

TAB 3 Profile of Proposer Firm Form (Attachment C)

**REQUEST FOR PROPOSALS (RFP) NO. 2018-003
FINANCIAL AUDIT SERVICE**

ATTACHMENT C

"PROFILE OF PROPOSER'S FIRM"

(This Form must be fully completed and placed under Tab No.3 of the "hard copy" tabbed proposal submittal.)

(1) Name of Firm: Smith Marion Telephone: 909-307-2323 Fax: 909-307-2003

E-Mail: Denglehart@smcoco.com

(2) Street Address, City, State, Zip: 1940 Orange Tree Lane Ste 100, Redlands, CA, 92374

(3) Please attach a brief biography/resume of the company, including the following information:

(a) Year Firm Established; (b) Former Name and Year Established (if applicable); (c) Name of Parent Company and Date Acquired (if applicable).

(4) Identify Principals/Partners in Firm (submit under Tab No. 5 a brief professional resume for each):

NAME	TITLE	% OF OWNERSHIP
<u>Douglas Englehart, CPA</u>	<u>Shareholder</u>	<u>25</u>
<u>Chad Porter, CPA</u>	<u>Shareholder/CEO</u>	<u>25</u>
<u>Kendra Dockham, CPA</u>	<u>Shareholder</u>	<u>25</u>
<u>Peter Wesch, EA</u>	<u>Shareholder</u>	<u>25</u>

(5) Identify the individual(s) that will act as project manager and any other supervisory personnel that will work on project; please submit under Tab No. 5 a brief resume for each. (Do not duplicate any resumes required above):

NAME	TITLE
<u>Haley Gray</u>	<u>Senior Associate</u>
<u>Cayce Martin</u>	<u>Senior Associate</u>
<u>Amita Malhi</u>	<u>Associate</u>
<u>Carlos Carazo, EA</u>	<u>Supervisor</u>

(6) Firm Diversity Statement: You must circle all of the following that apply to the ownership of this firm and enter where provided the correct percentage (%) of ownership of each:

Caucasian American (Male) 75 %
 Public-Held Corporation _____ %
 Government Agency _____ %
 Non-Profit Organization _____ %

Resident- (RBE), Minority- (MBE), or Woman-Owned (WBE) Business Enterprise (Qualifies by virtue of 51% or more ownership and active management by one or more of the following:

Resident-Owned* _____ %
 African American _____ %
 **Native American _____ %
 Hispanic American _____ %
 Asian/Pacific American _____ %
 Hasidic Jew _____ %
 Asian/Indian American _____ %

Woman-Owned (MBE) _____ %
 Woman-Owned (Caucasian) 25 %
 Disabled Veteran _____ %
 Other (Specify): _____ %

WMBE Certification Number: _____

Certified by: (Agency): _____

(Note: a certification/number not required to propose. - enter if available)

Doug Englehart Dec-31-18 Douglas Englehart Smith Marion
 Signature Date Printed Name Company

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(7) Federal Tax ID No.: _____

(8) County of Riverside Business License No.: _____

(9) State of California Business Entity Number (Secretary of State): _____

(10) Worker's Compensation Insurance Carrier: _____
Policy No.: _____ Expiration Date: _____

(11) General Liability Insurance Carrier: _____
Policy No.: _____ Expiration Date: _____

(12) Professional Liability Insurance Carrier: _____
Policy No.: _____ Expiration Date: _____

(13) Has your firm or any member of your firm been a part to litigation with a public entity?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(14) Is your firm currently involved in local, County, State, Federal mortgage foreclosure proceedings or currently 90 days in arrears on a local public or private loan?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(15) Is your firm currently in rem foreclosure or substantial tax arrears with a City/County or local jurisdiction?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(16) Has, or is this firm or any member of your firm currently in default on any contract obligation or agreement of any kind entered into with a City/County or local public agency?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(17) In the past 10 years, has your firm or any member of your firm failed to qualify as a responsible bidder, or refused to enter into a contract after an award has been made, privately or with any government agency?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(18) In the last 7 years, has your firm filed a bankruptcy petition or been the subject of involuntary bankruptcy proceedings?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(19) In the last 10 years, failed to file any required tax returns, or failed to pay any applicable Federal, State of California, or County of Riverside or other fees?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(20) Does your firm or any member of your firm have a record of substantial Building Code Violations or litigation against properties owned by the firm or by any entity or individual that comprises the Firm?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(21) Has your firm or any member of your firm been convicted for fraud, bribery, or grand larceny?
Yes No Initials DP
If yes, when, with who and state the circumstances and any resolution.

(22) Has your firm or any member of your firm ever sued or been sued by the Housing Authority of the County of Riverside or its affiliated entities?
Yes No Initials DP
If yes, when and state the circumstances and any resolution of the lawsuit.

**REQUEST FOR PROPOSALS (RFP) NO. 2018-003
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(23) Has your firm or any member of your firm ever had a claim brought against because of breach of contract or nonperformance? Yes No Initials DE

If yes, when and state the circumstances and any resolution of the matter.

(24) Debarred Statement: Has this firm, or any principal(s) ever been debarred from providing any services by the Federal Government, any state government, the State of California, or any local government agency within or without the State of California? Has this firm been de-designated as a developer of any government sponsored or publicly assisted project? Yes No Initials DE

If "Yes," please attach a full detailed explanation, including dates, circumstances and current status.

(25) Disclosure Statement: Does this firm or any principals thereof have any current, past personal or professional relationship with any Commissioner or Officer of the HACR? Yes No Initials DE

If "Yes," please attach a full detailed explanation, including dates, circumstances and current status.

(26) Non-Collusive Affidavit: The undersigned party submitting this bid hereby certifies that such bid is genuine and not collusive and that said bidder entity has not colluded, conspired, connived or agreed, directly or indirectly, with any proposer or person, to put in a sham proposal or to refrain from proposing, and has not in any manner, directly or indirectly sought by agreement or collusion, or communication or conference, with any person, to fix the proposal price of affiant or of any other proposer, to fix overhead, profit or cost element of said proposal price; or that of any other bidder or to secure any advantage against the HACR or any person interested in the proposed contract; and that all statements in said bid are true.

Initials DE

(27) Verification Statement: The undersigned bidder hereby states that by completing and submitting this bid he/she is verifying that all information provided herein is, to the best of his/her knowledge, true and accurate; and agrees that if the HACR discovers that any information entered herein is false, that shall entitle the HACR to not consider nor make award or to cancel any award with the undersigned party.

Initials DE

Douglas English
Signature

Dec-31-18
Date

Douglas English
Printed Name

Smith Marion
Company

TAB 4 Cover Letter



Smith Marion & Co. · Certified Public Accountants

Redlands Office · 1940 Orange Tree Lane, Suite 100 · Redlands, CA 92374 · (909) 307-2323

December 31, 2018

Ms. Heidi Marshall, Deputy Executive Director
Housing Authority of the County of Riverside
5555 Arlington Ave
Riverside, CA 92504

Dear Ms. Marshall,

Thank you for the opportunity to submit our proposal for auditing services to the Housing Authority of the County of Riverside. We are interested in performing the required audit services for the year ended June 30, 2019, and the subsequent years.

Within your engagement team there will be over 28 years of experience in the housing authority industry as well as the experience of two licensed certified professional accountants. Douglas Englehart, CPA, MSA, Principal and Chad Porter, CPA, CFE, CEO/Principal have both been speakers at various affordable housing and not-for-profit seminars as well as perform the audits of over forty housing authorities annually. Additionally, Mr. Porter is currently on a Governmental Accounting Standards Board (GASB) task force reviewing the effects of lease accounting on the Housing Authority industry. We can perform the services in a highly professional manner and satisfy the Housing Authority of the County of Riverside's needs. We have experience with some of the most technical accounting and reporting issues related to the affordable housing and not-for-profit industries. Another unique factor of what we offer is that the engagement partner will be on-site at all times during fieldwork, so decisions can be made quickly and effectively.

We have a record of completing our engagements in a timely manner; accordingly, we would be committed to completing the audit and various elements of this proposed engagement prior to the respective deadlines. We feel this is one of our major competitive advantages. We encourage you contact the Imperial Valley Housing Authority or the Housing Authority of the County of San Joaquin which are both similar in size to your Authority. They can attest to our expertise, commitment to excellent client service, and overall experience with our firm over an extended period of time.

I am proud of the services provided by our firm and I think you will also appreciate our approach to performing the audit and related services. This proposal represents an offer which is irrevocable for a period of 90 days. The information provided is true and accurate. Please contact me if you have any questions regarding the proposal or our firm.

Sincerely,

Douglas E. Englehart, CPA, MSA, Principal
Smith Marion & Co.

