

EXHIBIT 8-A2

(This is an example of a contract between the Montana Department of Commerce and the Local Government (County) – to be completed by the Montana Department of Commerce)

**MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT
ECONOMIC DEVELOPMENT PROGRAM**

MONTANA DEPARTMENT OF COMMERCE Contract # **MT-CDBG-ED12-XX**

A. PARTIES: The parties to this contract (the Contract) are the State of Montana, Department of Commerce (MDOC) (the Department), 301 South Park, Helena, Montana, 59620-0501, and the CONTRACTOR, (City/Town/County), (Address), IRS # (81-XXX).

B. PURPOSE: The purpose of the Contract is to provide funding for project activities as approved by the Department under the Montana Community Development Block Grant - Economic Development (CDBG-ED) Program for FY **2012**.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein, the parties hereto agree as follows:

1. AUTHORITY: The Contract is issued under authority of Title 18, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

2. SCOPE AND DUTIES:

a) The Contractor will engage in activities as set forth in the Contractor's application, including any written modifications resulting from the review of the applications by the Department for CDBG-ED grant assistance that by this reference are made a part hereof.

b) Grant funds of up to \$() are budgeted for administrative activities.

c) The Contractor, through (local development organization), will loan up to \$() of CDBG-ED economic development funds to (name of business) (the Borrower), a (type of business) located at (address), for (purpose of loan). The Borrower has projected number () full time equivalent (FTE) jobs will be created, of which number () of the newly created FTEs will be made available to or filled by low and moderate-income persons.

d) The loan is subject to the following terms and conditions, in addition to those specified in the application:

Any changes to these terms and conditions must be authorized by the MDOC loan review committee.

3. PERIOD OF CONTRACT: This Contract takes effect upon execution by the parties and will terminate upon completion of the final project closeout by the Department. The activities to be performed by the Grantee will be completed according to the implementation schedule included as Attachment A to this Contract, which by this reference is made a part of this Contract.

4. LIAISON: The contact person for the Department is (Commerce Employee Name and Title), Helena, Montana, or successor, and (Name of Local Official and Title), (Town or City), Montana, or successor, for the Contractor.

5. BUDGET

a) The total amount to be awarded to the Contractor under this Contract will not exceed \$_____.

b) A copy of the project budget is included as Attachment B to this Contract, and by this reference is made binding upon the Contractor. The Contractor may modify this budget only after having requested and received prior approval of the adjustment from the Department.

c) For budget adjustments of \$5,000 or less between line items of the CDBG-ED portion of Attachment B, Department approval of the Request for Payment form will constitute approval of the budget adjustment. The rationale for budget adjustment must be described in the Project Progress Report and the proposed adjustments noted in the Request for Payment and Status of Funds Report submitted with draws against the grant funding reserve. Budget adjustments in excess of \$5,000 require formal Department approval.

d) If an acceptable program income plan is submitted to the Department before funds are released for the project, the Contractor may be permitted to retain program income generated by the activities described under Section 2, SCOPE AND DUTIES. Program income received before the project is closed out by the Department must be expended on project activities before additional CDBG-ED funds are requested by the Contractor, unless such funds are committed to a Revolving Loan Fund (RLF) to continue the same activities. The receipt and expenditure of program income shall be treated as additional CDBG-ED funds subject to all applicable requirements governing the use of CDBG-ED funds, unless the amount of program income received in one year is less than \$25,000. The receipt and expenditure of program income shall be recorded as part of the financial transactions of the grant program. At the time of closeout, the Department will specify the conditions and requirements that will apply to program income

received by the Contractor after project closeout.

