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COPY

ENGINEERING CONTRACT

PART I

AGREEMENT

THIS AGREEMENT, entered into this 14th day of October, 2008 by and between the County of Polk, hereinafter called the "Locality", acting herein by John P. Thompson, County Judge, Hereunto duly authorized, and Klotz Associates, Inc. hereinafter called "Firm", acting herein by James Flournoy, Regional Manager.

WHEREAS, the County of Polk desires to implement a FY-2007 Sewer Improvements Project under the general direction of the Texas Community Development Program; and whereas the Locality desire to engage Klotz Associates, Inc. to render certain services in connection with its FY-2007 Sewer Improvements Project.

NOW THEREFORE, the parties do mutually agree as follows:

1. Scope of Services

Part II, Scope of Services, is hereby incorporated by references into this Agreement.

2. Time of Performance

The services of the firm shall commence on August 25, 2008. In any event, all the services required and performed hereunder shall be completed no later than June 21, 2010.

3. Access to Information

It is agreed that all information, data reports, and records and maps as are existing, available and necessary for the carrying out of the work outlined above shall be furnished to the Firm by the Locality and its agencies. No charge will be made to the Firm for such information, and the Locality and its agencies will cooperate with the Firm in every way possible to facilitate the performance of the work described in the contract.

4. Compensation and Method of Payment

The maximum amount of compensation and reimbursement to be paid hereunder shall not exceed \$ 35,000. Payment to (person/firm) shall be based on satisfactory completion of identified milestones in Part III - Exhibit B - Payment Schedule of this Contract.

5. Indemnification

The Firm shall comply with the requirements of all applicable laws, rules and regulations, and shall exonerate, indemnify, and hold harmless the Locality and its agency members from and against them, and shall assume full responsibility for payments of Federal, State and local taxes on contributions imposed or required under the Social Security, Worker's Compensation and income tax laws.

6. Miscellaneous Provisions

- a. This Agreement shall be construed under and accord with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Polk County, Texas.
- b. This Agreement shall be binding upon and insure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by this Agreement.
- c. In any case that one or more of the provisions contained in this Agreement shall be for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- d. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.
- e. This Agreement may be amended by mutual agreement of the parties hereto and writing to be attached to and incorporated into this Agreement.
- f. A time schedule (Exhibit A) will be furnished by the Firm. It will include a specified listing of activities and time frames in which they will be completed. Said Schedule shall be attached to and made a part of this Contract.
- g. The project "contract person" or "lead man" for the engineering firm is James Flournoy, Regional Manager.
- h. The Locality's contact person, in regard to all matters concerning this Contract, shall be John P. Thompson, County Judge or his / her official designee.

- i. Special Provisions to this Contract for Professional Services Federal Requirements Part IV. Where there is a conflict between any provision in the Contract and said Attachment, the Attachment shall always govern.
- j. The Engineer shall receive and maintain a copy of the final project Record Drawing(s) engineering schematic(s), as constructed using Funds under this contract. These maps shall be provided in digital format containing the source map data (original vector data) and the graphic data in files on machine readable media, such as compact disk (CD), which are compatible with computer systems owned or readily available to the Engineer. The digital copy provided shall not include a digital representation of the Engineer's seal but the accompanying documentation from the Engineer shall include a signed statement of when the map was authorized, that the digital map is a true representation of the original sealed document, and that a printed version with the seal be provided to the Engineer. In addition, complete documentation as to the data and layout of the data files and the name of the software package(s) used to generate the data and maps shall be received and maintained by the Engineer in written form. The Engineer shall provide the office upon request a copy of all the electronic files and other data received, including the original vector data, and all documentation in electronic format, on a CD or other media in a file format determined by the Office. If requested by the office, the Engineer shall ensure that the CD copy of all electronic files and other data provided to the office are properly identified. Specifically, the CD label shall show the Engineer's name, the contents of CD, the preparer's name, and the name of the software package(s) used to generate the maps on the CD.

7. Terms and Conditions

This Agreement is subject to the provisions titled, "Part IV Terms and Conditions" and attached hereto and incorporated by reference herein.

IN WITNESSETH HEREOF, the parties have hereto set their hands and seals.


CLIENT: COUNTY OF POLK

FIRM: KLOTZ ASSOCIATES, INC.

