to aid in the prevention or elimination of slums or blight in a slum or blighted area:

(i) The local definition of "substandard";

(ii) A pre-rehabilitation inspection report describing the deficiencies in each structure to be rehabilitated; and

(iii) Details and scope of CDBG assisted rehabilitation, by structure.

(10) For each activity determined to aid in the prevention or elimination of slums or blight based on the elimination of specific conditions of blight or physical decay not located in a slum or blighted area:

(i) A description of the specific condition of blight or physical decay treated; and

(ii) For rehabilitation carried out under this category, a description of the specific conditions detrimental to public health and safety which were identified and the details and scope of the CDBG assisted rehabilitation by structure.

(11) For each activity determined to aid in the prevention or elimination of slums or blight based on addressing slums or blight in an urban renewal area, a copy of the Urban Renewal Plan, as in effect at the time the activity is carried out, including maps and supporting documentation.

(12) For each activity determined to meet a community development need having a particular urgency:

(i) Documentation concerning the nature and degree of seriousness of the condition requiring assistance;

(ii) Evidence that the recipient certified that the CDBG activity was designed to address the urgent need;

(iii) Information on the timing of the development of the serious condition; and

(iv) Evidence confirming that other financial resources to alleviate the need were not available.

(c) Records that demonstrate that the recipient has made the determinations required as a condition of eligibility of certain activities, as prescribed in §§570.201(f), 570.201(i)(2), 570.201(p), 570.201(q), 570.202(b)(3), 570.206(f), 570.209, 570.210, and 570.309.

(d) Records which demonstrate compliance with §570.505 regarding any change of use of real property acquired or improved with CDBG assistance.

(e) Records that demonstrate compliance with the citizen participation requirements prescribed in 24 CFR part 91, subpart B, for entitlement recipients, or in 24 CFR part 91, subpart C, for HUD-administered small cities recipients.

(f) Records which demonstrate compliance with the requirements in §570.606 regarding acquisition, displacement, relocation, and replacement housing.

(g) Fair housing and equal opportunity records containing:

(1) Documentation of the analysis of impediments and the actions the recipient has carried out with its housing and community development and other resources to remedy or ameliorate any impediments to fair housing choice in the recipient's community.

(2) Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with CDBG funds. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No recipient is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.

(3) Data on employment in each of the recipient's operating units funded in whole or in part with CDBG funds, with such data maintained in the categories prescribed on the Equal Employment Opportunity Commission's EEO-4 form; and documentation of any actions undertaken to assure equal employment opportunities to all persons regardless of race, color, national origin, sex or handicap in operating units funded in whole or in part under this part.

(4) Data indicating the race and ethnicity of households (and gender of single heads of households) displaced as a result of CDBG funded activities, together with the address and census tract of the housing units to which each displaced household relocated. Such information shall be used only as a basis for further investigation as to compliance with nondiscrimination requirements. No recipient is required to attain or maintain any particular statistical measure by race, ethnicity, or gender in covered programs.

(5) Documentation of actions undertaken to meet the requirements of §570.607(b) which implements section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701U) relative to the hiring and training of low and moderate income persons and the use of local businesses.

(6) Data indicating the racial/ethnic character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with CDBG funds, data indicating which of those entities are women's business enterprises as defined in Executive Order 12138, the amount of the contract or subcontract, and documentation of recipient's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Such affirmative steps may include, but are not limited to, technical assistance open to all businesses but designed to enhance opportunities for these enterprises and special outreach efforts to inform them of contract opportunities. Such steps shall not include preferring any business in the award of any contract or subcontract solely or in part on the basis of race or gender.

(7) Documentation of the affirmative action measures the recipient has taken to overcome prior discrimination, where the courts or HUD have found that the recipient has previously discriminated against persons on the ground of race, color, national origin or sex in administering a program or activity funded in whole or in part with CDBG funds.

(h) Financial records, in accordance with the applicable requirements listed in §570.502, including source documentation for entities not subject to parts 84 and 85 of this title. Grantees shall maintain evidence to support how the CDBG funds provided to such entities are expended. Such documentation must include, to the extent applicable, invoices, schedules containing comparisons of budgeted amounts and actual expenditures, construction progress schedules signed by appropriate parties (e.g., general contractor and/or a project architect), and/or other documentation appropriate to the nature of the activity.

(i) Agreements and other records related to lump sum disbursements to private financial institutions for financing rehabilitation as prescribed in §570.513; and

(j) Records required to be maintained in accordance with other applicable laws and regulations set forth in subpart K of this part.

(Approved by the Office of Management and Budget under control number 2506-0077)

[53 FR 34454, Sept. 6, 1988; 53 FR 41330, Oct. 21, 1988, as amended at 60 FR 1916, 1995, Jan. 5, 1995; 60 FR 56915, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 64 FR 38813, July 19, 1999; 70 FR 76370, Dec. 23, 2005]

§ 570.507 Reports.

(a) *Performance and evaluation report* —(1) *Entitlement grant recipients and HUD-administered small cities recipients in Hawaii.* The annual performance and evaluation report shall be submitted in accordance with 24 CFR part 91.

(2) *HUD-administered Small Cities recipients in New York, and Hawaii recipients for pre-FY 1995 grants* —(i) *Content.* Each performance and evaluation report must contain completed copies of all forms and narratives prescribed by HUD, including a summary of the citizen comments received on the report.

(ii) *Timing.* The performance and evaluation report on each grant shall be submitted:

(A) No later than October 31 for all grants executed before April 1 of the same calendar year. The first report should cover the period from the execution of the grant until September 30. Reports on grants made after March 31 of a calendar year will be due October 31 of the following calendar year, and the reports will cover the period of time from the execution of the grant until September 30 of the calendar year following grant execution. After the initial submission, the performance and evaluation report will be submitted annually on October 31 until completion of the activities funded under the grant;

(B) Hawaii grantees will submit their small cities performance and evaluation report for each pre-FY 1995 grant no later than 90 days after the completion of their most recent program year. After the initial submission, the performance and evaluation report will be submitted annually until completion of the activities funded under the grant; and

(C) No later than 90 days after the criteria for grant closeout, as described in §570.509(a), have been met.

(iii) *Citizen comments on the report.* Each recipient shall make copies of the performance and evaluation report available to its citizens in sufficient time to permit the citizens to comment on the report before its submission to HUD. Each recipient may determine the specific manner and times the report will be made available to citizens consistent with the preceding sentence.

(b) *Equal employment opportunity reports.* Recipients of entitlement grants or HUD-administered small cities grants shall submit to HUD each year a report (HUD/EEO-4) on recipient employment containing data as of June 30.

(c) *Minority business enterprise reports.* Recipients of entitlement grants, HUD-administered small cities grants or Urban Development Action Grants shall submit to HUD, by April 30, a report on contracts and subcontract activity during the first half of the fiscal year and by October 31 a report on such activity during the second half of the year.

(d) *Other reports.* Recipients may be required to submit such other reports and information as HUD determines are necessary to carry out its responsibilities under the Act or other applicable laws.

(Approved by the Office of Management and Budget under control numbers 2506-0077 for paragraph (a) and 2529-0008 for paragraph (b) and 2506-0066 for paragraph (c))

[53 FR 34456, Sept. 6, 1988, as amended at 60 FR 1916, Jan. 5, 1995; 61 FR 32269, June 21, 1996]

§ 570.508 Public access to program records.

Notwithstanding 24 CFR 85.42(f), recipients shall provide citizens with reasonable access to records regarding the past use of CDBG funds, consistent with applicable State and local laws regarding privacy and obligations of confidentiality.

§ 570.509 Grant closeout procedures.

(a) *Criteria for closeout.* A grant will be closed out when HUD determines, in consultation with the recipient, that the following criteria have been met:

(1) All costs to be paid with CDBG funds have been incurred, with the exception of closeout costs (e.g., audit costs) and costs resulting from contingent liabilities described in the closeout agreement pursuant to paragraph (c) of this section. Contingent liabilities include, but are not limited to, third-party claims against the recipient, as well as related administrative costs.

(2) With respect to activities (such as rehabilitation of privately owned properties) which are financed by means of escrow accounts, loan guarantees, or similar mechanisms, the work to be assisted with CDBG funds (but excluding program income) has actually been completed.

(3) Other responsibilities of the recipient under the grant agreement and applicable laws and regulations appear to have been carried out satisfactorily or there is no further Federal interest in keeping the grant agreement open for the purpose of securing performance.

(b) *Closeout actions.* (1) Within 90 days of the date it is determined that the criteria for closeout have been met, the recipient shall submit to HUD a copy of the final performance and evaluation report described in 24 CFR part 91. If an acceptable report is not submitted, an audit of the recipient's grant activities may be conducted by HUD.

(2) Based on the information provided in the performance report and other relevant information, HUD, in consultation with the recipient, will prepare a closeout agreement in accordance with paragraph (c) of this section.

(3) HUD will cancel any unused portion of the awarded grant, as shown in the signed grant closeout agreement. Any unused grant funds disbursed from the U.S. Treasury which are in the possession of the recipient shall be refunded to HUD.

(4) Any costs paid with CDBG funds which were not audited previously shall be subject to coverage in the recipient's next single audit performed in accordance with 24 CFR part 44. The recipient may be required to repay HUD any disallowed costs based on the results of the audit, or on additional HUD reviews provided for in the closeout agreement.

(c) *Closeout agreement.* Any obligations remaining as of the date of the closeout shall be covered by the terms of a closeout agreement. The agreement shall be prepared by the HUD field office in consultation with the recipient. The agreement shall identify the grant being closed out, and include provisions with respect to the following:

(1) Identification of any closeout costs or contingent liabilities subject to payment with CDBG funds after the closeout agreement is signed;

(2) Identification of any unused grant funds to be canceled by HUD;

(3) Identification of any program income on deposit in financial institutions at the time the closeout agreement is signed;

(4) Description of the recipient's responsibility after closeout for:

(i) Compliance with all program requirements, certifications and assurances in using program income on deposit at the time the closeout agreement is signed and in using any other remaining CDBG funds available for closeout costs and contingent liabilities;

(ii) Use of real property assisted with CDBG funds in accordance with the principles described in §570.505;

(iii) Compliance with requirements governing program income received subsequent to grant closeout, as described in §570.504(b)(4) and (5); and

(iv) Ensuring that flood insurance coverage for affected property owners is maintained for the mandatory period;

(5) Other provisions appropriate to any special circumstances of the grant closeout, in modification of or in addition to the obligations in paragraphs (c)(1) through (4) of this section. The agreement shall authorize monitoring by HUD, and shall provide that findings of noncompliance may be taken into account by HUD, as unsatisfactory performance of the recipient, in the consideration of any future grant award under this part.

(d) *Status of consolidated plan after closeout.* Unless otherwise provided in a closeout agreement, the Consolidated Plan will remain in effect after closeout until the expiration of the program year covered by the last approved consolidated plan.

(e) *Termination of grant for convenience.* Grant assistance provided under this part may be terminated for convenience in whole or in part before the completion of the assisted activities, in accordance with the provisions of 24 CFR 85.44. The recipient shall not incur new obligations for the terminated portions after the effective date, and shall cancel as many outstanding obligations as possible. HUD shall allow full credit to the recipient for those portions of obligations which could not be canceled and which had been properly incurred by the recipient in carrying out the activities before the termination. The closeout policies contained in this section shall apply in such cases, except where the approved grant is terminated in its entirety. Responsibility for the environmental review to be performed under 24 CFR part 50 or 24 CFR part 58, as applicable, shall be determined as part of the closeout process.

(f) *Termination for cause.* In cases in which the Secretary terminates the recipient's grant under the authority of subpart O of this part, or under the terms of the grant agreement, the closeout policies contained in this section shall apply, except where the approved grant is cancelled in its entirety. The provisions in 24 CFR 85.43(c) on the effects of termination shall also apply. HUD shall determine whether an environmental assessment or finding of inapplicability is required, and if such review is required, HUD shall perform it in accordance with 24 CFR part 50.

[53 FR 8058, Mar. 11, 1988, as amended at 56 FR 56128, Oct. 31, 1991; 60 FR 1916, Jan. 5, 1995; 60 FR 16379, Mar. 30, 1995]

§ 570.510 Transferring projects from urban counties to metropolitan cities.

Section 106(c)(3) of the Act authorizes the Secretary to transfer unobligated grant funds from an urban county to a new metropolitan city, provided: the city was an included unit of general local government in the urban county immediately before its qualification as a metropolitan city; the funds to be transferred were received by the county before the qualification of the city as a metropolitan city; the funds to be transferred had been programmed by the urban county for use in the city before such qualification; and the city and county agree to transfer responsibility for the administration of the funds being transferred from the county's letter of credit to the city's letter of credit. The following rules apply to the transfer of responsibility for an activity from an urban county to the new metropolitan city.

(a) The urban county and the metropolitan city must execute a legally binding agreement which shall specify:

(1) The amount of funds to be transferred from the urban county's letter of credit to the metropolitan city's letter of credit;

(2) The activities to be carried out by the city with the funds being transferred;

(3) The county's responsibility for all expenditures and unliquidated obligations associated with the activities before the time of transfer, including a statement that responsibility for all audit and monitoring findings associated with those expenditures and obligations shall remain with the county;

(4) The responsibility of the metropolitan city for all other audit and monitoring findings;

(5) How program income (if any) from the activities specified shall be divided between the metropolitan city and the urban county; and

(6) Such other provisions as may be required by HUD.