6. COMPENSATION & CONSIDERATION:

- a) The Department will authorize the Contractor to draw up to \$_____ against the funding reserved for it by the Department. In drawing against the reserved amount the Contractor will follow the instructions supplied by the Department.
- b) The Department will reimburse all eligible expenses incurred in furtherance of this Contract as provided in this Contract and upon approval by the Department of the Contractor's Request for Payment. The Department will reimburse the Contractor for approved, eligible and necessary expenses according to the documentation submitted by the Contractor to support the expenditures. The Department will not reimburse the Contractor for any costs incurred prior to the date of tentative grant award that was (Date of Award), nor for any expenses not included in the approved budget or not clearly and accurately supported by the Contractor's records. Any authorized funds not expended under this grant will revert to the Department and will be used to finance other CDBG-ED projects.
- c) The Department agrees to reimburse the Contractor for successfully completing the activities set forth in Section 2 SCOPE AND DUTIES, as the Contractor incurs project costs.
- d) The Contractor will review and determine the propriety of and need for each request for funds by the Borrower in relation to the proposed uses specified in its final CDBG-ED loan agreement and in the Contractor's CDBG-ED application to the Department.
- e) A copy of the loan agreement between the Contractor and the Borrower must be submitted to the Department for review before it is executed. The Contractor shall not execute the loan agreement until the Contractor receives written approval from the Department.
- f) The reimbursement of eligible costs incurred is contingent upon the Contractor's completion of Section 11 SPECIAL CONDITIONS. In the event the Contractor is unable to comply with the terms and conditions of this Contract, any costs incurred will be the Contractor's sole responsibility.
- g) If the actual cost of completing the project is less than has been projected by the Contractor in the preliminary budget (Attachment B), the Department may, at its discretion, reduce the amount to be provided under this Contract in proportion to the overall savings. For construction projects, if actual construction bids are less than the estimates included in the preliminary budget, the construction budget in the CDBG-ED Contract will be established at the bid price plus a ten percent (10%) contingency. The difference between actual project costs and the original grant award will be reallocated by the Department for unfunded or inadequately funded projects, or added to the following year's CDBG-ED allocation.

- h) **If the Department determines that the Contractor has failed to satisfactorily carry out its responsibilities under this Contract, the Department may revoke the Contractor's authority to draw against the reservation described herein until such time as the Department and the Contractor agree on a plan to remedy the deficiency.**
- i) The Montana Department of Commerce reserves the right to withdraw a commitment for any CDBG-ED funds which have not been disbursed twenty-four (24) months after the date of the announcement of the tentative grant award.
- j) If needed, travel expenses, meals and lodging will be reimbursed at the Montana State Rate.
- k) **The Department will withhold ten percent (10%) of the total authorized grant amount for administration, until all tasks outlined in Section 2. SCOPE AND DUTIES are completed and approved.** Within sixty (60) days after the completion of the project, the Contractor will prepare and submit to the Department a Project Completion Report in the form prescribed by the Department. The Department will disburse the retained amount upon receipt and approval of the Contractor's Project Completion Report. Prior to the receipt of the Project Completion Report, the Department liaison may authorize release of part or all of the retained amount when situations occur that would result in an undue financial hardship on the Contractor, providing the Contractor has demonstrated effective overall management of the current project and, when applicable, satisfactorily managed any earlier CDBG-ED projects, and submitted required reports in a timely manner.
- l) Unless otherwise stated herein, the Department is allowed 30 days to process requests for payments. The Contractor may be required to provide banking information at the time of Contract execution in order to facilitate electronic funds transfer payments. The Department may withhold payments to the Contractor if the Contractor has breached the terms of the Contract.

7. PERFORMANCE REPORTING

The Contractor will submit status reports on project performance at the request of, and in the format prescribed by the Department. These reports include, but are not limited to:

- a) Project Progress Reports describing the status of the project with respect to each implementation objective, including at a minimum, the percentage complete, costs incurred, funds remaining, progress towards achievement of hiring and training goals specified in the final plan to be prepared, as specified in Section 11 SPECIAL CONDITIONS, and projected completion date. The report must also describe any significant problems encountered and any necessary scope or implementation schedule modification requested. The Contractor must submit project progress reports to the MDOC with each Request for Payment, or at least quarterly. If a Request for Payment is not submitted during a given calendar quarter, the project progress report must be submitted to the MDOC within one month after the end of the calendar

quarter.

b) Loan Portfolio Data (LPD) Report. The LPD must be submitted once a year for the periods ending December 31.