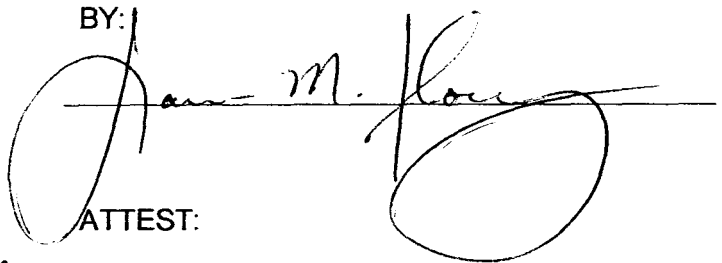
John P. Thompson, County Judge

James Flournoy, Regional Manager

BY:



BY:



ATTEST:



ATTEST:

PART II

PROFESSIONAL ENGINEERING SCOPE OF SERVICES

The Engineering Firm shall render the following professional services necessary for the implementation of the project: *(These are not in order of performance.)*

SCOPE OF SERVICES

1. Attend preliminary conference with the Locality regarding the requirements of the project.
2. Determine necessity for any acquisition of any additional real property/easements/ROWs for the TCDP project and, if applicable, furnish to the Locality:
 - (a) Name and address of property owners;
 - (b) Legal description of parcels to be acquired;
 - (c) Map showing entire tract with designation of part to be acquired.
3. Make any necessary surveys of existing rights-of-way, topography, utilities, or other field data required for proper design of the project. Provide consultation and advice as to the necessity of the Locality providing or obtaining other services such as auger borings, core borings, soil tests, or other subsurface exploration; laboratory testing and inspecting of samples or materials; other special consultation. The Engineer will review any tests required and act as the Locality's representative in connection with any such services.
4. Prepare and acquire railroad/highway permits.
5. The Firm shall portray existing utilities in plan as shown by respective utility companies in the project area. The Engineer shall show locations of existing infrastructures on the construction plans according to record information, as applicable.
6. Prepare a preliminary engineering study and report on the project in sufficient detail to indicate clearly the problems involved and the alternate solutions available to the Locality, to include preliminary layouts, sketches and cost estimates for the project, and to set forth clearly the Engineer's recommendations; to be completed within 60 days of contract execution. Does not include Special Reports such as USDA/TWDB, etc.
7. Furnish the Locality five (5) copies of the preliminary report. (One copy of said report shall be furnished to the Grant Administrator.)

8. Submit detailed drawings and plan/specifications to appropriate regulatory agency(ies) and obtain clearance, including TCEQ approval.
9. Prepare bid packet/contract documents/advertisements for bids. (Bid package shall be furnished by the Locality's Grant Consultant.)
10. Incorporate any and all wage-rate modifications or supersede as via bid addendum (if applicable).
11. Conduct bid opening and prepare minutes.
12. Tabulate, analyze, and review bids for completeness and accuracy.
13. Jointly, with Grant Administrator, conduct pre-construction conference and prepare copy of report/minutes. The Firm shall prepare the Construction Contracts and have them executed.
14. Issue Start of Construction Notice and Notice to Proceed to construction contractor and Grant Administrator.
15. Provide deductive alternatives in all proposed construction bids, where feasible, so that the lowest responsible base bid for construction not exceeding the funds available can be selected.
16. Design facilities to be used by the public for access by persons with disabilities in accordance with Public Law 504, where applicable.
17. Use forms for instructions to bidders, general conditions, contract, bid bond, performance bond, and payment bond which have Office of Rural Community Affairs (ORCA) approval.
18. Make periodic visits to the site to observe the progress and quality of the work and to determine in general if the work is proceeding in accordance with the Contract.
19. Consult with and advise the Locality during construction; issue to contractors all instructions required by the Locality; prepare routine change orders if required, at no charge for engineering services to the Locality when the change order is required to correct errors or omissions by the Engineer; and provide price analysis for change orders; process and submit change orders to Grant Administrator for approval prior to execution by Locality.
20. Review shop and working drawings furnished by contractors for compliance with design concept and with information given in contract documents (contractors will be responsible for dimensions to be confirmed and correlated at job site).
21. Based on the Engineer's on-site observations and review of the contractor's applications for payment, determine the amount owing to the contractor in such amounts; such approvals of payment to constitute a representation to the Locality, based on such observations and review, that the work has progressed to the point

indicated and that the quality of work is in accordance with the plans, specifications and contract documents.