(b) Upon receipt of a request for the transfer of funds from an urban county to a metropolitan city and a copy of the executed agreement, HUD, in consultation with the Department of the Treasury, shall establish a date upon which the funds shall be transferred from the letter of credit of the urban county to the letter of credit of the metropolitan city, and shall take all necessary actions to effect the requested transfer of funds.

(c) HUD shall notify the metropolitan city and urban county of any special audit and monitoring rules which apply to the transferred funds when the date of the transfer is communicated to the city and the county.

§ 570.511 Use of escrow accounts for rehabilitation of privately owned residential property.

(a) *Limitations.* A recipient may withdraw funds from its letter of credit for immediate deposit into an escrow account for use in funding loans and grants for the rehabilitation of privately owned residential property under §570.202(a)(1). The following additional limitations apply to the use of escrow accounts for residential rehabilitation loans and grants closed after September 7, 1990:

(1) The use of escrow accounts under this section is limited to loans and grants for the rehabilitation of primarily residential properties containing no more than four dwelling units (and accessory neighborhood-scale non-residential space within the same structure, if any, e.g., a store front below a dwelling unit).

(2) An escrow account shall not be used unless the contract between the property owner and the contractor selected to do the rehabilitation work specifically provides that payment to the contractor shall be made through an escrow account maintained by the recipient, by a subrecipient as defined in §570.500(c), by a public agency designated under §570.501(a), or by an agent under a procurement contract governed by the requirements of 24 CFR 85.36. No deposit to the escrow account shall be made until after the contract has been executed between the property owner and the rehabilitation contractor.

(3) All funds withdrawn under this section shall be deposited into one interest earning account with a financial institution. Separate bank accounts shall not be established for individual loans and grants.

(4) The amount of funds deposited into an escrow account shall be limited to the amount expected to be disbursed within 10 working days from the date of deposit. If the escrow account, for whatever reason, at any time contains funds exceeding 10 days cash needs, the grantee immediately shall transfer the excess funds to its program account. In the program account, the excess funds shall be treated as funds erroneously drawn in accordance with the requirements of U.S. Treasury Financial Manual, paragraph 6-2075.30.

(5) Funds deposited into an escrow account shall be used only to pay the actual costs of rehabilitation incurred by the owner under the contract with a private contractor. Other eligible costs related to the rehabilitation loan or grant, e.g., the recipient's administrative costs under §570.206 or rehabilitation services costs under §570.202(b)(9), are not permissible uses of escrowed funds. Such other eligible rehabilitation costs shall be paid under normal CDBG payment procedures (e.g., from withdrawals of grant funds under the recipient's letter of credit with the Treasury).

(b) *Interest.* Interest earned on escrow accounts established in accordance with this section, less any service charges for the account, shall be remitted to HUD at least quarterly but not more frequently than monthly. Interest earned on escrow accounts is not required to be remitted to HUD to the extent the interest is attributable to the investment of program income.

(c) *Remedies for noncompliance.* If HUD determines that a recipient has failed to use an escrow account in accordance with this section, HUD may, in addition to imposing any other sanctions provided for under this part, require the recipient to discontinue the use of escrow accounts, in whole or in part.

[55 FR 32369, Aug. 8, 1990]

§ 570.512 [Reserved]

§ 570.513 Lump sum drawdown for financing of property rehabilitation activities.

Subject to the conditions prescribed in this section, recipients may draw funds from the letter of credit in a lump sum to establish a rehabilitation fund in one or more private financial institutions for the purpose of financing the rehabilitation of privately owned properties. The fund may be used in conjunction with various rehabilitation financing techniques, including loans, interest subsidies, loan guarantees, loan reserves, or such other uses as may be approved by HUD consistent with the objectives of this section. The fund may also be used for making grants, but only for the purpose of leveraging non-CDBG funds for the rehabilitation of the same property.

(a) *Limitation on drawdown of grant funds.* (1) The funds that a recipient deposits to a rehabilitation fund shall not exceed the grant amount that the recipient reasonably expects will be required, together with anticipated program income from interest and loan repayments, for the rehabilitation activities during the period specified in the agreement to undertake activities, based on either:

(I) Prior level of rehabilitation activity; or

(II) Rehabilitation staffing and management capacity during the period specified in the agreement to undertake activities.

(2) No grant funds may be deposited under this section solely for the purpose of investment, notwithstanding that the interest or other income is to be used for the rehabilitation activities.

(3) The recipient's rehabilitation program administrative costs and the administrative costs of the financial institution may not be funded through lump sum drawdown. Such costs must be paid from periodic letter of credit withdrawals in accordance with standard procedures or from program income, other than program income generated by the lump sum distribution.

(b) *Standards to be met.* The following standards shall apply to all lump sum drawdowns of CDBG funds for rehabilitation:

(1) *Eligible rehabilitation activities.* The rehabilitation fund shall be used to finance the rehabilitation of privately owned properties eligible under the general policies in §570.200 and the specific provisions of either §570.202, including the acquisition of properties for rehabilitation, or §570.203.

(2) *Requirements for agreement.* The recipient shall execute a written agreement with one or more private financial institutions for the operation of the rehabilitation fund. The agreement shall specify the obligations and responsibilities of the parties, the terms and conditions on which CDBG funds are to be deposited and used or returned, the anticipated level of rehabilitation activities by the financial institution, the rate of interest and other benefits to be provided by the financial institution in return for the lump sum deposit, and such other terms as are necessary for compliance with the provisions of this section. Upon execution of the agreement, a copy must be provided to the HUD field office for its record and use in monitoring. Any modifications made during the term of the agreement must also be provided to HUD.

(3) *Period to undertake activities.* The agreement must provide that the rehabilitation fund may only be used for authorized activities during a period of no more than two years. The lump sum deposit shall be made only after the agreement is fully executed.

(4) *Time limit on use of deposited funds.* Use of the deposited funds for rehabilitation financing assistance must start (e.g., first loan must be made, subsidized or guaranteed) within 45 days of the deposit. In addition, substantial disbursements from the fund must occur within 180 days of the receipt of the deposit. (Where CDBG funds are used as a guarantee, the funds that must be substantially disbursed are the guaranteed funds.) For a recipient with an agreement specifying two years to undertake activities, the disbursement of 25 percent of the fund (deposit plus any interest earned) within 180 days will be regarded as meeting this requirement. If a recipient with an agreement specifying two years to undertake activities determines that it has had substantial disbursement from the fund within the 180 days although it had not met this 25 percent threshold, the justification for the recipient's determination shall be included in the program file. Should use of deposited funds not start within 45 days, or substantial disbursement from such fund not occur within 180 days, the recipient may be required by HUD to return all or part of the deposited funds to the recipient's letter of credit.

(5) *Program activity.* Recipients shall review the level of program activity on a yearly basis. Where activity is substantially below that anticipated, program funds shall be returned to the recipient's letter of credit.

(6) *Termination of agreement.* In the case of substantial failure by a private financial institution to comply with the terms of a lump sum drawdown agreement, the recipient shall terminate its agreement, provide written justification for the action, withdraw all unobligated deposited funds from the private financial institution, and return the funds to the recipient's letter of credit.

(7) *Return of unused deposits.* At the end of the period specified in the agreement for undertaking activities, all unobligated deposited funds shall be returned to the recipient's letter of credit unless the recipient enters into a new agreement conforming to the requirements of this section. In addition, the recipient shall reserve the right to withdraw any unobligated deposited funds required by HUD in the exercise of corrective or remedial actions authorized under §570.910(b), §570.911, §570.912 or §570.913.

(8) *Rehabilitation loans made with non-CDBG funds.* If the deposited funds or program income derived from deposited funds are used to subsidize or guarantee repayment of rehabilitation loans made with non-CDBG funds, or to provide a supplemental loan or grant to the borrower of the non-CDBG funds, the rehabilitation activities are considered to be CDBG-assisted activities subject to the requirements applicable to such activities, except that repayment of non-CDBG funds shall not be treated as program income.

(9) *Provision of consideration.* In consideration for the lump sum deposit by the recipient in a private financial institution, the deposit must result in appropriate benefits in support of the recipient's local rehabilitation program. Minimum requirements for such benefits are:

(i) Grantees shall require the financial institution to pay interest on the lump sum deposit.

(A) The interest rate paid by the financial institution shall be no more than three points below the rate on one year Treasury obligations at constant maturity.

(B) When an agreement sets a fixed interest rate for the entire term of the agreement, the rate should be based on the rate at the time the agreement is executed.

(C) The agreement may provide for an interest rate that would fluctuate periodically during the term of the agreement, but at no time shall the rate be established at more than three points below the rate on one year Treasury obligations at constant maturity.

(II) In addition to the payment of interest, at least one of the following benefits must be provided by the financial institution:

(A) Leverage of the deposited funds so that the financial institution commits private funds for loans in the rehabilitation program in an amount substantially in excess of the amount of the lump sum deposit;

(B) Commitment of private funds by the financial institution for rehabilitation loans at below market interest rates, at higher than normal risk, or with longer than normal repayment periods; or

(C) Provision of administrative services in support of the rehabilitation program by the participating financial institution at no cost or at lower than actual cost.

(c) *Program income.* Interest earned on lump sum deposits and payments on loans made from such deposits are program income and, during the period of the agreement, shall be used for rehabilitation activities under the provisions of this section.

(d) *Outstanding findings.* Notwithstanding any other provision of this section, no recipient shall enter into a new agreement during any period of time in which an audit or monitoring finding on a previous lump sum drawdown agreement remains unresolved.

(e) *Prior notification.* The recipient shall provide the HUD field office with written notification of the amount of funds to be distributed to a private financial institution before distribution under the provisions of this section.

(f) *Recordkeeping requirements.* The recipient shall maintain in its files a copy of the written agreement and related documents establishing conformance with this section and concerning performance by a financial institution in accordance with the agreement.

Title 24: Housing and Urban Development

PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

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Subpart K—Other Program Requirements

Source: 53 FR 34456, Sept. 6, 1988, unless otherwise noted.

§ 570.600 General.

(a) This subpart K enumerates laws that the Secretary will treat as applicable to grants made under section 106 of the Act, other than grants to states made pursuant to section 106(d) of the Act, for purposes of the Secretary's determinations under section 104(e)(1) of the Act, including statutes expressly made applicable by the Act and certain other statutes and Executive Orders for which the Secretary has enforcement responsibility. This subpart K applies to grants made under the Insular Areas Program in §570.405 and §570.440 with the exception of §570.612. The absence of mention herein of any other statute for which the Secretary does not have direct enforcement responsibility is not intended to be taken as an indication that, in the Secretary's opinion, such statute or Executive Order is not applicable to activities assisted under the Act. For laws that the Secretary will treat as applicable to grants made to states under section 106(d) of the Act for purposes of the determination required to be made by the Secretary pursuant to section 104(e)(2) of the Act, see §570.487.

(b) This subpart also sets forth certain additional program requirements which the Secretary has determined to be applicable to grants provided under the Act as a matter of administrative discretion.

(c) In addition to grants made pursuant to section 106(b) and 106(d)(2)(B) of the Act (subparts D and F, respectively), the requirements of this subpart K are applicable to grants made pursuant to sections 107 and 119 of the Act (subparts E and G, respectively), and to loans guaranteed pursuant to subpart M.

[53 FR 34456, Sept. 6, 1988, as amended at 61 FR 11477, Mar. 20, 1996; 72 FR 12536, Mar. 15, 2007]

§ 570.601 Public Law 88-352 and Public Law 90-284; affirmatively furthering fair housing; Executive Order 11063.

(a) The following requirements apply according to sections 104(b) and 107 of the Act:

(1) Public Law 88-352, which is title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d *et seq.*), and implementing regulations in 24 CFR part 1.

(2) Public Law 90-284, which is the Fair Housing Act (42 U.S.C. 3601-3620). In accordance with the Fair Housing Act, the Secretary requires that grantees administer all programs and activities related to housing and community development in a manner to affirmatively further the policies of the Fair Housing Act. Furthermore, in accordance with section 104(b)(2) of the Act, for each community receiving a grant under subpart D of this part, the certification that the grantee will affirmatively further fair housing shall specifically require the grantee to assume the responsibility of fair housing planning by conducting an analysis to identify impediments to fair housing choice within its jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through that analysis, and maintaining records reflecting the analysis and actions in this regard.

(b) Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652; 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing), and implementing regulations in 24 CFR part 107, also apply.

[61 FR 11477, Mar. 20, 1996]

§ 570.602 Section 109 of the Act.

Section 109 of the Act 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 policies and procedures necessary to ensure enforcement of section 109 are codified in 24 CFR part 6.

[64 FR 3802, Jan. 25, 1999]

§ 570.603 Labor standards.

(a) Section 110(a) of the Act contains labor standards that apply to nonvolunteer labor financed in whole or in part with assistance received under the Act. In accordance with section 110(a) of the Act, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 *et seq.*) also applies. However, these requirements apply to the rehabilitation of residential property only if such property contains not less than 8 units.