Email: Denglehart@smcocpa.com

www.SMCoCPA.com

Brentwood, TN · Lake Arrowhead, CA · Redlands, CA

TAB 5 Qualifications and Experience (Managerial Capacity and Resumes)

MANAGERIAL CAPACITY/FINANCIAL VIABILITY

Firm Profile

We are a certified public accounting firm with five offices. Founded in 1983, Smith Marion is a full-service firm providing auditing, tax, accounting and management consulting services to governmental entities, nonprofits, housing authorities, corporations, partnerships and individuals. We are committed to exceeding the expectations of clients through our philosophy of proactive planning and year-round involvement.

We specialize in assurance, accounting, tax and training services for housing authorities, not-for-profits, governmental agencies and small to mid-sized for-profit businesses.

We have a proven not-for-profit accounting specialty for trusts, foundations, churches, civic, social and membership organizations, and governmental agencies. We provide international expertise for non-profit organizations with overseas offices and missionaries.

Our diverse range of traditional accounting services includes tax preparation, payroll services, accounting and bookkeeping expertise, and business consulting.

The Smith Marion audit and assurance department team works exclusively performing assurance services throughout the year and is knowledgeable about effective audit procedures and related affordable housing industry matters. More specifically, several of our audit personnel specialize in housing authority agencies and those receiving governmental funding.

Because we maintain high standards of excellence in our accounting and advisory services, deliver projects on time, and charge reasonable fees, our clients find us to be a true value and long-term trusted partners.

Independence

Our firm meets the independence standards, due professional care, qualifications, and quality control requirements of the Generally Accepted Auditing Standards as promulgated by the AICPA and ethical standards prescribed by the California State Board of Accountancy. Neither the firm nor any of its personnel have had either directly or indirectly any financial interest in the Housing Authority of the County or any third party related to the Organization.

Continuing Professional Education

In compliance with auditing standards, our firm administers a program to ensure that all professional staff meets continuing professional education (CPE) requirements.

Peer Review

Our firm is a member of the American Institute of Certified Public Accountants' Private Section (Section). Members of this Section must undergo a peer review of the system of quality control for its accounting and auditing practice in the United States at least one every three years.



NO EGOS

We all roll up our sleeves. We don't stand behind conventional protocol; we're not afraid to get into the deals to assist you and get the job done on time. We try to find ways for you to accomplish your objectives, not give you reasons why things can't be done.

DEAL DIRECTLY WITH THE ENGAGEMENT PARTNER

Our partners pride themselves on being hands-on. Your engagement partner and manager are regularly on-site with the audit team to ensure that issues are dealt with and decisions are made on a real-time basis to avoid unnecessary delay or communication issues.

MANAGERIAL CAPACITY/FINANCIAL VIABILITY

Your Engagement Team

The engagement team selected to serve the Sanford Housing Authority represents a strong, balanced blend of talent, professional skills, and industry experience that is most critical to working effectively with clients of your nature. Each of your team members possesses:

- Demonstrated technical proficiencies
- Completed "Nuts and Bolts of PHAs" 2-day seminar
- Understanding of the major issues for key programs of public housing authorities
- Broad public accounting industry experience

The Smith Marion Team is integrated to allow us to respond to your needs. We're committed to providing the resources necessary to meet the deadlines outlined on your RFP.

Staff and Management Continuity

Smith Marion values staff continuity as an important factor in creating efficiency and effectiveness of the audits we perform, especially within the complex world of HUD regulations and OMB compliance requirements. For that reason, we strive to ensure that you will work with familiar faces from year to year. Unlike publicly traded companies that are subject to the Sarbanes-Oxley Act of 2003, Government Auditing Standards do not require partner rotations allowing your engagement partner to serve your organization for the duration of all foreseeable engagements. Your key team members have been working together for past 5 years.

We place a high level of importance upon continuity of our engagement team members. We recognize that this is an important factor for you as it limits the amount of "retraining" that needs to be performed each year.

In order to bring an innovative and far-reaching perspective to our long-term engagements, Smith Marion implements mandatory rotation of the concurring review partner whose responsibility is to review audit workpapers and financial statements from an uninvolved perspective with an emphasis on the "big picture" issues.

We are proposing Douglas Englehart as the engagement partner. Doug has experience in serving housing authorities with over 7 years of experience. He has worked with the Real Estate Assessment Center (REAC) to complete required audited and unaudited FDS reports. He has a proved track record to facilitate the completion of the audit in a timely and accurate method. Finally, he experiences in both the USDA-RD and HDC reporting on other Housing Authorities.

The average job size for our audit team is a week in the field with 2 or 3 team members. We have jobs that are smaller and some much larger.

For a more detail look at the team members please review the resumes.

Finally; if selected, no part of this engagement will be assigned to another firm or individual. The team you see here is the team that will be doing the audit.

Smith Marion Personnel Category Breakdown

Category	Engagement	Outside of Engagement	Total
Partners	2	2	4
Managers	0	3	3
Associates	3	14	17
Administrative	1	5	6
Totals	6	24	30

SMCO
Specialists



Chad Porter, CPA, CFE
Concurring Reviewer

Chad has over 20 years' experience in public accounting providing auditing, accounting, tax and consulting services to the private sector. His industry experience includes governmental clients, clients in the governmental housing assisted industry, construction, and non-profits. He provides these clients with a variety of services including evaluating their internal control structure, keeping them current on governmental standards reporting standards, financial statement audits and tax return preparation.

Chad is well-versed in the requirements for GAAS, HUD, and Uniform Guidance audits and reporting. His duties include being involved in the technical review of the audit from an uninvolved perspective with an emphasis on the "big picture" issues. Chad is a valuable source of audit expertise.

SMCO is all about our clients. Our passion to serve them has earned us a longstanding reputation for helping resolve complex, challenging issues.

We're proud to serve as the go-to firm for large or small affordable housing agencies in need of reliable expertise and clear direction for success

Peter Wesch, EA
Tax Shareholder

Pete has over 20 years of experience helping a variety of clients address a broad range of organizational and tax issues. His areas of expertise include tax compliance and planning for various types of entities and industries including pass-through (Partnership, S-Corp, LLC), quasi government entities, real estate, and multi-family housing projects.

Pete also specializes in tax compliance and reporting related to federal and state low income housing credits, efficient tax strategies and planning for the disposition of real estate. In his role,

Pete will provide any required consultative services on tax issues and ensure your overall satisfaction with the services you receive from the engagement team.

Communication. Guidance. Confidence.

I am proud to say the client's we serve make an enormous difference in their communities. We are here to make sure they are provided with clear and transparent communication and guidance necessary for them to continue to make a difference.



Douglas Englehart, MSA, CPA

Shareholder

Doug will be your engagement partner. Doug entered public accounting in 2012 after obtaining his Masters in Accounting, and has since earned his CPA license in 2014. In his 7 years of experience in public accounting, Doug has served a diverse group of governmental and not-for-profit organizations, specializing in affordable housing industry focusing on auditing and financial advisory services for public housing authorities which he has performed for PHAs across the nation.

Currently, Doug oversees the west-coast affordable housing team located in Redlands, CA where a significant portion of his time is spent in the affordable housing industry planning, performing and reviewing audit engagements performed in accordance with GAAS, Yellow Book, and Uniform Guidance for public housing authorities, HUD assisted entities and related not-for-profits. Doug is well-versed in HUD regulatory requirements, cost certifications, and other federal electronic submission requirements.

He has worked with numerous authorities with the implementation of PBV Rental Assistance Demonstration 100% conversions, GASB 68 reporting standards, Uniform Guidance policy compliance and is currently helping authorities gear up for new revenue recognition and leasing standards.

Roles and Responsibilities

Doug will be your primary point of contact. He is responsible for planning, performing and supervising financial statement and integrated audits; analyzing accounting policies and internal control procedures and providing recommendations for improvement; and evaluating state and federal regulatory compliance. Additionally, he will be responsible for identifying and resolving technical issues of the engagement.

Professional Organizations

- Tennessee Society of Certified Public Accountants (TSCPA)
- California Society of Certified Public Accountants (CALCPA)
- Affordable Housing Association of Certified Public Accountants (AHACPA)
- Member of the Government Audit Quality Center (GAQC)
- American Institute of Certified Public Accountants (AICPA)

Education

Master of Science in Accountancy
California State University,
San Bernardino

Bachelor of Arts in Accounting –
California State University,
San Bernardino

License

CPA ID: 23907

Status: Active

Representative Clients

- Housing Authority of the County of San Bernardino
- Housing Authority of Salt Lake City
- Jackson Housing Authority (TN)
- Crossville Housing Authority
- Clarkesville Housing Authority
- Sonoma County Development Corporation
- Morristown Housing Authority
- McMinnville Housing Authority

Communication. Guidance. Confidence.

I am focused on providing quality and exceptional service during the audit engagement. I will do what is necessary to exceed your expectations.



Cayce Martin

Senior Associate

Cayce is a Senior Associate in the Audit and Accounting Practice, and entered public accounting in 2017. By focusing on audit and review engagements, she has become proficient in this area of governmental and not-for-profit accounting. Currently, she is a member of the Department of Housing and Urban Development (HUD) team located in Brentwood, TN. Over the course of her employment with SMCO, Cayce has developed the skills needed to navigate HUD regulatory requirements, cost certifications, and HUD electronic submissions required by our clients. Her career focus has been spent in the affordable housing industry planning and performing audit engagements performed in accordance with GAAS, Yellow Book, and OMB Uniform Guidance for public housing authorities, HUD assisted entities and related not-for-profits.