22. Require that a 10% retainage be withheld from all payment on construction contracts until final acceptance by the Locality and approval by Office of Rural Community Affairs (ORCA), unless State or local law provides otherwise.
23. Prepare Certificate of Construction Completion.
24. Conduct interim/final inspections.
25. Revise contract drawings to show the work as actually constructed, and furnish the Locality with a set of "record drawings" plans.

CONSTRUCTION SUBCONTRACTS

Engineer shall meet the following provisions through the Construction Documents, except as shall be the responsibility of the Grant Administrator.

1. No work under this Contract shall be subcontracted by Engineer without prior approval, in writing, from the Locality.
2. The Engineer shall, prior to proceeding with the work, notify Locality in writing of the name of the subcontractors proposed for the work, including the extent and character of the work to be done by each.
3. If any time during progress of the work, the Locality determines that any subcontractor is incompetent or undesirable, the Locality will notify the Engineer who shall take reasonable and immediate steps to satisfactorily cure the problem, substitute performance, or cancel such subcontract. Subletting by subcontractors shall be subject to the same regulations. Nothing contained in this Contract shall create any contractual relation between any subcontractor and Locality.
4. The Engineer will include, in all contracts and subcontracts of amounts in excess of \$100,000.00, a provision which required compliance with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act [42 U.S. 1857 (h), Section 508 of the Clean Water Act (33 U.S.C. 1368d), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR, Part 15), which prohibit the use under non-exempt Federal contracts, grants or loans of facilities included on the EPA List of Violating facilities. The provisions shall require reporting of violations to Office of Rural Community Affairs (ORCA) and to the U.S. Environmental Protection Agency Assistant Administrator for Enforcement.
5. The Engineer will include in all contracts and subcontracts, other than for small purchases (less than \$25,000), provisions or conditions which will allow for administrative, contractual or legal remedies in instances which violate or breach contract terms, and provide for such sanctions and penalties as may be appropriate.

6. The Engineer will include in all contracts and subcontracts in excess of \$25,000 suitable provisions for termination by the Locality including the manner by which it will be affected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the Engineer.
7. The Engineer will include in all contract and subcontracts in excess of \$25,000 provisions requiring compliance with the following:
 - a. The Engineer will not discriminate against any employee or applicant for employment because of race, creed, sex, color, national origin, physical or mental disability, marital status, parenthood, or age.
 - b. Executive Order 11246—Equal Employment Opportunity.
 - c. Copeland Anti-Kickback Act.
 - d. Davis-Bacon Act.
 - e. Sections 103 and 107 of the Contract Work Hours and Safety Standards Act.
 - f. A provision recognizing mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act.
 - g. Section 3 of the Housing and Urban Development Act of 1969.
 - h. Title VI of the Civil Rights Act of 1964.
8. The Engineer will include in all negotiated contracts and subcontracts a provision which indicates that funds will not be awarded under this contract to any party which is debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549 and 24 CFR Part 24. Under this Contract, a certification shall be provided and received from each proposed subcontractor and its principals.
9. The Engineer will include in all negotiated contracts and subcontracts a provision to the effect that the Locality, ORCA, the Comptroller General of the State of Texas, or any of their duly authorized representatives shall have access to any books, documents, papers, and records of the Contractor which are directly pertinent to that specific contract, for the purpose of making audit, examination, excerpts, and transcriptions.
10. The Engineer will include in all contracts and subcontracts a requirement that the Contractor maintain all relevant project records for three (3) years after the Locality has made final payment to the Contractor and all other pending matters are closed.