(b) The regulations in 24 CFR part 70 apply to the use of volunteers.

[61 FR 11477, Mar. 20, 1996]

§ 570.604 Environmental standards.

For purposes of section 104(g) of the Act, the regulations in 24 CFR part 58 specify the other provisions of law which further the purposes of the National Environmental Policy Act of 1969, and the procedures by which grantees must fulfill their environmental responsibilities. In certain cases, grantees assume these environmental review, decisionmaking, and action responsibilities by execution of grant agreements with the Secretary.

[61 FR 11477, Mar. 20, 1996]

§ 570.605 National Flood Insurance Program.

Notwithstanding the date of HUD approval of the recipient's application (or, in the case of grants made under subpart D of this part or HUD-administered small cities recipients in Hawaii, the date of submission of the grantee's consolidated plan, in accordance with 24 CFR part 91), section 202(a) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106) and the regulations in 44 CFR parts 59 through 79 apply to funds provided under this part 570.

[61 FR 11477, Mar. 20, 1996]

§ 570.606 Displacement, relocation, acquisition, and replacement of housing.

(a) *General policy for minimizing displacement.* Consistent with the other goals and objectives of this part, grantees (or States or state recipients, as applicable) shall assure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of activities assisted under this part.

(b) *Relocation assistance for displaced persons at URA levels.* (1) A displaced person shall be provided with relocation assistance at the levels described in, and in accordance with the requirements of 48 CFR part 24, which contains the government-wide regulations implementing the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601-4655).

(2) *Displaced person.* (i) For purposes of paragraph (b) of this section, the term "displaced person" means any person (family, individual, business, nonprofit organization, or farm) that moves from real property, or moves his or her personal property from real property, permanently and involuntarily, as a direct result of rehabilitation, demolition, or acquisition for an activity assisted under this part. A permanent, involuntary move for an assisted activity includes a permanent move from real property that is made:

(A) After notice by the grantee (or the state recipient, if applicable) to move permanently from the property, if the move occurs after the initial official submission to HUD (or the State, as applicable) for grant, loan, or loan guarantee funds under this part that are later provided or granted.

(B) After notice by the property owner to move permanently from the property, if the move occurs after the date of the submission of a request for financial assistance by the property owner (or person in control of the site) that is later approved for the requested activity.

(C) Before the date described in paragraph (b)(2)(i)(A) or (B) of this section, if either HUD or the grantee (or State, as applicable) determines that the displacement directly resulted from acquisition, rehabilitation, or demolition for the requested activity.

(D) After the "initiation of negotiations" if the person is the tenant-occupant of a dwelling unit and any one of the following three situations occurs:

(1) The tenant has not been provided with a reasonable opportunity to lease and occupy a suitable decent, safe, and sanitary dwelling in the same building/complex upon the completion of the project, including a monthly rent that does not exceed the greater of the tenant's monthly rent and estimated average utility costs before the initiation of negotiations or 30 percent of the household's average monthly gross income; or

(2) The tenant is required to relocate temporarily for the activity but the tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving

to and from the temporary location and any increased housing costs, or other conditions of the temporary relocation are not reasonable; and the tenant does not return to the building/complex; or

(3) The tenant is required to move to another unit in the building/complex, but is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move.

(ii) Notwithstanding the provisions of paragraph (b)(2)(i) of this section, the term "displaced person" does not include:

(A) A person who is evicted for cause based upon serious or repeated violations of material terms of the lease or occupancy agreement. To exclude a person on this basis, the grantee (or State or state recipient, as applicable) must determine that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance under this section;

(B) A person who moves into the property after the date of the notice described in paragraph (b)(2)(i)(A) or (B) of this section, but who received a written notice of the expected displacement before occupancy.

(C) A person who is not displaced as described in 49 CFR 24.2(g)(2).

(D) A person who the grantee (or State, as applicable) determines is not displaced as a direct result of the acquisition, rehabilitation, or demolition for an assisted activity. To exclude a person on this basis, HUD must concur in that determination.

(iii) A grantee (or State or state recipient, as applicable) may, at any time, request HUD to determine whether a person is a displaced person under this section.

(3) *Initiation of negotiations.* For purposes of determining the type of replacement housing assistance to be provided under paragraph (b) of this section, if the displacement is the direct result of privately undertaken rehabilitation, demolition, or acquisition of real property, the term "initiation of negotiations" means the execution of the grant or loan agreement between the grantee (or State or state recipient, as applicable) and the person owning or controlling the real property.

(c) *Residential antidisplacement and relocation assistance plan.* The grantee shall comply with the requirements of 24 CFR part 42, subpart B.

(d) *Optional relocation assistance.* Under section 105(a)(11) of the Act, the grantee may provide (or the State may permit the state recipient to provide, as applicable) relocation payments and other relocation assistance to persons displaced by activities that are not subject to paragraph (b) or (c) of this section. The grantee may also provide (or the State may also permit the state recipient to provide, as applicable) relocation assistance to persons receiving assistance under paragraphs (b) or (c) of this section at levels in excess of those required by these paragraphs. Unless such assistance is provided under State or local law, the grantee (or state recipient, as applicable) shall provide such assistance only upon the basis of a written determination that the assistance is appropriate (see, e.g., 24 CFR 570.201(i), as applicable). The grantee (or state recipient, as applicable) must adopt a written policy available to the public that describes the relocation assistance that the grantee (or state recipient, as applicable) has elected to provide and that provides for equal relocation assistance within each class of displaced persons.

(e) *Acquisition of real property.* The acquisition of real property for an assisted activity is subject to 49 CFR part 24, subpart B.

(f) *Appeals.* If a person disagrees with the determination of the grantee (or the state recipient, as applicable) concerning the person's eligibility for, or the amount of, a relocation payment under this section, the person may file a written appeal of that determination with the grantee (or state recipient, as applicable). The appeal procedures to be followed are described in 49 CFR 24.10. In addition, a low- or moderate-income household that has been displaced from a dwelling may file a written request for review of the grantee's decision to the HUD Field Office. For purposes of the State CDBG program, a low- or moderate-income household may file a written request for review of the state recipient's decision with the State.

(g) *Responsibility of grantee or State.* (1) The grantee (or State, if applicable) is responsible for ensuring compliance with the requirements of this section, notwithstanding any third party's contractual obligation to the grantee to comply with the provisions of this section. For purposes of the State CDBG program, the State shall require state recipients to certify that they will comply with the requirements of this section.

(2) The cost of assistance required under this section may be paid from local public funds, funds provided under this part, or funds available from other sources.

(3) The grantee (or State and state recipient, as applicable) must maintain records in sufficient detail to demonstrate compliance with the provisions of this section.

(Approved by the Office of Management and Budget under OMB control number 2506-0102)

[61 FR 11477, Mar. 20, 1996, as amended at 61 FR 51760, Oct. 3, 1996]

§ 570.607 Employment and contracting opportunities.

To the extent that they are otherwise applicable, grantees shall comply with:

(a) Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR 1964-1965 Comp. p. 339; 3 CFR, 1966-1970 Comp., p. 684; 3 CFR, 1966-1970., p. 803; 3 CFR, 1978 Comp., p. 230; 3 CFR, 1978 Comp., p. 264 (Equal Employment Opportunity), and Executive Order 13279 (Equal Protection of the Laws for Faith-Based and Community Organizations), 67 FR 77141, 3 CFR, 2002 Comp., p. 258; and the implementing regulations at 41 CFR chapter 60; and

(b) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.

[68 FR 56405, Sept. 30, 2003]

§ 570.608 Lead-based paint.

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R of this part apply to activities under this program.

[64 FR 50226, Sept. 15, 1999]

§ 570.609 Use of debarred, suspended or ineligible contractors or subrecipients.

The requirements set forth in 24 CFR part 5 apply to this program.

[61 FR 5209, Feb. 9, 1996]

§ 570.610 Uniform administrative requirements and cost principles.

The recipient, its agencies or instrumentalities, and subrecipients shall comply with the policies, guidelines, and requirements of 24 CFR part 85 and OMB Circulars A-87, A-110 (implemented at 24 CFR part 84), A-122, A-133 (implemented at 24 CFR part 45), and A-128² (implemented at 24 CFR part 44), as applicable, as they relate to the acceptance and use of Federal funds under this part. The applicable sections of 24 CFR parts 84 and 85 are set forth at §570.502.

² See footnote 1 at §570.200(a)(5).

[60 FR 56916, Nov. 9, 1995]

§ 570.611 Conflict of interest.

(a) *Applicability.* (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to §570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to §570.203, 570.204, 570.455, or 570.703(i)).

(b) *Conflicts prohibited.* The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

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

(d) *Exceptions.* Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) *Threshold requirements.* HUD will consider an exception only after the recipient has provided the following documentation:

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

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

(2) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

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

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

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

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

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

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

(vii) Any other relevant considerations.

[60 FR 56916, Nov. 9, 1995]

§ 570.612 Executive Order 12372.

(a) *General.* Executive Order 12372, Intergovernmental Review of Federal Programs, and the Department's implementing regulations at 24 CFR part 52, allow each State to establish its own process for review and comment on proposed Federal financial assistance programs.

(b) *Applicability.* Executive Order 12372 applies to the CDBG Entitlement program and the UDAG program. The Executive Order applies to all activities proposed to be assisted under UDAG, but it applies to the Entitlement program only where a grantee proposes to use funds for the planning or construction (reconstruction or installation) of water or sewer facilities. Such facilities include storm sewers as well as all sanitary sewers, but do not include water and sewer lines connecting a structure to the lines in the public right-of-way or easement. It is the responsibility of the grantee to initiate the Executive Order review process if it proposes to use its CDBG or UDAG funds for activities subject to review.

§ 570.613 Eligibility restrictions for certain resident aliens.

(a) *Restriction.* Certain newly legalized aliens, as described in 24 CFR part 49, are not eligible to apply for benefits under covered activities funded by the programs listed in paragraph (e) of this section. "Benefits" under this section means financial assistance, public services, jobs and access to new or rehabilitated housing and other facilities made available under covered activities funded by programs listed in paragraph (e) of this section. "Benefits" do not include relocation services and payments to which displacees are entitled by law.

(b) *Covered activities.* "Covered activities" under this section means activities meeting the requirements of §570.208(a) that either:

(1) Have income eligibility requirements limiting the benefits exclusively to low and moderate income persons; or

(2) Are targeted geographically or otherwise to primarily benefit low and moderate income persons (excluding activities serving the public at large, such as sewers, roads, sidewalks, and parks), and that provide benefits to persons on the basis of an application.

(c) *Limitation on coverage.* The restrictions under this section apply only to applicants for new benefits not being received by covered resident aliens as of the effective date of this section.

(d) *Compliance.* Compliance can be accomplished by obtaining certification as provided in 24 CFR 49.20.

(e) *Programs affected.* (1) The Community Development Block Grant program for small cities, administered under subpart F of part 570 of this title until closeout of the recipient's grant.

(2) The Community Development Block Grant program for entitlement grants, administered under subpart D of part 570 of this title.

(3) The Community Development Block Grant program for States, administered under subpart I of part 570 of this title until closeout of the unit of general local government's grant by the State.

(4) The Urban Development Action Grants program, administered under subpart G of part 570 of this title until closeout of the recipient's grant.

[55 FR 18494, May 2, 1990]

§ 570.614 Architectural Barriers Act and the Americans with Disabilities Act.

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

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

[60 FR 58917, Nov. 9, 1995]

EXHIBIT B SCOPE OF WORK

Part 1- General Information

Morristown Hamblen Central Services, Inc. has a long history of service to the local community that began in the early 1930s. The concept of a centralized agency to serve needy families was a novel idea at the time, but with continued growth and community support, Central Charities expanded to an incorporated 501 (c) 3 in 1969, chartered under the name of Central Services. The agency's recent property acquisition in 2007 has expanded Central Services into one of the largest community funded social service agencies in the area. The new, larger facility has enabled partnerships with numerous other services and agencies to provide a comprehensive approach to service delivery. With each expansion, Central Services has developed more efficient and effective ways to help needy families in our area without duplication of services.

Central Services receives a significant amount of community support and local funding that enables their programs to exist, but the current economic conditions hinder funding at a time when requests for services are increasing. Evictions, utility terminations and increasing housing deposits are making homelessness more of a reality than ever before.

Funding from the Community Development Block Grant will enable Central Services to strengthen the current services offered by the agency that prevent homelessness. Funding will be utilized for direct client services including rent and mortgage payments to prevent eviction, and emergency utility assistance. Lack of utilities is becoming more of a reason for eviction especially in rental assistance and public housing arenas.

The Central Services Homeless Prevention Program National Objective will be 'low/mod limited clientele' as the primary beneficiary will be homeless persons. The overwhelming majority of the beneficiaries will be LMI or lower.

The eligible activity category/accomplishment type will be 'Public Services'. The specific clientele to be served by this program will be at least 51% low/mod income persons.

The Performance Measure Objective_ for this program will be 'Suitable Living Environment' and the Outcome will be 'Availability / Accessibility' as it will increase access or availability to shelter or service that will improve the beneficiary's living environment.