Roles and Responsibilities

Cayce is responsible for assisting in the completion of your engagement. These duties include examining, verifying, and analyzing your financial activities, as well as ensuring adherence to compliance regulations and guidelines. She will be involved with the planning of your engagement, fieldwork, and engagement "wrap up" activities.

Continuing Professional Education

Cayce has completed 30 hours of CPE that has directly enhanced her professional proficiency to perform audits and attestation engagements in the last year. All those hours were directly related to governmental auditing. This amount exceeds the minimum requirement for auditors performing work under GAGAS.

Housing Authority Specific Training

- AHACPA annual HUD conference (2 days)
- AHACPA annual Multifamily Housing conference (2days)
- Various online CPE courses

Professional Organizations

- Tennessee Society of Certified Public Accountants (TSCPA)
- American Institute of Certified Public Accountants (AICPA)
- Affordable Housing Association of Certified Public Accountants (AHACPA)
- Member of the Government Audit Quality Center (GAQC)

Education

Bachelor of Business
Administration-Accounting
Middle Tennessee State
University

Representative Clients

- Housing Authority of Salt Lake City
- Jackson Housing Authority (TN)
- Crossville Housing Authority
- McMinnville Housing Authority
- Housing Authority of the County of Riverside
- Jackson Housing Authority (MS)
- Highland Residential Services
- Hohenwald Housing Authority
- Florence Housing Authority (SC)
- Dunedin Housing Authority (FL)
- Kingsville Housing Authority (TX)
- North Charleston Housing Authority
- La Joya Housing Authority (TX)
- Union City Housing Authority

Communication Guidance Confidence

I am focused on doing what is necessary to ensure you are receiving exceptional service, and I will exceed your expectations with our interaction during the audit engagement.



Haley Gray

Senior Associate

Haley is a Senior Associate in the Audit and Accounting Practice, and entered public accounting in 2016. By focusing on audit and review engagements, she has become proficient in this area of governmental and not-for-profit accounting. Currently, she is a member of the Department of Housing and Urban Development (HUD) team located in Brentwood, TN. Over the course of her employment with SMCO, Haley has developed the skills needed to navigate HUD regulatory requirements, cost certifications, and HUD electronic submissions required by our clients. Her career focus has been spent in the affordable housing industry planning and performing audit engagements performed in accordance with GAAS, Yellow Book, and OMB Uniform Guidance for public housing authorities, HUD assisted entities and related not-for-profits.

Roles and Responsibilities

Haley is responsible for assisting in the completion of your engagement. These duties include examining, verifying, and analyzing your financial activities, as well as ensuring adherence to compliance regulations and guidelines. She will be involved with the planning of your engagement, fieldwork, and engagement "wrap up" activities.

Continuing Professional Education

Haley has completed 45 hours of CPE that has directly enhanced her professional proficiency to perform audits and attestation engagements in the last year. All of those hours were directly related to governmental auditing. This amount exceeds the minimum requirement for auditors performing work under GAGAS.

Housing Authority Specific Training

- PHA Nuts & Bolts (3 days)
- AHACPA annual HUD conference (2 days)

Professional Organizations

- Tennessee Society of Certified Public Accountants (TSCPA)
- American Institute of Certified Public Accountants (AICPA)
- Affordable Housing Association of Certified Public Accountants (AHACPA)
- Member of the Government Audit Quality Center (GAQC)

Education

Master of Science in Accountancy
Middle Tennessee State
University (MTSU)

Bachelor of Business
Administration-Accounting
MTSU

Representative Clients

- Housing Authority of Salt Lake City
- Jackson Housing Authority (TN)
- Crossville Housing Authority
- Housing Authority of the County of Riverside
- Jackson Housing Authority (MS)
- Vicksburg Housing Authority (MS)
- Burkesville Housing Authority (KY)
- Tompkinsville Housing Authority (KY)
- Union City Housing Authority
- Hohenwald Housing Authority
- North Charleston Housing Authority
- Dearborn Housing Commission (MI)
- Florence Housing Authority (SC)
- Cheraw Housing Authority (SC)
- McColl Housing Authority (SC)

TAB 6 Proposed Approach (Audit Approach and Technical Capabilities)

AUDIT APPROACH

Understanding the Scope of Services

A description of the services required by Housing Authority of the County of Riverside for the fiscal years ending June 30, 2019, 2020 and 2021 is provided below:

Financial Statements

We will perform a financial audit of Housing Authority of the County of Riverside's basic financial statements in accordance with auditing standards generally accepted in the United States of America as promulgated by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States of America, for the purpose of expressing an opinion on the fair presentation of its basic financial statements, in conformity of accounting principles generally accepted in the United States of America. In addition, we will perform certain limited procedures involving required supplementary information mandated by the Governmental Accounting Standards Board and other supplementary information. In planning and performing the audit, we will consider Housing Authority of the County of Riverside's internal controls over financial reporting and will report on internal controls.

Single Audit

We will perform a single audit in accordance with the federal Single Audit Act Amendments of 1996; the provisions of the U.S. Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200; and the related compliance supplement for the Single Audits of States, Local Governments and Nonprofit Organizations. We will issue a report on the Housing Authority of the County of Riverside's compliance with applicable laws and regulations on each of its major programs. We will also prepare the "auditor sections" of the data collection form for submission to the Federal Audit Clearinghouse.

Housing and Urban Development (HUD) Real Estate Assessment Center (REAC)

In accordance with the Guidelines for the Public Housing Authorities and Independent Auditors, issued by the U.S. Department of Housing and Urban Development (HUD), we will perform the following:

- Attestation of Financial Data Schedules (FDS) as to its fair presentation in relation to the audited basic financial statements in accordance with the audit provision of the American Institute of Certified Public Accountants (AICPA) Statements of Auditing Standards (SAS) No. 119, *Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents*.
- Agreed-Upon Procedures under AICPA Statements for Attestation Engagements (SSAE) No. 4, *Agreed-Upon Procedure Engagements*, where we compare the electronically submitted data to the HUD REAC staging database to certain information in the audited hard copy financial statements and FDS.

Report to Management

As necessary, we will issue a report to management, which discusses required communications and significant deficiencies to Housing Authority of the County of Riverside's management in accordance with the appropriate Statements on Auditing Standards. Our report will address the issues discovered in the systems of internal control; accounting and financial systems, functions, procedures and processes, especially with regard to cost effectiveness; and compliance with laws, regulations, contracts, and grants. It is Smith Marion policy to discuss all findings and recommendations with management prior to the inclusion in the report to management.

Communication

Our objective is to provide an audit plan that is both realistic and mutually acceptable, thus forming the basis by which audit progress can be measured. Frequent communication is required for the audit plan to be an effective management tool. We will contact Housing Authority of the County of Riverside's representatives on a regular basis either by phone or email to report progress of our audit. And any preliminary findings. We expect Housing Authority of the County of Riverside to communicate any foreseeable delays in the delivery of accounting records, financial statements, and/or other documents needed to complete the work. We propose to address all key and accounting issues that could potentially

Communication. Guidance. Confidence.

AUDIT APPROACH

affect our audit opinion up front. Proper planning, timely communication, and the prompt resolution of reporting issues will lead to a smooth transition to the final reports and timely completion of the engagement. We recognize the importance of timely completion of audit tasks and deliverables. The timing of our audit procedures will be coordinated with the Finance/Accounting Department and management of the various departments to minimize disruption of your operations and ensure timely delivery of all reports by our proposed and statutory deadlines. We are committed to delivering your various reports according to the timeline discussed with management.

Additional Assistance

We also will perform the following tasks:

- Keep the Housing Authority of the County of Riverside advised of new state and national developments affecting HUD Housing programs' reporting and trends. Be available year-round to advise Housing Authority of the County of Riverside on various financial issues and to recommend the proper course of action. We would also be pleased to provide you with additional consulting services on an as-needed basis.
- If requested, present the financial statements to management, the Board, and other governing boards.

Communication with Those Charged with Governance
Pursuant to Statement on Auditing Standards (SAS) No. 114, The Auditor's Communication to Those Charged with Governance, Smith Marion will annually prepare and communicate certain matters related to the conduct of an audit to those who have the responsibility for the oversight of the financial reporting process, i.e. the audit committee and, etc. In conjunction with these communications, we will also present any significant deficiencies and/or material weaknesses required to be communicated under SAS No. 115, Communicating Internal Control Related Matters Identified in an Audit. Our communication will address the systems of internal control; accounting and financial systems, functions, procedures, and processes especially with regards to cost effectiveness and compliance with laws, regulations, contracts, and grants. We will discuss all findings and recommendations with the appropriate management personnel prior to inclusion in our report, and will report our findings as soon as we become aware of them, these communications will cover our audits under the scope of services.