The Contractor will monitor the Borrower's operations to ensure compliance with CDBG-ED requirements during the term of the project. The Contractor will require the Borrower to submit the following:

- i) Quarterly financial status reports;
- ii Hiring and training reports must be submitted four (4) times per year for the periods ending March 31, June 30, September 30 and December 31;
- iii) Project Progress Reports describing the status of the project with respect to each implementation objective including at a minimum, the percentage complete, costs incurred, funds remaining and projected completion date. The report must also describe any significant problems encountered and any necessary scope of implementation modifications requested. At a minimum, this report must be submitted to the Department by the Contractor within 30 days of each calendar quarter ending March, June, September, and December;
- iv) Evidence documenting the propriety of the proposed use of CDBG-ED funds with each drawdown request and the Contractor's review of the proposed use;
- v) Annual business plan report indicating the Borrower's progress toward implementing the business plan proposed in the CDBG-ED application or noting any proposed revisions of the plan; and
- vi) Annual financial reports reviewed by a certified public accountant with full disclosure notes.

Unless otherwise specified, the Contractor will submit the above listed information to the Department until the goals contained in the hiring and training plan have been achieved, and the Contractor receives project closeout approval from the Department.

8. ASSURANCES:

a) The Contractor will comply with the Certifications of Application as signed and submitted with the Contractor's CDBG-ED application. The Contractor will comply with all applicable parts of Title I of the Housing and Community Development Act of 1974, as amended; the applicable Department of Housing and Urban Development (HUD) regulations in 24 CFR Part 570, as now in effect or as they may be amended during the term of this Contract, all requirements

established by the Department; applicable state and federal laws, regulations, administrative directives and procedures, and local ordinances and resolutions.

b) The Contractor agrees that all contracts entered into by it for the completion of activities described in Section 2 SCOPE AND DUTIES, will contain special provisions requiring contractors to comply with all applicable state and federal requirements.

c) The Contractor will comply with the Acceptance of CDBG Program Requirements, Certifications for Application as signed and submitted with the Contractor's CDBG-ED application. The Contractor will also comply with all other applicable federal and state statutory and regulatory requirements, administrative directives issued by the Department, and local ordinances and resolutions. All contracts entered into by the Contractor for the completion of activities described in Section 2. hereof must contain special provisions requiring contractors to comply with all applicable requirements.

d) **The Contractor expressly agrees to repay to the Department any funds advanced to the Contractor under this Contract which the Contractor, its subcontractors or Sub-recipient entities, or any public or private agent or agency to which it delegates authority to carry out portions of this Contract expends in violation of the terms of this Contract or the federal statutes and regulations governing the CDBG-ED program.**

9. AVOIDANCE OF CONFLICT OF INTEREST: The Contractor will comply with the provisions of 24 CFR 570.611 and with sections 2-2-105, 2-2-201, 7-3-4367, 7-5-2106, and 7-5-4109, MCA (as applicable) regarding the avoidance of conflict of interest.

10. ARTICLES INCORPORATED BY REFERENCE: The Contractor's full application for CDBG-ED grant assistance, the applicable HUD regulations at 24 CFR Part 570, and Title I of the Housing and Community Development Act of 1974, as now in effect or as they may be amended during the term of this Contract are incorporated in this Contract by this reference and are binding upon the Contractor.