Part 2- Project Specific Information

Project Title: Central Services Homeless Prevention Program

Project Description Funding will be utilized for direct client services including rent and mortgage payments to prevent eviction, and emergency utility assistance.

Priority Need/Local Objective: The need for homeless facilities/services was identified as a medium level priority in the Morristown 2009 Consolidated Plan.

Funding Sources: CDBG- \$9000.00

National CDBG Eligible Activity Category Public Services	CDBG National Objectives LMLC	HUD Matrix Code 05	CDBG Citation 570.201(e)
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Project ID	Type of Recipient Local Government	Start Date 7-1-16	Completion Date 6-30-17
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Performance Indicator # of clients served	Proposed Annual Units 1000	IDIS Activity #	Units Upon Completion
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Annual Action Plan Performance Measurement

National Performance Measure Objective	National Performance Measure Outcome	Specific Objectives	Proposed Actions	Accomplishment Data by CDBG Program Year	
				Proposed	Actual
Create suitable living environment	Availability/ Accessibility	End chronic homelessness	Monitor # of individuals assisted toward moving out of homelessness	2000	

- A. Public Service. To be used for public service projects administered by a City or City agency, non-profit or faith-based organization.
- B. Public Facility - Acquisition, Construction and/or Substantial Rehabilitation. To be used for public facilities and improvements, infrastructure, facility rehabilitation/ construction and/or property acquisition for facility construction.
- C. Economic Development. To be used for projects that provide commercial development, technical or financial assistance to a business and/or projects which create and/or retain jobs to be filled by or made available to low-income persons.
- D. Housing Rehabilitation or Code Enforcement. To be used for all single-family owner-occupied housing rehabilitation programs (including Mobile home Repair programs) and all code enforcement programs.
- E. Other Projects. To be used for projects that cannot be adequately described on any of the above Part II project application forms, yet CDBG City staff have determined the project to be eligible.

The Environmental review for this project is complete and certified.

EXHIBIT C REQUIREMENTS FOR QUARTERLY REPORTING **N/A**

(if applicable)

The QSR must be completed each quarter regardless of whether CDBG funds are expended in the quarter.

The following categories are critical for the proper reporting of achievements for your program:

Type of Beneficiaries Served - The entire QSR should reflect only households served or persons served, not both.

Households are generally used when the program addresses housing units (housing rehabilitation, homebuyer programs, etc.).

Persons are used for public service programs, public facility improvements, etc.

The QSR is cumulative in that each quarter, the number of new or additional beneficiaries will be added to the previous quarter's QSR report information.

At year-end, the beneficiary counts will reflect the **unduplicated** total of beneficiaries served during the program year.

Income eligibility – Income category dollar amounts and ranges are **updated** and published **annually** by HUD. If your program uses intake or membership forms to verify client income, your intake forms must be updated annually.

Race and Ethnicity – In 2003, HUD revised its standards for collection of racial data, based on OMB direction in 2000. There were two significant impacts on grantee data collection and reporting:

(1) **Hispanic** is now considered an ethnicity category rather than a race category. OMB recommends that when collecting racial data, grantees ask respondents to identify their ethnicity prior to asking them to identify their race; and

(2) **Asian/Pacific Islander** was split into the two categories of Asian and Native Hawaiian/Other Pacific Islander.

Additional instructions for the completion of the QSR are provided in the "Instructions for the Quarterly Status Report (QSR)" will be provided with the FY 2010-11 QSR.

EXHIBIT D REQUIREMENTS FOR REIMBURSEMENT REQUESTS

The following are some key points regarding the **documentation** required in order to submit a complete Request for Payment.

Complete and accurate documentation that supports each request must be attached. The documentation should be:

1. Clearly marked to indicate which program the expenditure relates to and the applicable dollar amount on the receipt. The dollar amount should be circled or highlighted.
2. Summarized. Summary listings should be provided if there are extensive receipts and documents.
3. Detailed.

N/A. Payroll – (If applicable) Time sheets for each pay period, for each employee charging time to the CDBG program, should be included. Time sheets must be signed by the employee and the manager. Time sheets should reflect the total time worked each day (8 hours, etc.) with **the amount of CDBG time being charged clearly identified**. Proof of payment, such as a payroll register or copies of pay checks must also be included.

Other charges – An invoice for the charge and documentation that the invoice was paid.

4. Well Documented.

CDBG funds **are** issued on a reimbursement **basis** only. All items requested for reimbursement must have an invoice (or some document that verifies the expenditure was incurred) and evidence of payment.

Specific documentation, in addition to financial expenditures, may also be required. For projects affected by the Davis-Bacon Act and/or the Uniform Relocation Act more rigorous documentation must be submitted. Please refer to specific conditions in your contract for the type of documentation that is required to back up your claim(s) for reimbursement.

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COMMERCIAL REALTY

COMMERCIAL PURCHASE AND SALE AGREEMENT

1. **Purchase and Sale.** For and in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned buyer
City Of Morristown ("Buyer") agrees to buy and the undersigned
seller William J Rooney ("Seller") agrees to sell all that tract or
parcel of land, with such improvements as are located thereon, described as follows: All that tract of land known as:
451 S. Jackson St.
(Address) Morristown (City), Tennessee, 37813 (Zip), as recorded in
Hamblen County Register of Deeds Office, 128 deed book(s), 76
page(s), and/or instrument no. and as further described as:
Map 34P, Group A, Parcel 030.00
together with all fixtures, landscaping, improvements, and appurtenances, all being hereinafter collectively referred to as
the "Property", as more particularly described in Exhibit "A" or if Exhibit A is not attached as is recorded with the
Register of Deeds of the county in which the Property is located and is made a part of this Commercial Purchase and
Sale Agreement ("Purchase and Sale Agreement" or "Agreement") by reference.
2. **Purchase Price.** The total purchase price for the Property shall be
Sixty-Four Thousand Five Hundred Sixteen U.S. Dollars, (\$ 64,516.00)
("Purchase Price"), and is subject to all prorations and adjustments and shall be paid by Buyer at the Closing by cash, a
Federal Reserve Bank wire transfer of immediately available funds, cashier's check or certified check.
3. **Earnest Money/Trust Money.** Buyer has paid or will pay within 3 business days after the Binding Agreement
Date, the sum of \$ 1,000.00 with LeBel Commercial Realty
("Holder") located at 1501 E. Morris Blvd
(Address of Holder). Additional Earnest Money/Trust Money, if any, to be tendered and applied as follows:

This sum ("Earnest Money/Trust Money") is to be applied as part of the Purchase Price at Closing.

A. Failure to Receive Earnest Money/Trust Money. In the event Earnest Money/Trust Money is not timely received
by Holder or Earnest Money/Trust Money check or other instrument is not honored for any reason by the financial
institution from which it is drawn, Holder shall promptly notify Buyer and Seller. Buyer shall have three (3) business
days after notice to deliver good funds to Holder. In the event Buyer does not timely deliver good funds to Holder, this
Agreement shall automatically terminate and Holder shall notify the parties of the same. Holder shall disburse Earnest
Money/Trust Money only as follows:

- (a) at Closing to be applied as a credit toward Buyer's Purchase Price;
- (b) upon a subsequent written agreement signed by Buyer and Seller; or
- (c) as set forth below in the event of a dispute regarding Earnest Money/Trust Money.

No party shall seek damages from Holder, nor shall Holder be liable for any such damages, and all parties agree to
defend and hold harmless Holder for any matter arising out of or related to the performance of Holder's duties hereunder.

Disputes Regarding Earnest Money/Trust Money. In the event Buyer or Seller notifies Holder of a dispute regarding
disposition of Earnest Money/Trust Money that Holder cannot resolve, Buyer and Seller agree to interplead Earnest
Money/Trust Money into a court of competent jurisdiction. Holder shall be reimbursed for, and may deduct from, any
funds interpleaded, its costs and expenses, including reasonable attorney's fees. The prevailing party in the interpleader
action shall be entitled to collect from the other party the costs and expenses reimbursed to Holder, and upon payment of

such funds into the court clerk's office, Holder shall be released from all further liability in connection with the funds delivered.

4. **Inspection.** Prior to Closing, Buyer and Buyer's agents shall have the right to enter upon the Property at Buyer's expense and at reasonable times to inspect, survey, examine, and test the Property as Buyer may deem necessary as part of Buyer's acquisition of the Property. Buyer may, for a fee, obtain a septic system inspection letter from the Tennessee Department of Environment and Conservation, Division of Ground Water Protection. Buyer shall indemnify and hold Seller and all Brokers harmless from and against any and all claims, injuries, and damages to persons and/or property arising out of or related to the exercise of Buyer's rights hereunder. Buyer shall have 0 days after the Binding Agreement Date ("Due Diligence Period") to evaluate the Property, the feasibility of the transaction, the availability and cost of financing, and any other matter of concern to Buyer. During the Due Diligence Period, Buyer shall have the right to terminate this Agreement upon notice to Seller if Buyer determines, based on a reasonable and good faith evaluation of the above, that it is not desirable to proceed with the transaction, and Buyer will be entitled to a refund of the Earnest Money/Trust Money. Within 0 days after the Binding Agreement Date, Seller shall deliver to Buyer copies of the materials concerning the Property referenced in Exhibit "B" (collectively "Due Diligence Materials"), which materials shall be promptly returned by Buyer if Agreement does not Close for any reason. If Buyer fails to timely notify Seller that it is not proceeding with the transaction, Buyer shall waive its rights to terminate this Agreement pursuant to this paragraph.

5. **Title.**

A. **Warranties of Seller.** Seller warrants that at Closing Seller shall convey good and marketable, fee simple title to the Property to Buyer, subject only to the following exceptions ("Permitted Exceptions"):

- (1) Liens for ad valorem taxes not yet due and payable.
- (2) Those exceptions to which Buyer does not object or which Buyer waives in accordance with the Title Issues and Objections paragraph below. "Good and marketable, fee simple title" with respect to the Property shall be such title:
 - (a) as is classified as "marketable" under the laws of Tennessee; and
 - (b) as is acceptable to and insurable by a title company doing business in Tennessee ("Title Company"), at standard rates on an American Land Title Association Owner's Policy ("Title Policy").

B. **Title Issues and Objections.** Buyer shall have 20 days after the Binding Agreement Date to furnish Seller with a written statement of any title objections, UCC-1 or UCC-2 Financing Statements, and encroachments, and other facts affecting the marketability of the Property as revealed by a current title examination. Seller shall have 20 days after the receipt of such objections (the "Title Cure Period") to cure all valid title objections. Seller shall satisfy any existing liens or monetary encumbrances identified by Buyer as title objections which may be satisfied by the payment of a sum certain prior to or at Closing. Except for Seller's obligations in the preceding sentence, if Seller fails to cure any other valid title objections of Buyer within the Title Cure Period (and fails to provide Buyer with evidence of Seller's cure satisfactory to Buyer and to Title Company), then within five (5) days after the expiration of the Title Cure Period, Buyer may as Buyer's sole remedies: (1) rescind the transaction contemplated hereby, in which case Buyer shall be entitled to the return of Buyer's Earnest Money/Trust Money; (2) waive any such objections and elect to Close the transaction contemplated hereby irrespective of such title objections and without reduction of the Purchase Price; or (3) extend the Closing Date period for a period of up to fifteen (15) days to allow Seller further time to cure such valid title objections. Failure to act in a timely manner under this paragraph shall constitute a waiver of Buyer's rights hereunder. Buyer shall have the right to reexamine title prior to Closing and notify Seller at Closing of any title objections which appear of record after the date of Buyer's initial title examination and before Closing.

6. **Closing.**

A. **Closing Date.** This transaction shall be consummated at the office of see special stipulations on _____, _____ (the "Closing Date") or at such other time and place(s) the parties may agree upon in writing.

B. **Possession.** Seller shall deliver possession and occupancy of the Property to Buyer at Closing, subject only to the rights of tenants in possession and the Permitted Exceptions.

7. **Seller's Obligations at Closing.** At Closing, Seller shall deliver to Buyer:

- (a) a Closing Statement;

(b) deed (mark the appropriate deed below)

- ☒ General Warranty Deed ☐ Special Warranty Deed
☐ Quit Claim Deed ☐ Other: _____

(c) all documents which Seller must execute under the terms of this Agreement to cause the Title Company to deliver to Buyer the Title Policy including, without limitation, a title affidavit from Seller to Buyer and to the Title Company in the form customarily used in Tennessee commercial real estate transactions so as to enable the Title Company to issue Buyer the Title Policy with all standard exceptions deleted and subject only to Permitted Exceptions; and

(d) evidence reasonably satisfactory to Buyer at Closing of all documents/items indicated in Exhibit "C", if any (all documents to be delivered by Seller under this paragraph, including all documents/items indicated in Exhibit "C" are collectively "Seller's Closing Documents").

8. Conditions to Closing.

9. Costs.

A. Seller's Costs. Seller shall pay all existing loans and/or liens affecting the Property; the cost of recording any title curative documents, including without limitation, satisfactions of deeds to secure debt, quitclaim deeds and financing statement termination; any accrued and/or outstanding association dues or fees; fee (if any) to obtain lien payoff/estoppel letters/statement of accounts from any and all associations, property management companies, mortgage holders or other liens affecting the Property; all deed recording fees; the fees of Seller's counsel and, if checked, ☐ all transfer taxes, otherwise Buyer is responsible for transfer taxes.