Satisfaction of Legal and Professional Requirements

All work performed and reports issued will satisfy the all requirements of all applicable laws, regulations, audit guides and standards; and Smith Marion, at no cost will assist Housing Authority of the County of Riverside in resolving any questions raised as to the adequacy or scope of our work performed.

Workpaper Retention

All workpapers will be retained by Smith Marion for at least seven (7) years from the date the audits are finalized and such workpapers will be made available for review during normal business hours to representatives of Housing Authority of the County of Riverside, and applicable Federal and State agencies.

Methods

A pre-audit conference will be held to review and set forth the schedule and specific scope of the audit. It is our practice to keep you apprised of the audit status throughout the audit process.

We have included a time line for the audit process from start to finish in under 90 days. This is one thing that sets us apart from the other firms. We will meet those deadlines.

The year-end fieldwork we prefer to obtain the trial balance prior to commencement of the fieldwork. This permits us to set up our files and plan the remainder of the engagement prior to arriving at your office (represents approximately 5-15% of the engagement). We plan to conduct the year end fieldwork in a single block of time. We can then leave to prepare the reports, complete the administrative portion of our work papers, and review back in our office. These processes take about two weeks, which will give you time to locate documents or resolve open questions, if any. We then return for the short time it takes to resolve all open items. Often you will have had a chance to review the report by this time and we can discuss your comments.

Other Matters

The objective of our audit is the expression of an opinion on the financial statements, dependent on the facts and circumstances at the date of our opinion. If our opinion will be other than unmodified, the reasons, therefore, will be fully disclosed. If for any reason, we are unable to complete the audit, we will not issue a report as a result of this engagement.

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AUDIT APPROACH

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcations, may exist and not be detected by us.

We will inform you, however, of any matters of that nature that come to our attention. Our responsibility as auditors, is limited to the periods covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We direct your attention to the fact that management has the responsibility for the proper recording of transactions in books of account, for the safeguarding of assets and for the substantial accuracy of the financial statements. Such statements are the representation of management. We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. This responsibility includes maintenance of adequate records and related internal control structure policies and procedures, the selection and application of accounting principles, and the safeguarding of assets.

Our audit is not specifically designed and cannot be relied on to disclose deficiencies that are significant deficiencies in the design or operations of the internal control structure. However, during the audit, if we become aware of such deficiencies or ways that we believe management practices can be improved, we will communicate them to you as specified by the request for proposal.

SMITH MARION'S GENERAL AUDIT APPROACH

Finalize Terms of Engagement

- Agree on objectives and timeline of engagement

Gather Information

- Understand the business and accounting systems
- Determine audit units

Develop Audit Strategy

- Assess inherent risk
- Determine planning materiality
- Perform preliminary analytical procedures
- Determine areas of audit significance
- Assess control risk environment
- Develop risk profile
- Determine the nature and extent of audit procedures

Execute the Audit

- Perform and evaluate
- Test of controls
- Substantive analytical procedures
- Other substantive and compliance procedures

Form an Opinion

- Evaluate overall results of audit procedures
- Perform final analytical review

Reporting

- Issue audit report(s)
- Issue required communication report

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QUALIFICATIONS AND PROPOSED SERVICES

No Hassle.

Smith Marion understands the importance of maintaining a high degree of flexibility in our audit plans, modifying them annually as risks change or new HUD requested or requirements are added. Through our use of a risk based approach, along with our experience with organizations like the Housing Authority of the County of Riverside, we will provide quality audits that are flexible in effort to reduce the hassle and disruption associated with the traditional audit model.

Our experienced governmental professionals have strong technical and functional skills with extensive knowledge of public agencies and its accounting, reporting and financial management. We understand that having experienced, qualified professionals will allow the Housing Authority of the County of Riverside to make the most efficient use of its resources and reap the following benefits:

- Effectively execute audit procedures with your departments quickly and accurately.
- Maximize the integration of your financial and reporting systems into audit procedures and other projects.

We understand the resources required to perform your engagements. Based on our experience, we have developed our annual estimated budgeted hours for all engagements as follows:

Estimated Hours			
	Basic Financial Statements	Single Audits	Total
Planning and Interim Fieldwork:			
Engagement and Tax Partners	11	7	18
Senior Associate	20	11	30
Assurance Associate	30	10	40
Total Planning and Interim Fieldwork	61	28	88
Substantive Testing and Year-End Fieldwork			
Engagement and Tax Partners	28	18	46
Senior Associate	59	32	91
Assurance Associate	89	30	119
Total Substantive Testing and Year-End Fieldwork	176	80	256
Report Production/Board Presentations			
Engagement and Tax Partners	17	11	28
Professional Standards Reviewer	2	2	4
Senior Associate	20	11	30
Assurance Associate	30	10	40
Total Report Production/Board Presentations	68	34	102
Total Estimated Engagement Hours Per Personnel			
Engagement and Tax Partners	55	37	92
Professional Standards Reviewer	2	2	4
Senior Associate	99	53	152
Assurance Associate	149	50	198
Grand Total	305	142	446

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QUALIFICATIONS AND PROPOSED SERVICES

Smith Marion's 4-step approach to assessing control risk:

Risk Assessment and Planning

Summary:

In step 1, the financial statement risk, project plan, roles and responsibilities, and communication protocols are developed collectively with engagement team members.

Activities:

- Identify financial reporting risk (including fraud) via brainstorming sessions and interviews.
- Determine financial statement account risk by analyzing qualitative and quantitative factors.
- Identify relevant assertions and related risk.
- Evaluate documentation standards (risk and control matrixes, flowcharts, etc.) and assessment processes (one-on-one, facilitated sessions, self-assessments).
- Establish status reporting and communication protocols.
- Develop project/audit plan.

Transaction-level Control Assessment

Summary:

During step 3 the engagement team will identify significant financial reporting controls for higher risk accounts (per financial statement risk assessment). An assessment will be made as to whether controls are appropriately designed to mitigate the identified risks. The risk that a control might fail to operate will also be evaluated.

Activities:

- Identify key reporting controls.
- Perform walkthroughs to assess design effectiveness.
- Evaluate the risk of control failure, considering factors such as: past errors, entity-level controls, and competency of personnel
- Develop/evaluate risk and control matrices of all key risks related to control points.
- Discuss control design improvement recommendations with management.

Entity-level Control Assessment

Summary:

Step 2 is designed to evaluate the organization's entity-level control environment using the widely accepted COSO evaluation framework. Although not directly involved with processing the transactions, the controls can have a significant effect on financial reporting. Information controls associated with financial reporting may also be evaluated using the COBIT framework.

Activities:

- Review elements of the COSO framework with engagement team members.
- Document and test entity-level controls via walkthroughs, interviews and detailed testing.
- Identify and test general controls over IT.
- Report key findings to management and discuss remediation steps.

Testing and Reporting

Summary:

Finally, the last step involves developing and executing a test plan of the transaction level key controls. An assessment is made as to whether the controls are operating as intended to mitigate the associated risk. The nature, timing and extent of testing correlated with the risk of control failure determined in stage 3.

Activities:

- Develop a test plan and testing strategy for key controls, including nature, timing and extent testing.
- Execute testing and summarize results.
- Evaluate whether controls are operating effectively.
- Investigate root causes of weaknesses.
- Summary of deficiencies and recommendations will be included in the Report to Management.

QUALIFICATIONS AND PROPOSED SERVICES

Our Estimated Timeline.

Factors that Smith Marion implements in its project management approach that allows us to meet your deadlines:

- **Capability** – Our management team has both technical and managerial capability. Each key member has substantial project management experience in financial and compliance audits. These members have worked for years as a group on Housing Authority audit engagements, bringing efficiency through a cohesive, well-oiled approach.
- **Monitoring** – Periodic reviews of the overall project direction and priorities ensure that we are adhering to the plan. The planned-to-actual schedules of our professional staff are analyzed and, if required, corrective action steps are initiated immediately. As a result, if there are any unexpected issues requiring more time, we bring in others to ensure successful engagement completion.
- **Communication** – Our team places a high value on internal and external communication. The establishment and maintenance of close working relationships with the Housing Authority of the County of Riverside is paramount.