STANDARD OF PERFORMANCE AND DEFICIENCIES

1. All services of the Engineer and its independent professional associates, consultants and subcontractors will be performed in a professional, reasonable and prudent manner in accordance with generally accepted professional practice. The Engineer represents that it has the required skills and capacity to perform work and services to be provided under this Contract.
2. The Engineer represents that services provided under this Contract shall be performed within limits prescribed by the Locality in a manner consistent with that level of care and skill ordinarily exercised by other professional consultants under similar circumstances.
3. Any deficiency in Engineer's work and services performed under this contract shall be subject to the provisions of applicable state and federal law. Any deficiency discovered shall be corrected upon notice from Locality and at the Engineer's expense if the deficiency is due to Engineer's negligence. The Locality shall notify the Engineer in writing any such deficiency and provide an opportunity for mutual investigation and resolution of the problem prior to pursuit of any judicial remedy. In any case, this provision shall in no way limit the judicial remedies available to the Locality under applicable state or federal law.
4. The Engineer agrees to and shall hold harmless the Locality, its officers, employees, and agents from all claims and liability of whatsoever kind or character due to or arising solely out of the negligent acts or omissions of the engineer, its officers, agents, employees, subcontractors, and others acting for or under the direction of the Engineer doing the work herein contracted for or by or in consequence of any negligence in the performance of this Contract, or by or on account of any omission in the performance of this Contract.
5. Additional Services outside the Scope of this Contract may only be provided by the Engineer with the written approval of the Locality. Said request shall include an estimate for said services represented as a fixed fee with a cost breakdown for time and effort.
6. If Locality shall request resident inspection (observation), the Engineer shall furnish said services at a cost of \$ 800.00 per day, not to exceed \$ 16,000 . All Inspection Services required as a result of the Construction Contractor's failure to perform, shall be billed by the Locality to said Contractor as liquidated damages, unless approved in writing by the Locality.

The "not-to-exceed" price shown above is calculated at the per day cost times the estimated construction time of 20 working days.

PART III
EXHIBIT A
TIME SCHEDULE*
PROFESSIONAL ENGINEERING SERVICES

The following are estimated completion dates for the project based on a start date of September 8, 2008.

1. Completion of Preliminary Engineering	<u>October 3, 2008</u>
2. Completion of Design Survey	<u>September 30, 2008</u>
Approval of Plans and Specifications	<u>November 3, 2008</u>
3. Completion of Bid Advertisement and Contract Award	<u>January 5, 2009</u>
4. Completion of Construction Staking	<u>Not Applicable</u>
5. Construction Commencing	<u>January 19, 2009</u>
6. Completion of final inspection and acceptance by the Locality and submittal of Record Drawings	<u>May 30, 2009</u>

* This time schedule is predicated on the receipt of the executed Agreement by the Engineering firm by September 5, 2008.

Upon completion and approval of the construction plans, we will coordinate with the Locality and its Grant Administrator as to the best time to bid in order to obtain the most favorable bids. The timing assumes that if the Locality procures loan funds, these will not require additional engineering or environmental requirements (as with USDA/TWDB, etc.).


The estimated construction time frame is based on consecutive calendar days.

PART III
EXHIBIT B
PAYMENT SCHEDULE
PROFESSIONAL ENGINEERING SERVICES

Locality shall reimburse the Firm for basic engineering services provided upon completion of the following project milestones per the following percentages for the maximum contract amount: Each item can be billed based on a percentage of work completed:

	(\$) Column
1. Completion of Preliminary Engineering Study	<u>10%</u>
2. Completion of Design Survey	<u>10%</u>
3. Approval of Plans & Specifications / Permitting	<u>50%</u>
4. Completion of bid advertisement and contract award	<u>15%</u>
5. Completion of construction staking	<u>Not Applicable</u>
6. Construction	<u>10%</u>
7. Completion of final inspection and acceptance by the Locality and submittal of As Built Plans to Locality	<u>5%</u>
Totaling	100%

Refer to following page for breakdown in Engineering Cost Letter.

klotz  associates

2716 S. Medford
Lufkin, Texas 75901
T 936.634.4934 F 936.634.8620
lufkin.office@klotz.com

September 2, 2008

Honorable John Thompson
Polk County Courthouse
101 Church Street
Livingston, Texas 77351

Re: Engineering Cost Letter
FY-2007 Sewer Improvements Project
Polk County, Texas

Dear Judge Thompson:

Klotz Associates appreciates the opportunity to provide the engineering services associated with the FY-2007 Sewer Improvements Project for the Memorial Point Utility District, located in Polk County.

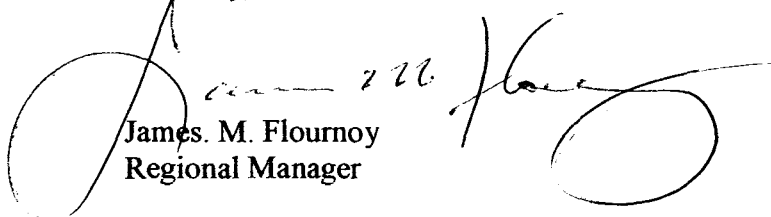
The target area for this important project is Summit Drive, Little John Drive and FM 3277 of the Shelter Cove neighborhood in Livingston, Texas, which is serviced by the Memorial Point Utility District. The proposed scope of work is to install approximately four thousand linear feet (4,000 LF) of six-inch (6") and eight-inch (8") sewer line, fifty linear feet (50 LF) of fourteen-inch (14") steel casing by boring, tie-in to the exiting lift station, service connections, fourteen (14) manholes, two hundred fifty square yards (250 SY) of pavement repair, and clearing and grubbing.