In the event Seller is subject to Tax Withholding as required by the Foreign Investment in Real Property Tax Act, (hereinafter "FIRPTA"), Seller additionally agrees that such Tax Withholding must be collected from Seller by Buyer's Closing Agent at the time of Closing. In the event Seller is not subject to FIRPTA, Seller shall be required as a condition of Closing to sign appropriate affidavits certifying that Seller is not subject to FIRPTA. It is Seller's responsibility to seek independent tax advice or counsel prior to the Closing Date regarding such tax matters.

B. Buyer's Costs. Buyer shall pay the cost of Buyer's counsel and consultants; any costs in connection with Buyer's inspection of the Property and any costs associated with obtaining financing for the acquisition of the Property (including any intangibles tax, all deed recording fees and the cost of recording Buyer's loan documents.)

C. Additional Costs. In addition to the costs identified above, the following costs shall be paid by the parties hereto as indicated below:

<u>Item to be Paid</u>	<u>Paid by Seller</u>	<u>Paid by Buyer</u>
Survey	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Title Examination	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Premium for Standard Owner's Title Insurance Policy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

10. Taxes and Prorations. Real estate taxes on the Property for the calendar year in which the Closing takes place shall be prorated as of 12:01 a.m. local time on the Closing Date. Seller shall be responsible (even after Closing) for paying all taxes (including previous reassessments) on the Property for the time period during which Seller owned the Property and shall indemnify the Buyer therefore. In addition, the following items shall also be prorated as of 12:01 a.m. local time on the Closing Date [Select only those that apply to this transaction; the items not checked do not apply to this Agreement]:

- 146 ☒ Utilities ☒ Service Contracts ☐ Tenant Improvement Costs
147 ☒ Rents ☐ Leasing Commissions ☐ Other: _____
148 ☐ Other: _____ ☐ Other: _____

149 **11. Representations and Warranties.**

150 **A. Seller's Representations and Warranties.** As of the Binding Agreement Date and the Closing Date, Seller
151 represents and warrants to Buyer that Seller has the right, power, and authority to enter into this Agreement and to
152 convey the Property in accordance with the terms and conditions of this Agreement. The persons executing this
153 Agreement on behalf of Seller have been duly and validly authorized by Seller to execute and deliver this
154 Agreement and shall have the right, power, and authority to enter into this Agreement and to bind Seller. Seller also
155 makes the additional representations and warranties to Buyer, if any, as indicated on Exhibit "D".

156 **B. Buyer's Representations and Warranties.** As of the Binding Agreement Date and the Closing Date, Buyer
157 represents and warrants to Seller that Buyer has the right, power, and authority to enter into this Agreement and to
158 consummate the transaction contemplated by the terms and conditions of this Agreement. The persons executing
159 this Agreement on behalf of Buyer have been duly and validly authorized by Buyer to execute and deliver this
160 Agreement and shall have the right, power, and authority to enter into this Agreement and bind Buyer. Upon
161 Seller's request, Buyer shall furnish such documentation evidencing signor's authority to bind Buyer.

162 **12. Agency and Brokerage.**

163 **A. Agency.**

- 164 (1) In this Agreement, the term "Broker" shall mean a licensed Tennessee real estate broker or brokerage firm and,
165 where the context would indicate, the Broker's affiliated licensees. No Broker in this transaction shall owe any
166 duty to Buyer or Seller greater than what is set forth in their brokerage engagements, the Tennessee Real Estate
167 Broker License Act of 1973, as amended, and the Tennessee Real Estate Commission rules and regulations.
- 168 (2) A Designated Agent is one who has been assigned by his/her Managing Broker and is working as an agent for
169 the Seller or Buyer in a prospective transaction, to the exclusion of all other licensees in his/her company.
- 170 (3) An Agent for the Seller or Buyer is a type of agency in which the licensee's company is working as an agent for
171 the Seller or Buyer and owes primary loyalty to that Seller or Buyer.
- 172 (4) A Facilitator relationship occurs when the licensee is not working as an agent for either party in this consumer's
173 prospective transaction. A Facilitator may advise either or both of the parties to a transaction but cannot be
174 considered a representative or advocate for either party. "Transaction Broker" may be used synonymously
175 with, or in lieu of, "Facilitator" as used in any disclosures, forms or agreements. [By law, any licensee or
176 company who has not entered into a written agency agreement with either party in the transaction is considered
177 a Facilitator or Transaction Broker until such time as an agency agreement is established.]
- 178 (5) A dual agency situation arises when an agent (in the case of designated agency) or a real estate firm (wherein
179 the entire real estate firm represents the client) represents both the Buyer and Seller.
- 180 (6) If one of the parties is not represented by a Broker, that party is solely responsible for their own interests, and
181 that Broker's role is limited to performing ministerial acts for the unrepresented party.

182 **B. Agency Disclosure.**

- 183 (1) The Broker, if any, working with the Seller is identified on the signature page as the "Listing Company"; and
184 said Broker is (Select One. The items not selected are not part of this Agreement):
- 185 ☐ the Designated Agent for the Seller,
186 ☐ the agent for the Seller,
187 ☒ a Facilitator for the Seller, OR
188 ☐ a dual agent.
- 189 (2) The Broker, if any, working with the Buyer is identified on the signature page as the "Selling Company", and
190 said Broker is (Select One. The items not selected are not part of this Agreement):
- 191 ☐ the Designated Agent for the Buyer,
192 ☐ the agent for the Buyer,
193 ☒ a Facilitator for the Buyer, OR
194 ☐ a dual agent.

(3) **Dual Agency Disclosure.** *[Applicable only if dual agency has been selected above]* Seller and Buyer are aware that Broker is acting as a dual agent in this transaction and consent to the same. Seller and Buyer have been advised that:

1. In serving as a dual agent the Broker is representing two clients whose interests are, or at times could be, different or even adverse.
2. The Broker will disclose all adverse, material facts relevant to the transaction, and actually known to the dual agent, to all parties in the transaction except for information made confidential by request or instructions from another client which is not otherwise required to be disclosed by law.
3. The Buyer and Seller do not have to consent to dual agency, and
4. The consent of the Buyer and Seller to dual agency has been given voluntarily and the parties have read and understand their brokerage engagement agreements.
5. Notwithstanding any provision to the contrary contained herein, Seller and Buyer each hereby direct Broker, if acting as a dual agent, to keep confidential and not reveal to the other party any information which could materially and adversely affect their negotiating position unless otherwise prohibited by law.

(4) **Material Relationship Disclosure.** *[Required with dual Agency]* The Broker and/or affiliated licensees have no material relationship with either client except as follows: _____. A material relationship means one of a personal, familial or business nature between the Broker and affiliate licensees and a client which would impair their ability to exercise fair judgment relative to another client.

Seller Initials _____ Buyer Initials _____

C. Brokerage. Seller agrees to pay Listing Broker at Closing the compensation specified by separate agreement. The Listing Broker will direct the closing agency/attorney to pay the Selling Broker, from the commission received, an amount, if any, in accordance with the terms and provisions specified by separate agreement. The parties agree and acknowledge that the Brokers involved in this transaction may receive compensation from more than one party. All parties to this Agreement agree and acknowledge that any real estate firm involved in this transaction shall be deemed a third party beneficiary only for the purposes of enforcing their commission rights, and as such, shall have the right to maintain an action on this Agreement for any and all compensations due and any reasonable attorney's fees and court costs.

13. Disclaimer. It is understood and agreed that the real estate firms and real estate licensee(s) representing or assisting Seller or Buyer and their brokers (collectively referred to as "Brokers") are not parties to this Agreement and do not have or assume liability for the performance or nonperformance of Seller or Buyer. Buyer and Seller agree that Brokers shall not be responsible for any of the following, including but not limited to, those matters which could have been revealed through a survey, title search or inspection of the Property; the insurability of the Property or cost to insure the Property; for the condition of the Property, any portion thereof, or any item therein; for any geological issues present on the Property; for any issues arising out of Buyer's failure to physically inspect the Property prior to entering into this Agreement and/or Closing; for building products and construction techniques; for the necessity or cost of any repairs to the Property; for hazardous or toxic materials; for the tax or legal consequences of this transaction; for the availability, capability, and/or cost of utility, sewer, septic, or community amenities; for proposed or pending condemnation actions involving the Property; for applicable boundaries of school districts or other school information; for the appraised or future value of the Property; for any condition(s) existing off the Property which may affect the Property; for the terms, conditions and availability of financing; and for the uses and zoning of the Property whether permitted or proposed. Buyer and Seller acknowledge that Brokers are not experts with respect to the above matters and that they have not relied upon any advice, representations or statements of Brokers (including their firms and affiliated licensees) and waive and shall not assert any claims against Brokers (including their firms and affiliated licensees) involving same. Buyer and Seller understand that it has been strongly recommended that if any of these or any other matters concerning the Property are of concern to them, that they secure the services of appropriately credentialed experts and professionals of Buyer's or Seller's choice for the independent expert advice and counsel relative thereto.

14. Destruction of Property Prior to Closing. If the Property is destroyed or substantially destroyed prior to Closing, Seller shall give Buyer prompt notice thereof, which notice shall include Seller's reasonable estimate of: (1) the cost to restore and repair the damage; (2) the amount of insurance proceeds, if any, available for the same; and (3) whether the damage will be repaired prior to Closing. Upon notice to Seller, Buyer may terminate this Agreement within seven (7) days after receiving such notice from Seller. If Buyer does not terminate this Agreement, Buyer shall be deemed to have



accepted the Property with the damage and shall receive at Closing (1) any insurance proceeds which have been paid to Seller but not yet spent to repair the damage and (2) an assignment of all unpaid insurance proceeds on the claim. Buyer may request in writing, and Seller shall provide within five (5) business days, all documentation necessary to confirm insurance coverage and/or payment or assignment of insurance proceeds.

15. Other Provisions.

A. Exhibits, Binding Effect, Entire Agreement, Modification, Assignment, and Binding Agreement Date. This Agreement shall be for the benefit of, and be binding upon, the parties hereto, their heirs, successors, legal representatives and assigns. This Agreement constitutes the sole and entire agreement between the parties hereto and no modification of this Agreement shall be binding unless signed by all parties or assigns to this Agreement. No representation, promise, or inducement not included in this Agreement shall be binding upon any party hereto. Any assignee shall fulfill all the terms and conditions of this Agreement. It is hereby agreed by both Buyer and Seller that any real estate agent working with or representing either party shall not have the authority to bind the Buyer, Seller or any assignee to any contractual agreement unless specifically authorized in writing within this Agreement. The parties hereby authorize either licensee to insert the time and date of the receipt of notice of acceptance of the final offer and further agree to be bound by such as the Binding Agreement Date following the signatory section of this Agreement, or Counter Offer, if applicable.

B. Survival Clause. Any provision herein contained, which by its nature and effect, is required to be performed after Closing shall survive the Closing and delivery of the deed and shall remain binding upon the parties to this Agreement and shall be fully enforceable thereafter. Notwithstanding the above, the representations and warranties made in Exhibit "D" shall survive the Closing for a period of 180 days after the date of Closing.

C. Governing Law and Venue. This Agreement is intended as a contract for the purchase and sale of real property and shall be interpreted in accordance with the laws and in the courts of the State of Tennessee.

D. Time of Essence. Time is of the essence in this Agreement.

E. Terminology. As the context may require in this Agreement: (1) the singular shall mean the plural and vice versa; (2) all pronouns shall mean and include the person, entity, firm, or corporation to which they relate; (3) the feminine shall mean the masculine and vice versa; and (4) the term day(s) used throughout this Agreement shall be deemed to be calendar day(s) ending at 11:59 p.m. local time unless otherwise specified in this Agreement. Local time is to be determined by the location of the Property. All references to time are deemed to be local time. **In the event a performance deadline**, other than the Closing Date (as defined in paragraph six (6) herein), Day of Possession (as defined in paragraph six (6) herein), and Offer Expiration date (as defined in paragraph nineteen (19) herein), occurs on a Saturday, Sunday or legal holiday, the performance deadline shall be extended to the next following business day. Holidays as used herein are those days deemed federal holidays pursuant to 5 U.S.C. § 6103. In calculating any time period under this Agreement, the commencement day shall be the day following the initial date (e.g. Binding Agreement Date).

F. Responsibility to cooperate. Buyer and Seller agree to timely take such actions and produce, execute, and/or deliver such information and documentation as is reasonably necessary to carry out the responsibilities and obligations of this Agreement. Except as to matters which are occasioned by clerical errors or omissions or erroneous information, the approval of the Closing documents by the parties shall constitute their approval of any differences between this Agreement and the Closing. The Buyer and Seller agree that if requested after Closing they will correct any documents and pay any amounts due where such corrections or payments are appropriate by reason of mistake, clerical errors or omissions, or the result of erroneous information.