Our unique approach to project management of complex engagements like yours will minimize disruption of operations and ensures timely delivery of all reports by your deadlines. We will complete our work as indicated below. We are committed to the following for 2019 and beyond:

Audit Timeline			
	HACR Estimated Date(s)	RCHC Estimated Date(s)	Desert Rose Apts Estimated Date(s)
Interim Fieldwork			
On-site compliance fieldwork	6/10/2019	Concurrent with HACR	NA
Reporting of compliance findings	6/14/2019	Concurrent with HACR	NA
Fiscal Year Ends			
On-site year-end financial statement fieldwork	8/12/19 - 8/23/19	Concurrent with HACR	Concurrent with HACR
On-site year-end compliance fieldwork	8/12/19 - 8/23/19	Concurrent with HACR	NA
Completion			
Exit Conference	8/23/2019	Concurrent with HACR	NA
Review of draft financial statements with management	9/27/2019	Concurrent with HACR	9/20/2019
Deliver final financial statements and Report to Management	10/4/2019	Concurrent with HACR	9/27/2019
Final HUD Agreed-Upon Procedures (REAC) completed	Due by 3/31/20	NA	NA
Form SF-SAC submitted	Due by 3/31/20	Due by 3/31/20	NA
Present the final reports to the Board of Directors	TBD	TBD	TBD
On-Going Services			
Consult with management on business and accounting issues	Year Round	Year Round	Year Round

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TAB 7 Customer Service

CUSTOMER SERVICE

Delivering More than an Audit Report.

At Smith Marion, we're proud to work with the Public Housing Authorities (PHAs) that make such an enormous difference in the communities they serve. Together, our team of CPAs, EAs and other professionals have served hundreds of PHAs and affordable housing providers, in addition to auditing we also offer valuable accounting, training and consulting services. We provide the customized accounting solutions and resources agencies need to stay current with HUD accounting requirements – and to continue making a difference, every day.

A Higher Level of Insight.

Today's business environment is experiencing rapid changes – from increased regulations and continually emerging accounting rules, to more competition than ever before. That's why, at Smith Marion, we're dedicated to helping our clients not only survive, but thrive. Our dedicated Auditing and Assurance professionals provide our clients with a wide range of high-level consultative services, including financial reporting, evaluation of complex accounting and reporting issues, implementation of new accounting standards, evaluation and accounting for business transactions.

Harnessing our extensive experience serving companies of every size in the affordable housing industry, we understand the risks, challenges, and opportunities posed by transactions and emerging regulations. Smith Marion combines the personal involvement of partner level professionals with the resources of our expansive affordable housing network to meet our clients' unique needs.

Helping you Navigate Your Complex Standards.

For many companies, the U.S. Generally Accepted Accounting Principles (GAAP) are an essential component of their financial reporting processes, both internally and externally. But the complex standards can be difficult to navigate – and changes in the reporting standards can have a big impact, both on your financial statements as well as your overall business.

That's where we come in. At Smith Marion, our professionals provide a full range of accounting services, from providing

financial statement audits to offering general advisory and support to our clients. Our professionals draw on deep, industry-specific experience, offering comprehensive services tailored to your unique business needs

Meeting New Standards and Regulations, Head-on.

The world of business is constantly changing: new trends, new technology, and new regulation. At Smith Marion, we help our clients make sure they're staying compliant, so they can focus on more important things: like running their business. Our dedicated Auditing and Assurance team has the experience and knowledge necessary to not only understand new regulations and standards, but to anticipate its impact: on your policies, on your reporting standards, and on your organization as a whole.

Our professionals offer valuable guidance on:

- Revenue Recognition
- Lease Accounting

Key Contacts:

In the event of an issue you may contact any one of the following contacts:

Engagement Partner: Douglas Englehart 909-838-4290
Secondary Partner: Chad Porter 951-415-7284
Office Administrator: Hannah Baldwin 909-328-1010
Audit Liaison: Krystle Conrad 909-328-1074

Difficulties During the Engagement.

At times issues may arise during the engagement that require communication to management or are communicated by management. While on-site these issues are immediately discussed and timeframes are developed. Alternatively, if not on-site we have a 1 business day policy at Smith Marion where all communication received from the client is replied to within that timeframe, either by email or phone call. Depending on the amount of research required, depth of work involved or the responsiveness of the contact at the regulatory authority the timeframe for resolution can vary widely. We keep management apprised of the timeframe and any changes that may arise.

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TAB 8 Costs Analysis and Budget for Primary Services (Cost Analysis)

COSTS ANALYSIS

Our fee philosophy is to foster long-term client relationships by offering fair and competitive pricing. Over the years, we have gained an in-depth understanding of the resources required to perform similar audits. Based on this experience, we have developed a pricing model which will allow us to provide the requisite experience, commitment and quality for your engagement.

Our professionals have a proven reputation for demonstrating an uncompromising dedication to responsive, value-added service. We believe our proposed fees reflect the Smith Marion Team's experience and knowledge of the industry that can't be matched. Our proposed total all-inclusive fees for completion of the audit services are summarized below. The fee includes providing technical guidance to the client throughout the year. If substantive time is required for dealing with an issue, fees and costs will be discussed in advance of providing such services.

Services for the Housing Authority of the County of Riverside:

Fiscal Year Ended June 30, 2019			
	Estimated Hours	Rates	Total
Engagement Partner	72	\$ 200	\$ 14,400
Senior Associate	120	125	15,000
Associate	150	110	16,500
Total for Audit Fee	342		\$ 45,900

Fiscal Year Ended June 30, 2020			
	Estimated Hours	Rates	Total
Engagement Partner	72	\$ 200	\$ 14,400
Senior Associate	120	125	15,000
Associate	150	110	16,500
Total for Audit Fee	342		\$ 45,900

Fiscal Year Ended June 30, 2021			
	Estimated Hours	Rates	Total
Engagement Partner	72	\$ 200	\$ 14,400
Senior Associate	120	125	15,000
Associate	150	115	17,250
Total for Audit Fee	342		\$ 46,650

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COSTS ANALYSIS

Services for Riverside Community Housing Corporation:

Fiscal Year Ended June 30, 2019			
	Estimated Hours	Rates	Total
Engagement Partner	24	\$ 200	\$ 4,800
Senior Associate	32	125	4,000
Associate	48	110	5,280
Total for Audit Fee	104		\$ 14,080

Fiscal Year Ended June 30, 2020			
	Estimated Hours	Rates	Total
Engagement Partner	24	\$ 200	\$ 4,800
Senior Associate	32	125	4,000
Associate	48	110	5,280
Total for Audit Fee	104		\$ 14,080

Fiscal Year Ended June 30, 2021			
	Estimated Hours	Rates	Total
Engagement Partner	24	\$ 255	\$ 6,120
Senior Associate	32	125	4,000
Associate	48	115	5,520
Total for Audit Fee	104		\$ 15,640

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TAB 9 References (Client Information)

CLIENT INFORMATION

Client Name	Housing Authority of Salt Lake City	Imperial Valley Housing Authority
Estimated Hours	800	350
Work Summary	<p>Financial and compliance audits with the following deliverable reports:</p> <ul style="list-style-type: none">• Basic Financial Statements• Single Audit• Attestation of the Financial Data Schedules (FDS)• Agreed-Upon Procedures for FDS reporting to HUD• 5 Separate stand alone Nonprofit Affiliate and related tax returns (LIHTC)• Assisted with GASB 63/65 implementation in 2012.	<p>Financial and compliance audits with the following deliverable reports:</p> <ul style="list-style-type: none">• Basic Financial Statements• Single Audit• Attestation of the Financial Data Schedules (FDS)• Agreed-Upon Procedures for FDS reporting to HUD• 2 Separate stand alone Nonprofit Affiliate and related tax returns• Assisted with GASB 63/65 implementation in 2013.• HOME Fund Supplement Reporting.• Rural Development Reporting.
Years Served	Fiscal year ended December 31, 2008 to Present	Fiscal year ended June 30, 2012 to Present
Client Contact	<p>Tyson Montoya Director of Finance 1776 South West Temple Salt Lake City, UT 84115 tmontoya@hasicutah.org (801) 428-0554</p>	<p>Norma Benito Deputy Director 1402 D Street Brawley, CA 92227 nbenito@ivha.org (760) 351-7000</p>

CLIENT INFORMATION

Client Name	Jackson Housing Authority	Housing Authority of the City of Eureka and County of Humboldt	Housing Authority of the County of San Joaquin
Estimated Hours	450	300	350
Work Summary	<p>Financial and compliance audits with the following deliverable reports:</p> <ul style="list-style-type: none"> • Basic Financial Statements • Single Audit • Attestation of the Financial Data Schedules (FDS) • Agreed-Upon Procedures for FDS reporting to HUD • 4 Separate stand alone Nonprofit Affiliate and related tax returns with different fiscal year ends (LIHTC) • Assisting Authority on changing fiscal year end from September 30 to December 31. • Assisted with GASB 63/65 implementation in 2013. 	<p>Financial and compliance audits with the following deliverable reports:</p> <ul style="list-style-type: none"> • Basic Financial Statements • Single Audit • Attestation of the Financial Data Schedules (FDS) • Agreed-Upon Procedures for FDS reporting to HUD • 2 Separate stand alone Nonprofit Affiliate and related tax returns • Assisted with GASB 63/65 implementation in 2012. 	<p>Financial and compliance audits with the following deliverable reports:</p> <ul style="list-style-type: none"> • Basic Financial Statements • Single Audit • Attestation of the Financial Data Schedules (FDS) • Agreed-Upon Procedures for FDS reporting to HUD • Separate stand alone USDA-RD Agreed Upon Report • 1 Separate stand alone Nonprofit Affiliate and related tax returns
Years Served	Fiscal year ended September 30, 2010 to Present	Fiscal year ended December 31, 2009 to Present	Fiscal year ended September 30, 2016 to Present
Client Contact	<p>Mark Reid Executive Director 125 Preston Street Jackson, TN 38301 mreid@jacksonha.com (731) 422-1671</p>	<p>Cheryl Roulo Executive Director 735 West Everding Street Eureka, CA 95503 cherylr@eureka-humboldt-hsg.org (707) 443-4583</p>	<p>Peter Ragsdale Executive Director 421 South Eldorado Street Stockton, CA 95203 pragsdale@hacsj.com (518) 281-0165</p>

TAB 10 Equal Employment Opportunity Policy

EQUAL EMPLOYMENT OPPORTUNITY

Smith Marion & Co, CPAs is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available persons in every job. Firm policy prohibits unlawful discrimination based on race, color, creed, gender, religion, marital status, registered domestic partner status, age, national origin or ancestry, physical or mental disability, medical condition including genetic characteristics, sexual orientation, or any other consideration made unlawful by federal, state, or local laws. It also prohibits unlawful discrimination based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. All such discrimination is **unlawful**.