The scope of our services and associated costs for each task is as follows:

Preliminary Engineering	\$ 3,500
Design Surveying	\$ 3,500
Plans & Specifications / Permitting	\$17,500
Bidding, Advertising & Contract Award	\$ 5,250
Construction Phase	\$ 3,500
Final Inspection/As-Built "Record Drawings"	\$ 1,750
TOTAL	\$35,000

Should you have any questions, please contact me at 936-634-4934.

Sincerely,


James M. Flourney
Regional Manager

ATTACHMENT A
PART IV
TERMS & CONDITIONS

PROFESSIONAL MANAGEMENT, ENGINEERING AND/OR ARCHITECTURAL
SERVICES

1. Termination of Contract for Cause. If, through any cause, the Firm shall fail to fulfill in a timely and proper manner his/her obligations under this Contract, or if the Firm shall violate any of the covenants, agreements, or stipulations of this Contract, the City/County shall thereupon have the right to terminate this Contract by giving written notice to the Firm of such termination and specifying the effective date thereof, at least five days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by the Firm under this Contract shall, at the option of the City/County, become its property and the Firm shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder.

Notwithstanding the above, the Firm shall not be relieved of liability to the City/County for damages sustained by the City/County by virtue of any breach of the Contract by the Firm, and the City/County may withhold any payments to the Firm for the purpose of set-off until such times as the exact amount of damages due the City/County from the Firm is determined.
2. Termination for Convenience of the City/County. The City/County may terminate this Contract at any time by giving at least ten (10) days notice in writing to the Firm. If the Contract is terminated by the City/County as provided herein, the Firm will be paid for the time provided and expenses incurred up to the termination date. If this Contract is terminated due to the fault of the Firm, Paragraph 1 hereof relative to termination shall apply.
3. Changes. The City/County may, from time to time, request changes in the scope of the services of the Firm to be performed hereunder. Such changes, including any increase or decrease in the amount of the Firm's compensation, which are mutually agreed upon by and between the City/County and the Firm, shall be incorporated in written amendments to this Contract.
4. Personnel
 - a. The Firm represents that it has, or will secure at its own expense, all personnel required in performing the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the City/County.
 - b. All of the services required hereunder will be performed by the Firm or under its supervision and all personnel engaged in the work shall be fully qualified and shall be authorized or permitted under State and Local law to perform such services.
 - c. None of the work or services covered by this Contract shall be subcontracted without the prior written approval of the City/County. Any

work or services subcontracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Contract.

5. Assignability. The firm shall not assign any interest on this Contract, and shall not transfer any interest in the same (whether by assignment or novation), without the prior written consent of the City/County thereto: Provided, however, that claims for money by the Firm from the City/County under this Contract may be assigned to a bank, trust company, or other financial institution without such approval. Written notice of any such assignment or transfer shall be furnished promptly to the City/County.
6. Reports and Information. The Firm, at such times and in such forms as the City/County may require, shall furnish the City/County such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Contract, the cost and obligations incurred in connection therewith, and any other matters covered by this Contract.
7. Records and Audits. The Firm shall insure that the City/County maintains fiscal records and supporting documentation for all expenditures of funds made under this contract in a manner which conforms to OMB Circular A-87, Section 570.490 of the Regulations, and this Contract. Such records must include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the funds provided under this Contract. City/County shall retain such records, and any supporting documentation, for the greater of three years from closeout of the Contract or the period required by other applicable laws and regulations.
8. Findings Confidential. All of the reports, information, data, etc., prepared or assembled by the firm under this contract are confidential, and the Firm agrees that they shall not be made available to any individual or organization without the prior written approval of the City/County.
9. Copyright. No reports, maps, or other documents produced in whole or in part under this Contract shall be subject of an application for copyright by or on behalf of the Firm.
10. Compliance with Local Laws. The Firm shall comply with all applicable laws, ordinances and codes of the State and local governments, and the Firm shall save the City/County harmless with respect to any damages arising from any tort done in performing any of the work embraced by this Contract.
11. Equal Employment Opportunity. During the performance of this Contract, the Firm agrees as follows:
 - a. The Firm will not discriminate against any employee or applicant for employment because of race, creed, sex, color, handicap or national origin. The Firm will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, creed, sex, color, handicap or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and

selection for training, including apprenticeships. The Firm agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City/County setting forth the provisions of this non-discrimination clause.