G. Notices. Except as otherwise provided herein, all notices and demands required or permitted hereunder shall be in writing and delivered either (1) in person, (2) by a prepaid overnight delivery service, (3) by facsimile transmission (FAX), (4) by the United States Postal Service, postage prepaid, registered or certified return receipt requested or (5) Email. **NOTICE** shall be deemed to have been given as of the date and time it is actually received. Receipt of notice by the real estate licensee or their Broker assisting a party as a client or customer shall be deemed to be notice to that party for all purposes under this Agreement as may be amended, unless otherwise provided in writing.

H. Remedies. In the event of a breach of this Agreement, the non-breaching party may pursue all remedies available at law or in equity except where the parties have agreed to arbitrate. Notwithstanding the above, if Buyer breaches Buyer's obligations or warranties herein Seller shall have the option to request that Holder pay the Earnest Money/Trust Money to Seller, which if disbursed to Seller by Holder shall constitute liquidated damages in full settlement of all claims by Seller. Such liquidated damages are agreed to by the parties not to be a penalty and to be a good faith estimate of Seller's actual damages, which damages are difficult to ascertain. In the event that any party hereto shall file suit for breach or enforcement of this Agreement (including suits filed after Closing which are based on or related to the Agreement), the prevailing party shall be entitled to recover all costs of such enforcement,

including reasonable attorney's fees. The parties hereby agree that all remedies are fair and equitable and neither party will assert the lack of mutuality of remedies as a defense in the event of a dispute.

I. Equal Opportunity. This Property is being sold without regard to race, color, sex, religion, handicap, familial status, or national origin.

J. Termination by Buyer. In the event that Buyer legally and properly invokes his right to terminate this Agreement under any of the provisions contained herein, Buyer shall pay the sum of one hundred dollars (\$100.00) to Seller as consideration for Buyer's said right to terminate, the sufficiency and adequacy of which is hereby acknowledged. Earnest Money/Trust Money shall be disbursed according to the terms stated herein.

K. Severability. If any portion or provision of this Agreement is held or adjudicated to be invalid or unenforceable for any reason, each such portion or provision shall be severed from the remaining portions or provisions of this Agreement, and the remaining portions or provisions shall be unaffected and remain in full force and effect.

L. Construction. This Agreement or any uncertainty or ambiguity herein shall not be construed against any party but shall be construed as if all parties to this Agreement jointly prepared this Agreement.

16. Exhibited and Addenda. All exhibits and/or addenda attached hereto, listed below, or referenced herein are made a part of this Agreement. If any such exhibit or addendum conflicts with any preceding paragraph, said exhibit or addendum shall control:

- ☐ Exhibit "A" Legal Description
- ☐ Exhibit "B" Due Diligence Documents
- ☐ Exhibit "C" Addition to Seller's Closing Documents
- ☐ Exhibit "D" Seller's Warranties and Representations

17. Special Stipulations. The following Special Stipulations, if conflicting with any preceding paragraph, shall control:
Sale shall be subject to City Council approval on August 2, 2016.
Closing shall be on or before August 9, 2016.

☐ (Mark box if additional pages are attached.)

18. Method of Execution. The parties agree that signatures and initials transmitted by a facsimile, other photocopy transmittal, or by transmittal of digital signature as defined by the applicable State or Federal Law will be acceptable and may be treated as originals and that the final Commercial Purchase and Sale Agreement containing all signatures and

initials may be executed partially by original signature and partially on facsimile, other photocopy documents, or by digital signature as defined by the applicable State or Federal Law.

19. Time Limit of Offer. This Offer may be withdrawn at any time before acceptance with Notice. Offer terminates if not countered or accepted by _____ o'clock ☐ a.m./ ☐ p.m. local time on the _____ day of _____.

LEGAL DOCUMENTS: This is an important legal document creating valuable rights and obligations. If you have any questions about it, you should review it with your attorney. Neither the Broker nor any Agent or Facilitator is authorized or qualified to give you any advice about the advisability or legal effect of its provisions.

NOTE: Any provisions of this Agreement which are preceded by a box "□" must be marked to be a part of this Agreement. By affixing your signature below, you also acknowledge that you have reviewed each page and have received a copy of this Agreement.

Buyer hereby makes this offer.

City of Morristown

BUYER

By: [Signature]

Title: City Administrator

Entity: _____

07/20/16 at 9:28 o'clock ☒ am/ ☐ pm

Offer Date

BUYER

By: _____

Title: _____

Entity: _____

_____ at _____ o'clock ☐ am/ ☐ pm

Offer Date

Seller hereby:

☒ **ACCEPTS** – accepts this offer.

☐ **COUNTERS** – accepts this offer subject to the attached Counter Offer(s).

☐ **REJECTS** this offer and makes no counter offer.

SELLER

By: _____

Title: _____

Entity: _____

07/20/16 at _____ o'clock ☐ am/ ☐ pm

Date

SELLER

By: _____

Title: _____

Entity: _____

_____ at _____ o'clock ☐ am/ ☐ pm

Date

Binding Agreement Date. This instrument shall become a "Binding Agreement" on the date ("Binding Agreement Date") the last offeror, or licensee of offeror, receives notice of offeree's acceptance. Notice of acceptance of the final offer was received on the 20th day of July, 2016 at _____ o'clock by _____ (Name).

For Information Purposes Only:

LeBel Commercial Realty
Listing Company

Paul LeBel
Independent Licensee

paullebel@yahoo.com
Licensee Email

LeBel Commercial Realty
Selling Company

Paul LeBel
Independent Licensee

paullebel@yahoo.com
Licensee Email

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ASSOCIATION
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CF 401 – Commercial Purchase and Sale Agreement, Page 8 of 8

Version 01/01/2016

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CITY OF MORRISTOWN
PURCHASING DIRECTOR

P.O. Box 1499
Morristown, TN 37815-0647
Phone: (423) 585-4622 Fax: (423) 585-4687

Purchase Order

Fiscal Year 2017

Page 1

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS.

Purchase Order # **17000258-00**

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

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WAVETRONIX LLC
78 E 1700 S

PROVO, UT 84606

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City of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number 801-734-7241		Vendor Fax Number		Requisition Number 17000318		Delivery Reference/Contact MATTHEW MANNING			
Date Ordered 07/19/16		Vendor Number 007271		Data Required		Interoffice Delivery		Department Location 43190	
Item#	Description/Part No.				Qty/Unit	Cost Each	Extended Price		
001	ORIGINAL				1.00	156298.00000	156,299.00		
					EACH				
	Quotation number is DAOHQ1021. Radar detection for 8 intersections. This is sole source vendor. Per Paul Brown								
	43190-365				156,299.00				
	Total Freight				1.00				
						PO Total	156,299.00		



Product Exclusive Certification

July 25, 2016

City of Morristown
400 Dice St
Morristown, TN 37813

Attn: Mr. Steve Peoples

Dear Mr. Peoples:

We would like to confirm that Wavetronix products, parts, and supplies can only be purchased directly from Wavetronix within the State of Tennessee. There are no existing relationships or agreements, within the State of Tennessee, with any other entity, dealer, distributor, or value added reseller from which products can be procured.

Mr. Dan Vincent is the Regional Sales Manager for the State of Tennessee. Please feel free to contact him for any additional information pertaining to Wavetronix Sales and Training at 615-410-0737 or via email at Dan.Vincent@Wavetronix.com

Sincerely,

A handwritten signature in black ink, appearing to read "Donna M. Hutchins", written over a horizontal line.

Donna M. Hutchins
Regional Sales Coordinator

Purchase Order

CITY OF MORRISTOWN
PURCHASING DIRECTOR

P.O. Box 1499

Morristown, TN 37815-0847

Phone: (423) 585-4622 Fax: (423) 585-4687

Fiscal Year 2017

Page 1

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS

Purchase Order # 17000356-00

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

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106 S. JAMES CAMPBELL

COLUMBIA, TN 38401S
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400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000420	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				41710
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
001	ORIGINAL		1.00 EACH	28735.00000	28,735.00
	DS6T98-SSV CREW CAB 4X4 PER QUOTE QWPQ3046-B WITH STANDARD EQUIPMENT PACKAGE PER QUOTE				
	DELIVERY 30 DAYS AFTER RECEIPT OF VEHICLE FROM MANUFACTURER				
002	41710-971	28,735.00	1.00 EACH	0.00000	0.00
	CLOTH FONT / VINYL REAR SEATS / BLACK / DIESEL GRAY				
003	41710-971	.00	1.00 EACH	0.00000	0.00
	3.55 REAR AXLE RATION				
004	41710-971	.00	1.00 EACH	0.00000	0.00
	P265/70R17 BSW ALL SEASON TIRES				
005	41710-971	.00	1.00 EACH	195.00000	195.00
	REAR WINDOW DEFROSTER				
006	41710-971	195.00	1.00 EACH	0.00000	0.00

The City of Morristown is an equal
employment / affirmative action
employer EOE / AA

VENDOR COPY

Authorized Signature

Date

Authorized Signature

Date

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CITY OF MORRISTOWN
PURCHASING DIRECTOR

P.O. Box 1499
Morristown, TN 37815-0647
Phone: (423) 585-4622 Fax: (423) 585-4687

Purchase Order

Fiscal Year 2017

Page 2

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS

Purchase Order # **17000356-00**

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

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106 S. JAMES CAMPBELL

COLUMBIA, TN 38401

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City of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number 877-349-9378 ext 00		Vendor Fax Number 865-684-4911		Requisition Number 17000420		Delivery Reference/Contact CASEY CUMMINGS			
Date Ordered 07/28/16		Vendor Number 006927		Date Required		Interoffice Delivery		Department/Location 41710	
Item#	Description/Part No				Qty/Unit	Cost Each		Extended Price	
007	VINYL M-I-P FLOOR COVERING 41710-971				.00 1.00 EACH	0.00000		0.00	
008	UCONNECT 3.0 AM/PM WITH USB INPUT 41710-971				.00 1.00 EACH	1295.00000		1,295.00	
009	RAMBOX CARGO MANAGEMENT SYSTEM REMOTE KEYLESS ENTRY WITH ALL SECURE LED BE LIGHTING 41710-971				1,295.00 1.00 EACH	200.00000		200.00	
010	SPRAY IN BED LINER 41710-971				200.00 1.00 EACH	978.26000		978.26	
011	MOPAR TRI FOLD TONNEAU COVER 5'7" RAMBOX COMPATIBLE 41710-971				978.26 1.00 EACH	760.87000		760.87	
012	MOPAR CHROME TUBULAR ASSIST STEPS 41710-971				760.87 1.00 EACH	597.83000		597.83	
	F&I MORRISTOWN GRAPHICS PACKAGE FOR RAM SSV								

The City of Morristown is an equal
employment / affirmative action
employer EOE / AA

Authorized Signature

Date

VENDOR COPY

Authorized Signature

Date

[Return to Agenda](#)



CITY OF MORRISTOWN
PURCHASING DIRECTOR

P.O. Box 1499
Morristown, TN 37815-0647
Phone: (423) 585-4622 Fax: (423) 585-4687

Purchase Order

Fiscal Year 2017

Page 3

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS

Purchase Order # **17000356-00**

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

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TT OF COLUMBIA
106 S. JAMES CAMPBELL

COLUMBIA, TN 38401

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City of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number 877-349-9378 ext 00		Vendor Fax Number 865-684-4911	Requisition Number 17000420	Delivery Reference/Contact CASEY CUMMINGS	
Date Ordered 07/28/16	Vendor Number 006927	Date Required	Interoffice Delivery		Department/Location 41710
Item#	Description/Part No		Qty/Unit	Cost Each	Extended Price
013	41710-971		597.83		
			1.00 EACH	0.00000	0.00
	BRIGHT WHITE CLEAR COAT				
014	41710-971		.00		
			1.00 EACH	6664.78000	6,664.78
	UPFIT QUOTE QWPQ3046R-1				
015	41710-971		6,664.78		
			1.00 EACH	0.00000	0.00
	FULL SIZE SPARE TIRE - STANDARD PER EMAIL				
	41710-971		.00		
				PO Total	39,426.74

The City of Morristown is an equal
employment / affirmative action
employer EOE / AA

VENDOR COPY

Authorized Signature

Date

Authorized Signature

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Date



CITY OF MORRISTOWN
PURCHASING DIRECTOR

P.O. Box 1499
Morristown, TN 37815-0847
Phone: (423) 585-4622 Fax: (423) 585-4687

Purchase Order

Fiscal Year 2017

Page 1

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Purchase Order # **17000353-00**

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

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TT OF COLUMBIA
106 S. JAMES CAMPBELL

COLUMBIA, TN 38401

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City of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000422	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				42120
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
001	ORIGINAL		1.00 EACH	28735.00000	28,735.00
	DS6T98-SSV CREW CAB 4X4 PER QUOTE QWPQ3047-A WITH STANDARD EQUIPMENT PACKAGE PER QUOTE				
	DELIVERY 30 DAYS AFTER RECEIPT OF VEHICLE FROM MANUFACTURER				
	NOTHING ON BACK GLASS The Above Line Item Is For Department: 42120-971			41710	28,735.00
002	CLOTH FRONT BENCH / VINYL REAR SEATS / BLACK / DIESEL GRAY		1.00 EACH	45.00000	45.00
	The Above Line Item Is For Department: 42120-971			41710	45.00
003	3.55 REAR AXLE RATION		1.00 EACH	0.00000	0.00
	The Above Line Item Is For Department: 42120-971			41710	.00
004	P265/70R17 BSW ALL SEASON TIRES		1.00 EACH	0.00000	0.00
	The Above Line Item Is For Department: 42120-971			41710	.00