Decisions regarding employment are based solely on legitimate business reasons. Recruiting, hiring, promotion, and transfer decisions are made according to principles of equal opportunity. All other personnel actions, such as compensation, benefits, training and education, and social and recreational programs, are impartial. Smith Marion & Co, CPAs is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in Firm operations and prohibits unlawful discrimination by any employee of the Firm, including supervisors and coworkers.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, Smith Marion & Co CPAs will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result.

Any applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact the Firm Administrator and request such an accommodation. The individual with the disability should specify what accommodation he or she needs to perform the job. The Firm then will conduct an investigation to identify the barriers that interfere with the equal opportunity of the applicant or employee to perform his or her job. The Firm will identify possible accommodations, if any, that will help eliminate the limitation. If the accommodation is reasonable and will not impose an undue hardship, Smith Marion & Co, CPAs will make the accommodation.

If you believe you have been subjected to any form of unlawful discrimination, submit a written complaint to your supervisor or the Firm Administrator. Your complaint should be specific and should include the names of the individuals involved and the names of any witnesses. If you need assistance with your complaint, or if you prefer to make a complaint in person, contact the Firm Administrator. The Firm will immediately undertake an effective, thorough, and objective investigation and attempt to resolve the situation.

If the Firm determines that unlawful discrimination has occurred, effective remedial action will be taken commensurate with the severity of the offense. Appropriate action also will be taken to deter any future discrimination. The Firm will not retaliate against you for filing a complaint and will not knowingly permit retaliation by management employees or your coworkers.

TAB 11 Other Company Information

Certifications and Representations of Offerors

Non-Construction Contract

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This form includes clauses required by OMB's common rule on bidding/offering procedures, implemented by HUD in 24 CFR 95.36, and those requirements set forth in Executive Order 11625 for small, minority, women-owned businesses, and certifications for independent price determination, and conflict of interest. The form is required for nonconstruction contracts awarded by Housing Agencies (HAs). The form is used by bidders/offers to certify to the HA's Contracting Officer for contract compliance. If the form were not used, HAs would be unable to enforce their contracts. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

1. Contingent Fee Representation and Agreement

(a) The bidder/offers represents and certifies as part of its bid/offer that, except for full-time bona fide employees working solely for the bidder/offers, the bidder/offers:

- (1) has, has not employed or retained any person or company to solicit or obtain this contract; and
- (2) has, has not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(b) If the answer to either (a)(1) or (a) (2) above is affirmative, the bidder/offers shall make an immediate and full written disclosure to the PHA Contracting Officer.

(c) Any misrepresentation by the bidder/offers shall give the PHA the right to (1) terminate the resultant contract; (2) at its discretion, to deduct from contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the contract.

2. Small, Minority, Women-Owned Business Concern Representation

The bidder/offers represents and certifies as part of its bid/offer that it:

- (a) is, is not a small business concern. "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding, and qualified as a small business under the criteria and size standards in 13 CFR 121.
- (b) is, is not a women-owned small business concern. "Women-owned," as used in this provision, means a small business that is at least 51 percent owned by a woman or women who are U.S. citizens and who also control and operate the business.
- (c) is, is not a minority enterprise which, pursuant to Executive Order 11625, is defined as a business which is at least 51 percent owned by one or more minority group members or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by one or more minority group members, and whose management and daily operations are controlled by one or more such individuals.

For the purpose of this definition, minority group members are:

(Check the block applicable to you)

- Black Americans Asian Pacific Americans
 Hispanic Americans Asian Indian Americans
 Native Americans Hasidic Jewish Americans

3. Certificate of Independent Price Determination

(a) The bidder/offers certifies that—

- (1) The prices in this bid/offer have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other bidder/offers or competitor relating to (i) those prices, (ii) the intention to submit a bid/offer, or (iii) the methods or factors used to calculate the prices offered;
- (2) The prices in this bid/offer have not been and will not be knowingly disclosed by the bidder/offers, directly or indirectly, to any other bidder/offers or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law; and
- (3) No attempt has been made or will be made by the bidder/offers to induce any other concern to submit or not to submit a bid/offer for the purpose of restricting competition.

(b) Each signature on the bid/offer is considered to be a certification by the signatory that the signatory:

- (1) Is the person in the bidder/offers's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above; or
- (2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above (insert full name of person(s) in the bidder/offers's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the bidder/offers's organization);
- (ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and

(iii) As an agent, has not personally participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above.

c) If the bidder/offeror deletes or modifies subparagraph (a)2 above, the bidder/offeror must furnish with its bid/offer a signed statement setting forth in detail the circumstances of the disclosure.

4. Organizational Conflicts of Interest Certification

(a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under a proposed contract and a prospective contractor's organizational, financial, contractual or other interest are such that:

(i) Award of the contract may result in an unfair competitive advantage;

(ii) The Contractor's objectivity in performing the contract work may be impaired; or

(iii) That the Contractor has disclosed all relevant information and requested the HA to make a determination with respect to this Contract.

(b) The Contractor agrees that if after award he or she discovers an organizational conflict of interest with respect to this contract, he or she shall make an immediate and full disclosure in writing to the HA which shall include a description of the action which the Contractor has taken or intends to eliminate or neutralize the conflict. The HA may, however, terminate the Contract for the convenience of HA if it would be in the best interest of HA.

(c) In the event the Contractor was aware of an organizational conflict of interest before the award of this Contract and intentionally did not disclose the conflict to the HA, the HA may terminate the Contract for default.

(d) The Contractor shall require a disclosure or representation from subcontractors and consultants who may be in a position to influence the advice or assistance rendered to the HA and shall include any necessary provisions to eliminate or neutralize conflicts of interest in consultant agreements or subcontracts involving performance or work under this Contract.

5. Authorized Negotiators (RFPs only)

The offeror represents that the following persons are authorized to negotiate on its behalf with the PHA in connection with this request for proposals: (list names, titles, and telephone numbers of the authorized negotiators):

6. Conflict of Interest

In the absence of any actual or apparent conflict, the offeror, by submission of a proposal, hereby warrants that to the best of its knowledge and belief, no actual or apparent conflict of interest exists with regard to my possible performance of this procurement, as described in the clause in this solicitation titled "Organizational Conflict of Interest."

7. Offeror's Signature

The offeror hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

Signature & Date:

Douglas Englehart

Dec-31-18

Typed or Printed Name:

Douglas Englehart

Title:

Shareholder

SUBCONTRACTOR/JOINT VENTURE INFORMATION

No information provided, no subcontractor or joint ventures proposed.

SECTION 3 BUSINESS PREFERENCE DOCUMENTATION

No information provided, no Section 3 Business Preference.

STATE OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS



REGISTRATION PAR 7381
RECEIPT NO. 62850153

CERTIFIED PUBLIC



ACCOUNTANT PARTNER

VALID UNTIL

05, 2018

SMITH MARION & CO LLP
1940 ORANGE TREE LANE STE 100
REDLANDS CA 92374

01/09/17
01/09/17

----- POST IN PUBLIC VIEW -----

WABPAR 05/08/09

In accordance with the provisions of the
California Accountancy Act, the
California Board of Accountancy has
certified the above named individual
as a Certified Public Accountant
in accordance with the provisions of
the Act and the regulations thereunder.

EXHIBIT D
HUD 5370 C
(behind this page)

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General Conditions for Non-Construction Contracts

Section I – (With or without Maintenance Work)

U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

Office of Labor Relations

OMB Approval No. 2577-0157 (exp. 1/31/2017)

Public Reporting Burden for this collection of information is estimated to average 0.08 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600; and to the Office of Management and Budget, Paperwork Reduction Project (2577-0157), Washington, D.C. 20503. Do not send this completed form to either of these addressees.