11. SPECIAL CONDITIONS

The Contractor will not obligate or utilize funds for any activities provided for by this contract until:

a) The Contractor completes an Environmental Review Record and the Department issues a Notice of Release of Funds, however, upon receiving written authorization from the Department, the Contractor may incur administrative costs necessary for the preparation of the Environmental Review and for planning activities defined as exempt under 24 CFR part 58.34.

b) The Contractor submits to the Department evidence of the firm commitment of the other

resources necessary for the completion of the project as defined in Section 2 and Attachment B hereof.

- c) The Contractor submits to the Department an acceptable management plan and revolving loan fund plan, approved by the Department;
- d) The Contractor submits to the Department an acceptable loan agreement that includes the final hiring and training plan, approved by the Department, which must include the following:
 - i) A discussion of actions to be taken to ensure that the FTEs created will be made available to persons of low and moderate income;
 - ii) A breakdown of jobs to be created indicating job titles and hourly or monthly rates of compensation;
 - iii) A timetable for creating the jobs;
 - iv) An assurance that equal opportunity and nondiscrimination laws will be complied with;
 - v) Procedures for outreach, recruitment, screening, selection, training and placement of workers which will ensure maximum access for local residents, particularly persons of low and moderate income;
 - vi) A description of the Borrower's training curriculum and resources, if applicable;
 - vii) Written commitments from agencies participating in the implementation of the plan; and
 - viii) The Borrower's written commitment to comply with the plan.

The loan agreement conditions must be consistent with the application and any modifications imposed by the Department's Loan Review Committee.

e) The Contractor submits an acceptable inter-local agreement (or sub-recipient agreement, depending upon project) between (Local Government) and (Other Entity), approved by the Department, concerning project administration, management and coordination, and costs associated with the scope of work outlined in Section 2 SCOPE AND DUTIES, including responsibilities after project completion that includes an acceptable revolving loan fund plan, approved by the Department.

f) The Contractor completes the civil rights activities described in Chapter 5, "Civil Rights" of

the CDBG-ED Administrative Manual. The Department may approve in writing a deferral of certain elements of this requirement until the Contractor submits its conditional closeout report.

g) All project funding must be fully committed and available and the project must be ready to proceed within six (6) months of award. The Montana Department of Commerce reserves the right to withdraw a commitment of any CDBG-ED funds for projects not ready to proceed within six (6) months after the date of tentative grant award.

h) **If the Contractor fails to enforce the low and moderate-income verification and documentation requirements and to ensure that at least 51% of the full-time equivalent jobs created or retained as a direct result of this project are filled by or made available to low and moderate-income persons, the grant provided hereby will terminate and the Contractor will reimburse the Department all funds disbursed hereunder. If the projected number of jobs or percentage of low and moderate-income persons is not met during the contract period, the Contractor must be able to demonstrate a “good faith effort” on the part of the Contractor and the business assisted to achieve the projected goals, or the grant provided hereby will terminate and the Contractor will reimburse the Department all funds disbursed hereunder.**

12. OWNERSHIP AND PUBLICATIONS OF MATERIALS: All materials developed under the Contract are the property of the Department.

13. PROPERTY MANAGEMENT: Title to real property or equipment acquired under a grant or sub-grant will vest upon acquisition in the Contractor's or sub-grantee. The Contractor or sub-grantee will use, manage, and dispose of this property or equipment in accordance with the requirements set out in 24 CFR Part 85, Subpart C and 24 CFR Part 570, Subpart J.

14. ACCESS TO RECORDS AND PROJECT MONITORING:

a) The Contractor will maintain adequate and reasonable records of its performance under this Contract and will allow access to these records at any time during normal business hours by the Department, the U.S. Department of Housing and Urban Development, the Comptroller General and, when required by law, the Montana Legislative Auditor. These records will be kept in the Contractor's offices in (Name of town or city), Montana.

b) The Department or its agents may monitor and inspect all phases and aspects of the Contractor's performance to determine compliance with the SCOPE AND DUTIES, and other technical and administrative requirements, including the adequacy of the Contractor's records and accounts. The Department will advise the Contractor of any specific areas of concern and provide the Contractor opportunity to propose corrective actions acceptable to the Department.