The City of Morristown is an equal
employment / affirmative action
employer EOE / AA

VENDOR COPY

Authorized Signature

Date

Authorized Signature

Date

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CITY OF MORRISTOWN
PURCHASING DIRECTOR

P.O. Box 1499
Morristown, TN 37815-0647
Phone: (423) 585-4622 Fax: (423) 585-4687

Purchase Order

Fiscal Year 2017

Page 2

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS

Purchase
Order #

17000353-00

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

**V
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TT OF COLUMBIA
106 S. JAMES CAMPBELL

COLUMBIA, TN 38401

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City of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number		Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911		17000422	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Inter-office Delivery		Department/Location	
07/28/16	006927				42120	
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price	
005	VINYL M-I-P FLOOR COVERING The Above Line Item Is For Department: 42120-971		1.00 EACH .00	0.00000 41710	0.00	
006	UCONNECT 3.0 AM/FM WITH USB INPUT The Above Line Item Is For Department: 42120-971		1.00 EACH .00	0.00000 41710	0.00	
007	SPRAY IN BED LINER The Above Line Item Is For Department: 42120-971		1.00 EACH 200.00	200.00000 41710	200.00	
008	MOPAR CHROME TUBULAR ASSIST STEPS The Above Line Item Is For Department: 42120-971		1.00 EACH 760.87	760.87000 41710	760.87	
009	A.R.E. MX SERIES CAMPER TOP The Above Line Item Is For Department: 42120-971		1.00 EACH 1,733.70	1733.70000 41710	1,733.70	
010	REAR DOORS FOR MX SERIES The Above Line Item Is For Department: 42120-971		1.00 EACH 504.35	504.35000 41710	504.35	

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Purchase Order

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Page 3

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Purchase Order # **17000353-00**

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Tax Exempt #62-6000369

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Morristown, TN 37813

Vendor Phone Number 877-349-9378 ext 00		Vendor Fax Number 865-684-4911	Requisition Number 17000422	Delivery Reference/Contact CASEY CUMMINGS	
Date Ordered 07/28/16	Vendor Number 006927	Date Required	Interoffice Delivery		Department/Location 42120
Item#	Description/Part No		Qty/Unit	Cost Each	Extended Price
011	L & R SIDE BOXES The Above Line Item Is For Department: 42120-971		1.00 EACH	378.26000 41710	378.26 378.26
012	BRIGHT WHITE CLEAR COAT The Above Line Item Is For Department: 42120-971		1.00 EACH	0.00000 41710	0.00
013	UPFIT QUOTE QWPQ3045R-1 42120-971		1.00 EACH	5651.34000	5,651.34
014	FULL SIZE SPARE TIRE - STANDARD PER EMAIL 42120-971		1.00 EACH	0.00000	0.00
				PO Total	38,008.52

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Purchase Order

Fiscal Year 2017

Page 1

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERSPurchase Order # **17000355-00***Retain this purchase order for proof of tax exemption.***Tax Exempt #62-6000369**V
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COLUMBIA, TN 38401

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oCity of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number		Requisition Number		Delivery Reference/Contact			
877-349-9378 ext 00		865-684-4911		17000423		CASEY CUMMINGS			
Date Ordered		Vendor Number		Date Required		Interoffice Delivery		Department/Location	
07/28/16		006927						42130	
Item#	Description/Part No.				Qty/Unit	Cost Each		Extended Price	
001	ORIGINAL				2.00	28468.00000		56,936.00	
					EACH				
	DODGE DURANGO SSV ALL WHEEL DRIVE								
	PER QUOTE QWPQ3048-B								
	1 - BRIGHT WHITE CLEAR COAT								
	1 - DIAMOND BLACK								
	DELIVERY WITHIN 30 DAYS OF RECEIPT								
	OF VEHICLE FROM MANUFACTURER								
	42130-971				56,936.00				
002					2.00	0.00000		0.00	
					EACH				
	UCONNECT 5.0 AM / FM / BLUETOOTH								
	HANDS FREE								
	42130-971				.00				
003					2.00	0.00000		0.00	
					EACH				
	UPGRADED INTERIOR PACKAGE								
	FULL FRONT AND REAR CARPETING								
	FACTORY FULL LENGHT FLOOR CONSOLE								
	42130-971				.00				
004					2.00	0.00000		0.00	
					EACH				
	ALUMINUM WHEELS								
	42130-971				.00				
005					2.00	150.00000		300.00	

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Purchase Order # **17000355-00**

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Tax Exempt #62-6000369

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Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000423	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				42130
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
006	FULL SIZE SPARE TIRE		EACH		
	42130-971		300.00		
007	CLOTH LOW BACK BUCKET SEATS / BLACK		EACH		
	42130-971		2.00	0.00000	0.00
	UPFIT PER QUOTE QWPQ3048		EACH		
	42130-971		2.00	5124.27000	10,248.54
				PO Total	67,484.54

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Morristown, TN 37813

Vendor Phone Number 877-349-9378 ext 00		Vendor Fax Number 865-684-4911		Requisition Number 17000434		Delivery Reference/Contact CASEY CUMMINGS					
Date Ordered 07/28/16		Vendor Number 006927		Date Required		Interoffice Delivery		Department/Location 42120			
Item#		Description/Part No.				Qty/Unit		Cost Each		Extended Price	
001		ORIGINAL				6.00 EACH		23814.00000		142,884.00	
		CHARGER PURSUIT V6 PER QUOTE QWPQ3049-B 3.6L V6 24V VVT W/5 SPD AUTO TRANSMISSION REAR WHEEL DRIVE									
		DELIVERY WITHIN 30 DAYS OF RECEIPT FROM MANUFACTURER									
002		42120-971				6.00 EACH		0.00000		0.00	
		BLACK STEEL WHEEL WITH CHROME CENTER CAP									
003		42120-971				6.00 EACH		210.00000		1,260.00	
		DRIVER SIDE SPOTLAMP									
004		42120-971				6.00 EACH		75.00000		450.00	
		DEACTIVATE REAR DOOR HANDLES AND LOCKS									
005		42120-971				6.00 EACH		120.00000		720.00	
		HD CLOTH BUCKET SEATS WITH VINYL REAR/BLACK									

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Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000434	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				42120
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
006	42120-971		720.00		
			6.00	0.00000	0.00
			EACH		
	VINYL FLOOR COVERING				
007	42120-971		.00		
			6.00	0.00000	0.00
			EACH		
	DMM - 3.07 REAR AXLE RATIO				
008	42120-971		.00		
			6.00	69.79000	418.74
			EACH		
	LBG FRONT READING/ MAP LAMPS				
009	42120-971		418.74		
			6.00	0.00000	0.00
			EACH		
	FULL SIZE SPARE STANDARD ON CHARGER				
010	42120-971		.00		
			6.00	0.00000	0.00
			EACH		
	PW7 - BRIGHT WHITE - EXTERIOR COLOR				
	WHITE				
011	42120-971		.00		
			6.00	6649.25000	39,895.50
			EACH		
	UPFIT PER SPECIFICATION				
	QUOTE QWPQ3049R-1				
012	42120-971		39,895.50		
			6.00	217.39000	1,304.34
			EACH		
	REAR WINDOW BARS				

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ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number 877-349-9378 ext 00		Vendor Fax Number 865-684-4911		Requisition Number 17000434		Delivery Reference/Contact CASEY CUMMINGS			
Date Ordered 07/28/16		Vendor Number 006927		Date Required		Interoffice Delivery		Department/Location 42120	
Item#	Description/Part No				Qty/Unit	Cost Each		Extended Price	
013	42120-971				1,304.34				
					6.00 EACH	608.70000		3,652.20	
	MORRISTOWN PD GRAPHICS BY SIGNRITE								
014	42120-971				3,652.20				
					6.00 EACH	0.00000		0.00	
	PANASONIC CF53 POWER UNIT								
	42120-971				.00				
						PO Total		190,584.78	

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PURCHASING DIRECTOR

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Phone: (423) 585-4622 Fax: (423) 585-4687

Fiscal Year 2017

Page 1

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERSPurchase
Order #

17000352-01

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Tax Exempt #62-6000369

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COLUMBIA, TN 38401S
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oCity of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000428	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				43110
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
001	2500 TRADESMAN CREW CAB 4X4 6FT BED 4IN BOX PER QUOTE QWPQ3052-A SWC 209 43110-971		1.00 EACH	29191.00000	29,191.00
002	22A - 6.4L HEAVY DUTY HEMI WITH MDS - 6 SPD AUTOMATIC 66RFE TRANSMISSION 43110-971		1.00 EACH	500.00000	500.00
003	HD VINYL 40/20/40 SPLIT BENCH SEAT/BLACK/DIESEL GRAY 43110-971		1.00 EACH	0.00000	0.00
004	HEAVY DUTY SNOW PLOW PREP GROUP 180 AMP ALTERNATOR TRANSFER CASE SKID PLATE SHIELD 43110-971		1.00 EACH	135.00000	135.00
005	BRIGHT WHITE CLEAR COAT 43110-971		1.00 EACH	0.00000	0.00
006	DELETE CARPET		1.00 EACH	0.00000	0.00

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Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000428	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				43110
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
007	43110-971		.00		
			1.00	972.83000	972.83
			EACH		
	HARD TRI FOLD TONNEAU COVER				
	43110-971		972.83		
008			1.00	395.00000	395.00
			EACH		
	ANTI SPIN DIFFERENTIAL REAR AXLE				
	43110-971		395.00		
009			1.00	190.00000	190.00
			EACH		
	REMOTE KEYLESS ENTRY				
	43110-971		190.00		
010			1.00	145.00000	145.00
			EACH		
	AUXILIARY SWITCHES I/P MOUNTED				
	43110-971		145.00		
011			1.00	195.00000	195.00
			EACH		
	FOG LAMPS				
	43110-971		195.00		
012			1.00	145.00000	145.00
			EACH		
	LED BED LIGHTING				
	43110-971		145.00		
013			1.00	645.00000	645.00
			EACH		
	WHEEL TO WHEEL SIDE STEPS				
	43110-971		645.00		
014			1.00	295.00000	295.00

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Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000428	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				43110
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
	FULL SIZE SPARE TIRE		EACH		
015	43110-971	295.00	1.00 EACH	195.00000	195.00
	UCONNECT 3.0		EACH		
016	43110-971	195.00	1.00 EACH	1295.00000	1,295.00
	RAMBOX CARGO MANAGEMENT SYSTEM		EACH		
017	43110-971	1,295.00	1.00 EACH	280.00000	280.00
	TRAILER BRAKE CONTROL		EACH		
018	43110-971	280.00	1.00 EACH	495.00000	495.00
	SPRAY IN BEDLINER		EACH		
019	43110-971	495.00	1.00 EACH	325.00000	325.00
	UPFITTER ELECTRONIC MODULE (VSIM)		EACH		
020	43110-971	325.00	1.00 EACH	0.00000	0.00
	18" STEEL WHEELS		EACH		
021	LT275/70R18E OWL ON/OFF ROAD	.00	1.00 EACH	0.00000	0.00
	43110-971				

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Morristown, TN 37813

Vendor Phone Number 877-349-9378 ext 00		Vendor Fax Number 865-684-4911		Requisition Number 17000428		Delivery Reference/Contact CASEY CUMMINGS			
Date Ordered 07/28/16		Vendor Number 006927		Date Required		Interoffice Delivery		Department/Location 43110	
Item#	Description/Part No.				Qty/Unit	Cost Each	Extended Price		
	POWER WINDOWS/ DOOR LOCKS HEATED MIRRORS 43110-971				.00				
						PO Total	35,398.83		

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Purchase Order # **17000350-00**

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Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000432	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				44430
Item#	Description/Part No		Qty/Unit	Cost Each	Extended Price
001	ORIGINAL		1.00 EACH	29246.00000	29,246.00
002	2500 TRADESMAN CREW CAB 4X4 169 IN WB 8FT 44430-971		1.00 EACH	500.00000	500.00
003	22A - 6.4L HEAVY DUTY HEMI WITH MDS 6-SPD AUTOMATIC 66RFE TRANSMISSION 44430-971		1.00 EACH	0.00000	0.00
004	HD VINYL 40/20/40 SPLIT BENCH SEAT/BLACK/DIESEL GRAY 44430-971		1.00 EACH	280.00000	280.00
005	TRAILER BRAKE CONTROL 44430-971		1.00 EACH	325.00000	325.00
006	UPFITTER ELECTRONIC MODULE VSIM 44430-971		1.00 EACH	395.00000	395.00
007	ANTI SPIN DIFFERENTIAL REAR AXLE 44430-971		1.00	190.00000	190.00

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City of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000432	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				44430
Item#	Description/Part No		Qty:Unit	Cost Each	Extended Price
	REMOTE KEYLESS ENTRY		EACH		
008	44430-971	190.00	1.00 EACH	145.00000	145.00
	AUXILIARY SWITCHES I/P MOUNTED		EACH		
009	44430-971	145.00	1.00 EACH	195.00000	195.00
	FOG LAMPS		EACH		
010	44430-971	195.00	1.00 EACH	145.00000	145.00
	LED BED LIGHTING		EACH		
011	44430-971	145.00	1.00 EACH	645.00000	645.00
	WHEEL TO WHEEL SIDE STEPS		EACH		
012	44430-971	645.00	1.00 EACH	295.00000	295.00
	ADD FULL SIZE SPARE TIRE		EACH		
013	44430-971	295.00	1.00 EACH	195.00000	195.00
	UCONNECT 3.0		EACH		
014	44430-971	195.00	1.00 EACH	0.00000	0.00
	BRIGHT WHITE CLEAR COAT		EACH		

The City of Morristown is an equal
employment / affirmative action
employer EOE / AA

Authorized Signature

Date

[Return to Agenda](#)

Authorized Signature

Date



**CITY OF MORRISTOWN
PURCHASING DIRECTOR**

P.O. Box 1499
Morristown, TN 37815-0647
Phone: (423) 585-4622 Fax: (423) 585-4687

Purchase Order

Fiscal Year 2017

Page 3

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS.