Applicability. This form HUD-5370-C has 2 Sections. These Sections must be inserted into non-construction contracts as described below:

- 1) **Non-construction contracts** (*without* maintenance) **greater than \$100,000 - use Section I;**
- 2) **Maintenance contracts** (including nonroutine maintenance as defined at 24 CFR 968.105) **greater than \$2,000 but not more than \$100,000 - use Section II;** and
- 3) **Maintenance contracts** (including nonroutine maintenance), **greater than \$100,000 – use Sections I and II.**

Section I - Clauses for All Non-Construction Contracts greater than \$100,000

1. Definitions

The following definitions are applicable to this contract:

- (a) "Authority or Housing Authority (HA)" means the Housing Authority.
- (b) "Contract" means the contract entered into between the Authority and the Contractor. It includes the contract form, the Certifications and Representations, these contract clauses, and the scope of work. It includes all formal changes to any of those documents by addendum, Change Order, or other modification.
- (c) "Contractor" means the person or other entity entering into the contract with the Authority to perform all of the work required under the contract.
- (d) "Day" means calendar days, unless otherwise stated.
- (e) "HUD" means the Secretary of Housing and Urban development, his delegates, successors, and assigns, and the officers and employees of the United States Department of Housing and Urban Development acting for and on behalf of the Secretary.

2. Changes

- (a) The HA may at any time, by written order, and without notice to the sureties, if any, make changes within the general scope of this contract in the services to be performed or supplies to be delivered.
- (b) If any such change causes an increase or decrease in the hourly rate, the not-to-exceed amount of the contract, or the time required for performance of any part of the work under this contract, whether or not changed by the order, or otherwise affects the conditions of this contract, the HA shall make an equitable adjustment in the not-to-exceed amount, the hourly rate, the delivery schedule, or other affected terms, and shall modify the contract accordingly.
- (c) The Contractor must assert its right to an equitable adjustment under this clause within 30 days from the date of receipt of the written order. However, if the HA decides that the facts justify it, the HA may receive and act upon a

proposal submitted before final payment of the contract.

- (d) Failure to agree to any adjustment shall be a dispute under clause Disputes, herein. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.
 - (e) No services for which an additional cost or fee will be charged by the Contractor shall be furnished without the prior written consent of the HA.
- #### 3. Termination for Convenience and Default
- (a) The HA may terminate this contract in whole, or from time to time in part, for the HA's convenience or the failure of the Contractor to fulfill the contract obligations (default). The HA shall terminate by delivering to the Contractor a written Notice of Termination specifying the nature, extent, and effective date of the termination. Upon receipt of the notice, the Contractor shall: (i) immediately discontinue all services affected (unless the notice directs otherwise); and (ii) deliver to the HA all information, reports, papers, and other materials accumulated or generated in performing this contract, whether completed or in process.
 - (b) If the termination is for the convenience of the HA, the HA shall be liable only for payment for services rendered before the effective date of the termination.
 - (c) If the termination is due to the failure of the Contractor to fulfill its obligations under the contract (default), the HA may (i) require the Contractor to deliver to it, in the manner and to the extent directed by the HA, any work as described in subparagraph (a)(ii) above, and compensation be determined in accordance with the Changes clause, paragraph 2, above; (ii) take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable for any additional cost incurred by the HA; (iii) withhold any payments to the Contractor, for the purpose of off-set or partial payment, as the case may be, of amounts owed to the HA by the Contractor.
 - (d) If, after termination for failure to fulfill contract obligations (default), it is determined that the Contractor had not failed, the termination shall be deemed to have been effected for the convenience of the HA, and the Contractor shall be entitled to payment as described in paragraph (b) above.
 - (e) Any disputes with regard to this clause are expressly made subject to the terms of clause titled Disputes herein.

4. Examination and Retention of Contractor's Records

- (a) The HA, HUD, or Comptroller General of the United States, or any of their duly authorized representatives shall, until 3 years after final payment under this contract, have access to and the right to examine any of the Contractor's directly pertinent books, documents, papers, or other records involving transactions related to this contract for the purpose of making audit, examination, excerpts, and transcriptions.

- (b) The Contractor agrees to include in first-tier subcontracts under this contract a clause substantially the same as paragraph (a) above. "Subcontract," as used in this clause, excludes purchase orders not exceeding \$10,000.
- (c) The periods of access and examination in paragraphs (a) and (b) above for records relating to:
- (i) appeals under the clause titled Disputes;
 - (ii) litigation or settlement of claims arising from the performance of this contract; or,
 - (iii) costs and expenses of this contract to which the HA, HUD, or Comptroller General or any of their duly authorized representatives has taken exception shall continue until disposition of such appeals, litigation, claims, or exceptions.

5. Rights in Data (Ownership and Proprietary Interest)

The HA shall have exclusive ownership of, all proprietary interest in, and the right to full and exclusive possession of all information, materials and documents discovered or produced by Contractor pursuant to the terms of this Contract, including but not limited to reports, memoranda or letters concerning the research and reporting tasks of this Contract.

6. Energy Efficiency

The contractor shall comply with all mandatory standards and policies relating to energy efficiency which are contained in the energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub.L. 94-163) for the State in which the work under this contract is performed.

7. Disputes

- (a) All disputes arising under or relating to this contract, *except for disputes arising under clauses contained in Section III, Labor Standards Provisions*, including any claims for damages for the alleged breach there of which are not disposed of by agreement, shall be resolved under this clause.
- (b) All claims by the Contractor shall be made in writing and submitted to the HA. A claim by the HA against the Contractor shall be subject to a written decision by the HA.
- (c) The HA shall, with reasonable promptness, but in no event in no more than 60 days, render a decision concerning any claim hereunder. Unless the Contractor, within 30 days after receipt of the HA's decision, shall notify the HA in writing that it takes exception to such decision, the decision shall be final and conclusive.
- (d) Provided the Contractor has (i) given the notice within the time stated in paragraph (c) above, and (ii) excepted its claim relating to such decision from the final release, and (iii) brought suit against the HA not later than one year after receipt of final payment, or if final payment has not been made, not later than one year after the Contractor has had a reasonable time to respond to a written request by the HA that it submit a final voucher and release, whichever is earlier, then the HA's decision shall not be final or conclusive, but the dispute shall be determined on the merits by a court of competent jurisdiction.
- (e) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under the contract, and comply with any decision of the HA.

8. Contract Termination; Debarment

A breach of these Contract clauses may be grounds for termination of the Contract and for debarment or denial of participation in HUD programs as a Contractor and a subcontractor as provided in 24 CFR Part 24.

9. Assignment of Contract

The Contractor shall not assign or transfer any interest in this contract; except that claims for monies due or to become due from the HA under the contract may be assigned to a bank, trust company, or other financial institution. If the Contractor is a partnership, this contract shall inure to the benefit of the surviving or remaining member(s) of such partnership approved by the HA.

10. Certificate and Release

Prior to final payment under this contract, or prior to settlement upon termination of this contract, and as a condition precedent thereto, the Contractor shall execute and deliver to the HA a certificate and release, in a form acceptable to the HA, of all claims against the HA by the Contractor under and by virtue of this contract, other than such claims, if any, as may be specifically excepted by the Contractor in stated amounts set forth therein.

11. Organizational Conflicts of Interest

- (a) The Contractor warrants that to the best of its knowledge and belief and except as otherwise disclosed, it does not have any organizational conflict of interest which is defined as a situation in which the nature of work under this contract and a contractor's organizational, financial, contractual or other interests are such that:
- (i) Award of the contract may result in an unfair competitive advantage; or
 - (ii) The Contractor's objectivity in performing the contract work may be impaired.
- (b) The Contractor agrees that if after award it discovers an organizational conflict of interest with respect to this contract or any task/delivery order under the contract, he or she shall make an immediate and full disclosure in writing to the Contracting Officer which shall include a description of the action which the Contractor has taken or intends to take to eliminate or neutralize the conflict. The HA may, however, terminate the contract or task/delivery order for the convenience of the HA if it would be in the best interest of the HA.
- (c) In the event the Contractor was aware of an organizational conflict of interest before the award of this contract and intentionally did not disclose the conflict to the Contracting Officer, the HA may terminate the contract for default.
- (d) The terms of this clause shall be included in all subcontracts and consulting agreements wherein the work to be performed is similar to the service provided by the prime Contractor. The Contractor shall include in such subcontracts and consulting agreements any necessary provisions to eliminate or neutralize conflicts of interest.

12. Inspection and Acceptance

- (a) The HA has the right to review, require correction, if necessary, and accept the work products produced by the Contractor. Such review(s) shall be carried out within 30 days so as to not impede the work of the Contractor. Any

product of work shall be deemed accepted as submitted if the HA does not issue written comments and/or required corrections within 30 days from the date of receipt of such product from the Contractor.