15. EQUAL EMPLOYMENT OPPORTUNITY: Any hiring of employees by the Contractor under

this Agreement will be on the basis of merit and qualification, and the Contractor will not discriminate against any person on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin. As used herein, "qualification" means qualifications as are generally related to competent performance of the particular occupational task.

16. **COMPLIANCE WITH WORKERS' COMPENSATION ACT:** Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 39-71-401, 39-71-406, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees are employees of the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the Community Development Block Grant – Economic Development Program, Montana Department of Commerce, PO Box 200505, Helena, Montana, 59620-0505 upon expiration.

CONTRACTS WILL NOT BE ISSUED TO CONTRACTORS WHO FAIL TO PROVIDE THE REQUIRED DOCUMENTATION WITHIN THE ALLOTTED TIME FRAME.

Coverage may be provided through a private carrier or through the State Compensation Insurance Fund (406) 444-6500. An exemption can be requested through the Department of Labor and Industry, Employment Relations Division (406) 444-1446. Corporate officers must provide documentation of their exempt status.

17. **DEBARMENT:** The Contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the Contract by any governmental department or agency. If the Contractor cannot certify this statement, attach a written explanation for review by the Department.

18. **FAILURE TO HONOR CONTRACT:** If the Contractor refuses or fails to deliver in accordance with the Contract terms and conditions, the State Procurement Bureau may, in its discretion, suspend the Contractor for a period of time from entering into any contracts with the State of Montana.

19. **ACCESS AND RETENTION OF RECORDS:** The Contractor agrees to provide the Department, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the Contract or the conclusion of any claim, litigation, or exception relating to the Contract taken by the State of Montana or third party.

20. CONTRACT TERMINATION

- a) Termination for Cause. The State may, by written notice to the Contractor, terminate this contract in whole or in part at any time the Contractor fails to perform this contract; OR
- b) Termination for Cause with Notice to Cure Requirement. The State may terminate this contract for failure of the Contractor to perform any of the services, duties, or conditions contained in this contract after giving the Contractor written notice of the stated failure. The written notice must demand performance of the stated failure within a specified period of time of not less than forty-five (45) days. If the demanded performance is not completed within the specified period, the termination is effective at the end of the specified period; OR
- c) Termination for Convenience. The State may, by written notice to the Contractor, terminate this contract without cause. The State must give notice of termination to the Contractor at least 15 (fifteen) days prior to the effective date of termination; AND
- d) Reduction of Funding. The State, at its sole discretion, may terminate or reduce the scope of this contract if available funding is reduced for any reason. (See Mont. Code Ann. § 18-4-313(4).)

21. **UNAVAILABILITY OF FUNDING:** The Department may, at its sole discretion, terminate or reduce the scope of the Contract if available funding is eliminated or reduced for any reason.

22. **U.S. FUNDS:** All prices and payments must be in U.S. dollars.

23. **DEFAULT:** Failure on the part of either party to perform the provisions of the Contract constitutes default. Default may result in the pursuit of remedies for breach of contract, including but not limited to damages and specific performance.

24. **CONFORMANCE WITH CONTRACT:** No alteration of the terms, conditions, delivery, price, quality, quantities, or specifications of the Contract shall be granted without prior written consent of the Department.

25. **VENUE:** The Contract is governed by the laws of Montana. The parties agree that any litigation concerning the Contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (Mont. Code Ann. § 18-1-401.)

26. **COMPLIANCE WITH LAWS:** The Contractor must, in performance of work under the Contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the Contractor subjects subcontractors to the same provision. In accordance with Mont. Code Ann. § 49-3-207, the Contractor agrees that the

hiring of persons to perform the Contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the Contract.

27. **DISABILITY ACCOMMODATIONS:** The Department does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals, who need aids, alternative document formats, or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

28. **NO ARBITRATION:** Unless otherwise agreed to in writing or provided for by law, arbitration is not available to the parties as a method of resolving disputes that arise under the Contract.