Purchase Order # **17000350-00**

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

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TT OF COLUMBIA
106 S. JAMES CAMPBELL

COLUMBIA, TN 38401

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City of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000432	CASEY CUMMINGS	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/28/16	006927				44430
Item#	Description/Part No.	Qty/Unit	Cost Each	Extended Price	
015	44430-971	.00			
		1.00	135.00000	135.00	
		EACH			
	HEAVY DUTY SNOW PLOW PREP GROUP				
	180 AMP ALTERNATOR				
	TRANSFER CASE SKID PLATE SHIELD				
016	44430-971	135.00			
		1.00	0.00000	0.00	
		EACH			
	DELETE CARPET				
017	44430-971	.00			
		1.00	5217.39000	5,217.39	
		EACH			
	8' READING UTILITY BODY				
018	44430-971	5,217.39			
		1.00	0.00000	0.00	
		EACH			
	POWER WINDOWS/ POWER LOCKS				
	44430-971	.00			
			PO Total	37,908.39	

The City of Morristown is an equal
employment / affirmative action
employer EOE / AA

Authorized Signature

Date

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Authorized Signature

Date

Fire Dept.

Purchase Order

CITY OF MORRISTOWN
PURCHASING DIRECTOR

P.O. Box 1499

Morristown, TN 37815-0647

Phone: (423) 585-4622 Fax: (423) 585-4687

Fiscal Year 2017

Page 1

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS.

Purchase Order # 17000336-01

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

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106 S. JAMES CAMPBELL

COLUMBIA, TN 38401

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oCity of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number		Vendor Fax Number	Requisition Number	Delivery Reference/Contact	
877-349-9378 ext 00		865-684-4911	17000415	GARY RYAN	
Date Ordered	Vendor Number	Date Required	Interoffice Delivery		Department/Location
07/27/16	006927				42210
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
001	Dodge 1500 Pickup truck per Quote QWPQ3033-A and Tennessee SWC # 209		1.00 EACH	28735.00000	28,735.00
	SSV CREW CAB 4X4 WITH STANDARD EQUIPMENT PACKAGE PER QUOTE				
	42210-971	28,735.00			
003	CLOTH FRONT BENCH / VINYL REAR SEAT / BLACK / DIESEL GRAY PER BID		1.00 EACH	45.00000	45.00
	42210-971	45.00			
004	BRIGHT WHITE CLEAR COAT		1.00 EACH	0.00000	0.00
	42210-971	.00			
005	ANIT SPIN DIFFERENTIAL REAR AXLE		1.00 EACH	395.00000	395.00
	42210-971	395.00			
006	RAMBOX CARGO MANAGEMENT SYSTEM PER BID		1.00 EACH	1295.00000	1,295.00
	REMOTE KEYLESS ENTRY LED BED LIGHTING				
	42210-971	1,295.00			
007			1.00	100.00000	100.00

The City of Morristown is an equal
employment / affirmative action
employer EOE / AA

VENDOR COPY

Authorized Signature

Date

Return to Agenda

Authorized Signature

Date



CITY OF MORRISTOWN
PURCHASING DIRECTOR

P.O. Box 1499
Morristown, TN 37815-0647
Phone: (423) 585-4622 Fax: (423) 585-4687

Purchase Order

Fiscal Year 2017

Page 2

THIS NUMBER MUST APPEAR ON ALL INVOICES,
PACKAGES AND SHIPPING PAPERS.

Purchase Order # **17000336-01**

Retain this purchase order for proof of tax exemption.

Tax Exempt #62-6000369

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TT OF COLUMBIA
106 S. JAMES CAMPBELL

COLUMBIA, TN 38401

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City of Morristown
400 Dice Street
ccummings@mymorristown.com
Morristown, TN 37813

Vendor Phone Number 877-349-9378 ext 00		Vendor Fax Number 865-684-4911	Requisition Number 17000415	Delivery Reference/Contact GARY RYAN	
Date Ordered 07/27/16	Vendor Number 006927	Date Required	Interoffice Delivery		Department/Location 42210
Item#	Description/Part No.		Qty/Unit	Cost Each	Extended Price
008	CLASS IV RECEIVER HITCH 42210-971		100.00		
			1.00	660.00000	660.00
	UCONNECT 5.0 AM/FM BLUETOOTH 42210-971		660.00		
				PO Total	31,230.00

The City of Morristown is an equal
employment / affirmative action
employer EOE / AA

VENDOR COPY

Authorized Signature

Date

[Return to Agenda](#)

Authorized Signature

Date

STORMWATER MANAGEMENT/BMP FACILITIES MAINTENANCE AGREEMENT

THIS AGREEMENT, made and entered into this 26th day of May, 2016, by and between T. Phillip Carlyle hereinafter called the "Landowner", and
(Insert Full Name of Owner)
the City of Morristown, TN hereinafter called "City".

WITNESSETH, that

WHEREAS, the Landowner is the owner of certain property described as 412 N. Bellwood Rd.
Map 040 Parcel 039.01 as recorded by deed in the last land records of
(Insert Hamblen County Tax & Parcel Number)

Hamblen County, TN, Deed Book _____ Page _____, hereafter called the "Property".

WHEREAS, the Landowner is proceeding to build on and develop the property; and

WHEREAS, the Site Plan/Subdivision known as Villas West
(Name of Plan/Development)

hereafter called the "Plan", which is expressly made a part hereof, as approved or to be approved by the City, provides for management of stormwater within the confines of the property; and

WHEREAS, the City and the Landowner, its successors and assigns, agree that the health, safety and welfare of the residents of the City of Morristown, Tennessee, require that on-site stormwater management/BMP facilities be constructed and maintained on the Property; and

WHEREAS, the City requires that on-site stormwater management/BMP facilities, as shown on the Plan,

be constructed and adequately maintained by the Landowner, its successors and assigns.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants contained herein, and the following terms and conditions, the parties hereto agree as follows:

1. The on-site stormwater management/BMP facilities shall be constructed by the Landowner, its successors, and assigns, in accordance with the plans and specifications identified in the Plan and shall, upon construction completion, be certified as such by the Plan's Engineer of Record.
2. The Landowner, its successors, and assigns, shall adequately maintain the stormwater management/BMP facilities as outlined in the Plan and contained within the Landowner's property. This includes all pipes and channels built to convey stormwater to and from the facility, as well as all structures, improvements, and vegetation provided to control the quantity and quality of the stormwater. Adequate maintenance is herein defined as good working condition, so that these facilities

are performing their design functions. Those maintenance procedures outlined in the Plan and the City's approved BMP guidelines shall be practiced at a minimum. Common maintenance shall include the removal of debris (leaves, lawn clippings, sticks, etc.) and trash after rainfall events, checking outlet structures for clogging and cleaning, as necessary, repairing erosive areas promptly upon observation, and removing accumulated sediment.

3. The Landowner, its successors, and assigns, shall inspect the stormwater management/BMP facility and report to the City Engineer if any major repairs (i.e. structural) are necessary. The purpose of the inspection and reporting is to assure safe and proper functioning of the facilities. The inspection shall cover the entire facilities, berms, outlet structure, pond areas, access roads, etc and shall be performed at such times and such manner as to accomplish these objectives.
4. The Landowner, its successors, and assigns, will perform the work necessary to keep these facilities in good working order as appropriate. In the event a maintenance schedule for the stormwater management/BMP facilities (including sediment removal) is outlined on the approved plans or in the City's BMP guidelines, the Landowner, its successors, and assigns, shall adhere to the schedule.
5. The Landowner, its successors, and assigns, hereby grant permission to the City, its authorized agents, and employees, to enter upon the Property and to inspect the stormwater management/BMP facilities whenever the City deems necessary. The purpose of inspection may be to check the facility for proper functioning, to follow-up on reported deficiencies or repairs, to respond to citizen complaints, and/or to check for any other reasons the City deems necessary. If problems are observed, the City shall provide the Landowner, its successors, and assigns, copies of the inspection findings and a directive to commence with the repairs within a specified timeframe.
6. In the event the Landowner, its successors, and assigns, fails to maintain the stormwater management/BMP facilities in good working condition acceptable to the City, the City may enter upon the Property and take the steps necessary to correct deficiencies identified in the inspection report. This provision shall not be construed to allow the City to erect any structure of permanent nature on the land of the Landowner, outside of the easement, for the stormwater management/BMP facilities. It is expressly understood and agreed that the City is under no obligation to routinely maintain or repair said facilities, and in no event shall this Agreement be construed to impose any such obligation on the City.
7. In the event the City, pursuant to this Agreement, performs work of any nature or expends any funds in performance of said work for labor, use of equipment, supplies, materials, and the like, the Landowner, its successors, and assigns, shall reimburse the City upon demand, within sixty (60) days of receipt thereof, for one hundred fifty percent (150%) of all actual costs incurred by the City hereunder.
8. If the Landowner fails to pay the City for one hundred fifty percent (150%) of their incurred expenses within sixty (60) days of receipt of written notice, the Landowner authorizes the City to place a lien against the property in an amount equal to one hundred fifty percent (150%) of said expenses.
9. If the Landowner fails to reimburse the City, as described above, the Landowner further authorizes the City to collect said expenses from the Landowner through other appropriate legal action, with the Landowner to be liable for the reasonable costs of collection, court costs, and attorney fees.

10. This Agreement imposes no liability of any kind whatsoever on the City, and the Landowner agrees to hold the City harmless from any liability in the event the stormwater management/BMP facilities fail to operate properly.
11. This Agreement shall be recorded among the land records of Hamblen County, Tennessee, and shall constitute a covenant running with the land, and shall be binding on the Landowner, its administrators, executors, assigns, heirs and any other successors in interests.

WITNESS the following signatures and seals:

Company/Corporation/Partnership Name _____ (Seal)

By: [Signature] _____

T. Phillip Carlyle
(Type Name)

Owner
(Type Title)

State of _____

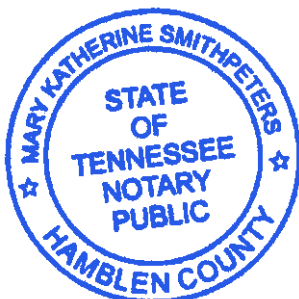
County of _____

The foregoing Agreement was acknowledged before me this 26 day of May, 2016.

by Mary Katherine Smithpeters

Mary K. Smithpeters
Notary Public

My Commission Expires 10/21/19



Approved as to form:

City Attorney Date



From the Desk of

Debbie Stamey

Deputy Clerk/Executive Assistant

(423) 585-4603

e-mail dstamey@mymorristown.com

TO: Mayor and City Council

RE: CITY COUNCIL APPOINTMENT TO FILL THE REMAINING TERM ON
TREEBOARD.

DATE: July 29, 2016

Ms. Tera Bunch has resigned her position on the Morristown Tree Board.

This is a Mayor nominated City Council approved appointment for the remainder of the term held by Ms. Bunch, scheduled for the August 2, 2016, City Council meeting; term expiring September 18, 2017.

Debra Stamey

From: Logan Engle
Sent: Tuesday, July 26, 2016 12:31 PM
To: Gary Chesney
Cc: Debra Stamey
Subject: Tree Board Appointment

Mayor,

I have two names regarding the Tree Board vacancy.

Terry Watterson – Terry works at Walters State as their grounds supervisor. Tera Bunch, outgoing Board member, gave me his name when I asked if someone at WSCC would be interested in serving. I spoke with him on the phone and he was very interested in serving on the Board and felt like he could commit to the tenure of service. His number is 423.736.3739. He does meet the residency requirements as he is a city resident.

Michelle Morgan – Michelle was suggested to me by Barbara Garrett. She is also a city resident. I understand that she is a school teacher in the Hamblen County system and is also a master gardener. I have contacted her and left a message on her machine, but have not heard from her. Her phone number is 423.318.6097.

If you need anything else, please let me know.

Thanks,

Logan M. Engle
Planner
City of Morristown, Tennessee
423.585.4624