- b. The Firm will, in all solicitation or advertisements for employees place by or on behalf of the Firm, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, sex, handicap or national origin.
 - c. The Firm will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Contract so that such provisions will be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.
 - d. The Firm will include the provisions a. through c. in every subcontract or purchase order unless exempted.
12. Civil Rights Act of 1964. Under Title VI of the Civil Rights Act of 1964, no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.
13. Section 109 of the Housing and Community Development Act of 1974. No person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.
14. Section 3" Compliance in the Provision of Training, Employment & Business Opportunities.
- a. The work to be performed under this contract is on a project assisted under a program providing direct Federal financial assistance from the Department of Housing and Urban Development and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the area of the project.
 - b. The parties to this contract will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of Housing and Urban Development set forth in 24 C.F.R. 235, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Contract. The parties to this Contract certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.
 - c. The contractor will send to each labor organization or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, if any, a notice advising the said labor

organization or workers= representative of his/her commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

- d. The contractor will include this Section 3 clause in every subcontract for work in connection with the project and will, at the direction of the applicant for or recipient of Federal financial assistance, take appropriate action pursuant to the subcontract upon finding that the subcontractor is in violation of regulations issued by the Secretary of Housing and Urban Development, 24 C.F.R. Part 135. The contractor will not subcontract with any subcontractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 C.F.R. Part 135 and will not let any subcontract unless the subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.
- e. Compliance with the provisions of Section 3, the regulations set forth in 24 C.F.R. Part 135, and all applicable rules and orders of the Department issued hereunder prior to the execution of the contract, shall be a condition of the federal financial assistance provided to the project, binding upon the applicant or recipient for such assistance, its successors and assigns. Failure to fulfill these requirements shall subject the applicant or recipient, its contractors and subcontractors, its successors and assigns to those sanctions specified by the grant or loan agreement or contract through which federal assistance is provided, and to such sanctions as are specified by 24 C.F.R. Part 135.

15. Section 503 Handicapped (if \$2,500 or Over) Affirmative Action for Handicapped Workers.

- a. The contractor will not discriminate against any employee or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion, or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- b. The contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- c. In the event of the contractor=s non-compliance with the requirements of this clause, actions for non-compliance may be taken in accordance with the rules, regulations, and relevant orders of the Secretary of Labor issued pursuant to the Act.
- d. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Director, provided by or through the contracting officer. Such notices shall state the contractor=s obligation under the law to take affirmative action to employ and advance in employment qualified

handicapped employees and applicants for employment, and the rights of applicants and employees.

- e. The contractor will notify each labor union or representative or workers with which it has a collective bargaining agreement or other contract understanding, that the contractor is bound by the terms of Section 503 of Rehabilitation Act of 1973, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.
 - f. The contractor will include the provisions of this clause in every subcontract or purchase order of \$2,500 or more unless exempted by the rules, regulations, or orders of the Secretary issued pursuant to Section 503 of the Act, so that such provisions will be binding upon each subcontractor with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs may direct to enforce such provisions, including action for non-compliance.
16. Interest of Members of a City/County. No member of the governing body of the City/County and no other officer, employee, or agent of the City/County, who exercises any function or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct or indirect, in this Contract and the Firm shall take appropriate steps to assure compliance.
 17. Interest of Other Local Public Officials. No member of the governing body of the locality and no other public official of such locality, who exercises any functions or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct or indirect, in this Contract; and the Firm shall take appropriate steps to assure compliance.
 18. Interest of Firm and Employees. The Firm covenants that it presently has no interest and shall not acquire interest, direct or indirect, in the study area or any parcels therein or any other interest which would conflict in any manner or degree with the performance of his/her services hereunder. The Firm further covenants that in the performance of this Contract, no person having any such interest shall be employed.