29. **ASSIGNMENT, TRANSFER AND SUBCONTRACTING:** The Contractor shall not assign, transfer or subcontract any portion of the Contract without the express written consent of the Department. (Mont. Code Ann. § 18-4-141.)

30. **MODIFICATION:** The Contract may not be enlarged, modified, amended or altered except upon written agreement signed by all parties to the Contract.

31. **ALTERATION OF SOLICITATION DOCUMENT:** In the event of inconsistencies or contradictions between language contained in the Department's solicitation document and a Contractor's response, the language contained in the Department's original solicitation document will prevail. Intentional manipulation and/or alteration of solicitation document language will result in the Contractor's disqualification and possible debarment.

32. **SOLICITATION DOCUMENT EXAMINATION:** The Contractor shall promptly notify the Department of any ambiguity, inconsistency, or error, which they may discover upon examination of a solicitation document.

33. **FACSIMILE RESPONSES:** Facsimile responses will be accepted for limited solicitations **ONLY** if they are completely received by the Department prior to the time set for receipt. Bids, or portions thereof, received after the due time will not be considered.

34. **NOTICE:** All notices required under the provisions of the Contract must be in writing and delivered to the parties' liaisons either by regular mail or personal service.

35. **SEPARABILITY:** A declaration by any court, or any other binding legal source, that any provision of the Contract is illegal and void shall not affect the legality and enforceability of any other provision of the Contract, unless the provisions are mutually dependent.

36. **SHIPPING:** Supplies shall be shipped prepaid, F.O.B. Destination, unless the Contract

specifies otherwise.

37. **TAX EXEMPTION:** The State of Montana is exempt from Federal Excise Taxes (#81-0302402).

38. **WARRANTIES:** The Contractor warrants that items offered will conform to the specifications requested, to be fit and sufficient for the purpose manufactured, of good material and workmanship and free from defect. Items offered must be new and unused and of the latest model or manufacture, unless otherwise specified by the Department.

39. **HOLD HARMLESS AND INDEMNIFICATION:** The Contractor agrees to protect, defend, and save the State, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State, under the Contract.

40. **REGISTRATION WITH SECRETARY OF STATE:** Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with Mont. Code Ann. §§ 35-1-1026 and 35-8-1001. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://www.sos.mt.gov>.

41. **TECHNOLOGY ACCESS FOR BLIND OR VISUALLY IMPAIRED:** Contractor acknowledges that no state funds may be expended for the purchase of information technology equipment and software for use by employees, program participants, or members of the public unless it provides blind or visually impaired individuals with access, including interactive use of the equipment and services, that is equivalent to that provided to individuals who are not blind or visually impaired. (Mont. Code Ann. § 18-5-603.) Contact the State Procurement Bureau at (406) 444-2575 for more information concerning non-visual access standards.

42. **REFERENCE TO CONTRACT:** The Contract number **MUST** appear on all invoices, packing lists, packages and correspondence pertaining to the Contract.

43. **INTEGRATION:** The Contract contains the entire agreement between the parties, and no statements, promises, or inducements of any kind made by either party, or the agents of either party, not contained herein are valid or binding.