- (b) The Contractor shall make any required corrections promptly at no additional charge and return a revised copy of the product to the HA within 7 days of notification or a later date if extended by the HA.
- (c) Failure by the Contractor to proceed with reasonable promptness to make necessary corrections shall be a default. If the Contractor's submission of corrected work remains unacceptable, the HA may terminate this contract (or the task order involved) or reduce the contract price or cost to reflect the reduced value of services received.

13. Interest of Members of Congress

No member of or delegate to the Congress of the United States of America or Resident Commissioner shall be admitted to any share or part of this contract or to any benefit to arise there from, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

14. Interest of Members, Officers, or Employees and Former Members, Officers, or Employees

No member, officer, or employee of the HA, no member of the governing body of the locality in which the project is situated, no member of the governing body in which the HA was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the project, shall, during his or her tenure, or for one year thereafter, have any interest, direct or indirect, in this contract or the proceeds thereof.

15. Limitation on Payments to Influence Certain Federal Transactions

(a) Definitions. As used in this clause:

"Agency", as defined in 5 U.S.C. 552(f), includes Federal executive departments and agencies as well as independent regulatory commissions and Government corporations, as defined in 31 U.S.C. 9101(1).

"Covered Federal Action" means any of the following Federal actions:

- (i) The awarding of any Federal contract;
- (ii) The making of any Federal grant;
- (iii) The making of any Federal loan;
- (iv) The entering into of any cooperative agreement; and,
- (v) The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

Covered Federal action does not include receiving from an agency a commitment providing for the United States to insure or guarantee a loan.

"Indian tribe" and "tribal organization" have the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450B). Alaskan Natives are included under the definitions of Indian tribes in that Act.

"Influencing or attempting to influence" means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.

"Local government" means a unit of government in a State and, if chartered, established, or otherwise recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.

"Officer or employee of an agency" includes the following individuals who are employed by an agency:

- (i) An individual who is appointed to a position in the Government under title 5, U.S.C., including a position under a temporary appointment;
- (ii) A member of the uniformed services as defined in section 202, title 18, U.S.C.;
- (iii) A special Government employee as defined in section 202, title 18, U.S.C.; and,
- (iv) An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, title 5, appendix 2.

"Person" means an individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit or not for profit. This term excludes an Indian tribe, tribal organization, or other Indian organization with respect to expenditures specifically permitted by other Federal law.

"Recipient" includes all contractors, subcontractors at any tier, and subgrantees at any tier of the recipient of funds received in connection with a Federal contract, grant, loan, or cooperative agreement. The term excludes an Indian tribe, tribal organization, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

"Regularly employed means, with respect to an officer or employee of a person requesting or receiving a Federal contract, grant, loan, or cooperative agreement, an officer or employee who is employed by such person for at least 130 working days within one year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract, grant, loan, or cooperative agreement. An officer or employee who is employed by such person for less than 130 working days within one year immediately preceding the date of submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.

"State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, a territory or possession of the United States, an agency or instrumentality of a State, and a multi-State, regional, or interstate entity having governmental duties and powers.

(b) Prohibition.

- (i) Section 1352 of title 31, U.S.C. provides in part that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (ii) The prohibition does not apply as follows:

(1) Agency and legislative liaison by Own Employees.

(a) The prohibition on the use of appropriated funds, in paragraph (i) of this section, does not apply in the case of a payment of reasonable compensation made to an officer or employee of a person requesting or receiving a Federal contract, grant, loan, or cooperative agreement, if the payment is for agency and legislative activities not directly related to a covered Federal action.

(b) For purposes of paragraph (b)(i)(1)(a) of this clause, providing any information specifically requested by an agency or Congress is permitted at any time.

(c) The following agency and legislative liaison activities are permitted at any time only where they are not related to a specific solicitation for any covered Federal action:

(1) Discussing with an agency (including individual demonstrations) the qualities and characteristics of the person's products or services, conditions or terms of sale, and service capabilities; and,

(2) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

(d) The following agency and legislative liaison activities are permitted where they are prior to formal solicitation of any covered Federal action:

(1) Providing any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered Federal action;

(2) Technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and

(3) Capability presentations by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Public Law 95-507 and other subsequent amendments.

(e) Only those activities expressly authorized by subdivision (b)(ii)(1)(a) of this clause are permitted under this clause.

(2) Professional and technical services.

(a) The prohibition on the use of appropriated funds, in subparagraph (b)(i) of this clause, does not apply in the case of-

(i) A payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action.

(ii) Any reasonable payment to a person, other than an officer or employee of a

person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action. Persons other than officers or employees of a person requesting or receiving a covered Federal action include consultants and trade associations.

(b) For purposes of subdivision (b)(ii)(2)(a) of clause, "professional and technical services" shall be limited to advice and analysis directly applying any professional or technical discipline.

(c) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal award include those required by law or regulation, or reasonably expected to be required by law or regulation, and any other requirements in the actual award documents.

(d) Only those services expressly authorized by subdivisions (b)(ii)(2)(a)(i) and (ii) of this section are permitted under this clause.

(iii) Selling activities by independent sales representatives.

(c) The prohibition on the use of appropriated funds, in subparagraph (b)(i) of this clause, does not apply to the following selling activities before an agency by independent sales representatives, provided such activities are prior to formal solicitation by an agency and are specifically limited to the merits of the matter:

(i) Discussing with an agency (including individual demonstration) the qualities and characteristics of the person's products or services, conditions or terms of sale, and service capabilities; and

(ii) Technical discussions and other activities regarding the application or adaptation of the person's products or services for an agency's use.

(d) Agreement. In accepting any contract, grant, cooperative agreement, or loan resulting from this solicitation, the person submitting the offer agrees not to make any payment prohibited by this clause.

(e) Penalties. Any person who makes an expenditure prohibited under paragraph (b) of this clause shall be subject to civil penalties as provided for by 31 U.S.C. 1352. An imposition of a civil penalty does not prevent the Government from seeking any other remedy that may be applicable.

(f) Cost Allowability. Nothing in this clause is to be interpreted to make allowable or reasonable any costs which would be unallowable or unreasonable in accordance with Part 31 of the Federal Acquisition Regulation (FAR), or OMB Circulars dealing with cost allowability for recipients of assistance agreements. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any of the provisions of FAR Part 31 or the relevant OMB Circulars.

16. Equal Employment Opportunity

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

- (a) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.
- (b) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to (1) employment; (2) upgrading; (3) demotion; (4) transfer; (5) recruitment or recruitment advertising; (6) layoff or termination; (7) rates of pay or other forms of compensation; and (8) selection for training, including apprenticeship.
- (c) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.
- (d) The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (e) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.
- (f) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.
- (g) The Contractor shall furnish all information and reports required by Executive Order 11246, as amended and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto. The Contractor shall permit access to its books, records, and accounts by the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (h) In the event of a determination that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part, and the Contractor may be declared ineligible for further Government contracts, or federally assisted construction contracts under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.
- (i) The Contractor shall include the terms and conditions of this clause in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor. The Contractor shall take such action with respect to any subcontractor or purchase order as the Secretary of Housing and Urban Development or the Secretary of Labor may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided that if the

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

17. Dissemination or Disclosure of Information

No information or material shall be disseminated or disclosed to the general public, the news media, or any person or organization without prior express written approval by the HA.

18. Contractor's Status

It is understood that the Contractor is an independent contractor and is not to be considered an employee of the HA, or assume any right, privilege or duties of an employee, and shall save harmless the HA and its employees from claims suits, actions and costs of every description resulting from the Contractor's activities on behalf of the HA in connection with this Agreement.

19. Other Contractors

HA may undertake or award other contracts for additional work at or near the site(s) of the work under this contract. The contractor shall fully cooperate with the other contractors and with HA and HUD employees and shall carefully adapt scheduling and performing the work under this contract to accommodate the additional work, heeding any direction that may be provided by the Contracting Officer. The contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or HA employee.

20. Liens

The Contractor is prohibited from placing a lien on HA's property. This prohibition shall apply to all subcontractors.

21. Training and Employment Opportunities for Residents in the Project Area (Section 3, HUD Act of 1968; 24 CFR 135)

- (a) The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- (b) The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- (c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of

apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- (d) The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- (e) The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.
- (f) Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

22. Procurement of Recovered Materials

- (a) In accordance with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, the Contractor shall procure items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition. The Contractor shall procure items designated in the EPA guidelines that contain the highest percentage of recovered materials practicable unless the Contractor determines that such items: (1) are not reasonably available in a reasonable period of time; (2) fail to meet reasonable performance standards, which shall be determined on the basis of the guidelines of the National Institute of Standards and Technology, if applicable to the item; or (3) are only available at an unreasonable price.
- (b) Paragraph (a) of this clause shall apply to items purchased under this contract where: (1) the Contractor purchases in excess of \$10,000 of the item under this contract; or (2) during the preceding Federal fiscal year, the Contractor: (i) purchased any amount of the items for use under a contract that was funded with Federal appropriations and was with a Federal agency or a State agency or agency of a political subdivision of a State; and (ii) purchased a total of in excess of \$10,000 of the item both under and outside that contract.