44. **INSURANCE:**

- (a) General Requirements. Grantee shall maintain and shall assure that its representatives, assigns, and subcontractors maintain for the duration of the Contract, at their own cost and expense, primary liability insurance against claims for injuries to persons or damages to property, including contractual liability, which may arise from or in connection with the performance of the duties and obligations in the Contract by Grantee, its agents, employees, representatives, assigns, or subcontractors. This insurance shall cover such claims as may be caused by any negligent act or omission. The State, its officers, officials, employees, and volunteers are to be covered as additional insured's for all claims arising out of the use of grant proceeds provided by the State of Montana.
- (b) Primary Insurance. Grantee's insurance coverage shall be primary insurance with respect to the State of Montana, its elected or appointed officers, officials, employees, or volunteers and shall not contribute with it.
- (c) General Liability Insurance. At its sole cost and expense, the Grantee shall purchase occurrence coverage with minimum combined single limits of \$1 million per occurrence and \$2 million aggregate per year, or as established by statutory Tort limits of \$750,000 per claim and \$1,500,000 per occurrence as provided by a self-insurance pool insuring counties, cities, or towns, as authorized under Section 2-9-211, MCA.
- (d) Professional Liability Insurance. Grantee shall assure that any representatives, assigns, and subcontractors performing professional services under this Contract purchase occurrence coverage with combined single limits for each wrongful act of \$1,000,000 per occurrence and \$2,000,000 aggregate per year. Note: if "occurrence" coverage is unavailable or cost prohibitive, the Contractor may provide "claims made" coverage provided the following conditions are met: (1) the commencement date of the contract must not fall outside the effective date of insurance coverage and it will be the retroactive date for insurance coverage in future years; and (2) the claims made policy must have a three (3) year tail for claims that are made (filed) after the cancellation or expiration date of the policy.
- (e) Property Insurance. At its sole cost and expense, the Grantee shall maintain property and hazard insurance, including course of construction coverage, and earthquake insurance in areas where there is a shaking level above 10g (see map at <http://rmt.d.mt.gov/aboutus/publications/files/NEHRP.pdf>) for loss or damage for any

building and all related improvements and contents therein on the premises on a replacement cost basis throughout the term of the contract.

- (f) General Provisions. All insurance coverage shall be placed with a carrier licensed to do business in the State of Montana or by a domiciliary state and with a Best's rating of at least A-, or by a public entity self-insured program either individually or on a pool basis as provided by Title 2, MCA. All certificates and endorsements are to be received by the Department prior to beginning any activity provided for under the Contract. Grantee shall notify the Department immediately of any material change in insurance coverage, such as changes in limits, coverage, change in status of policy, etc. The Department reserves the right to request complete copies of Grantee's insurance policy at any time, including endorsements.

Contractor

Date

Dore Schwinden, Director
Montana Department of Commerce

Date

ATTACHMENT A
PROJECT IMPLEMENTATION SCHEDULE
CONTRACT #MT-CDBG-ED12
(Name of Locality)

PROJECT START-UP

- Submit Complete Application
- Begin Project Planning
- Establish Project Files
- Prepare Management Plans/Prog. Inc.
- Prepare Environmental Review Record
- Finalize Contract with MDOC

PROJECT IMPLEMENTATION

- Negotiate Loan Agreement
- Submit Draft Loan Agreement to MDOC
- Final Loan Agreement after MDOC approval
- Document 51% LMI Benefit for Retained Jobs
- MDOC Release of Funds
- Submit First Drawdown
- Reports to MDOC Quarterly
- Obtain & Submit Financial Statements to MDOC Quarterly

PROJECT CLOSE-OUT

- Project Audited as Part of Organization-wide Audit of the Local Government
- Submit Audit to CDBG Program Officer
- Conditional Close-out
- Submit Audit Report to MDOC
- Final Close-out

ATTACHMENT B
PROJECT BUDGET
CONTRACT #MT-CDBG-ED12-
 (Name of Locality)

BUDGET FORM FOR CDBG ECONOMIC DEVELOPMENT PROJECTS (Sources and Uses)				
ADMINISTRATION	(Source)	(Source)	(Source)	TOTAL
PERSONAL SERVICES				
PROFESSIONAL SERVICES				
Audit*				
Total Administration				
ACTIVITY				
Total Activity				
TOTAL PROJECT BUDGET				

* Revised OMB Circular A-133 does not allow a local government grant recipient or sub-recipient expending less than \$500,000 of federal funds in a fiscal year to charge the cost of audits to the federal award.