

**NORTH CAROLINA
DURHAM COUNTY**

**SUBRECIPIENT
CONTRACT**

THIS CONTRACT is entered into as of the _____ day of _____, 2013, by the City of Durham (“Grantee”) and Calvary Ministries of the Westend Community, Inc. (“Subrecipient”), a non-profit corporation organized and existing under the laws of the State of North Carolina.

WHEREAS, the Grantee desires to make available to the Subrecipient certain funds from Economic Development Initiative (EDI) –Special Projects Grant Program under the authority of Public Law 105-276 and House Report 105-769, said grant being designated as HUD Grant Number B-01-SP-NC-0349 and known as the “grant”; and

WHEREAS, the Subrecipient agrees to abide by each paragraph of this Contract, its attachments, all procedures, all rules and regulations imposed upon the Grantee by HUD in connection with Grantee receiving the federal grant referenced above; and

WHEREAS, the Subrecipient further agrees that all activities conducted under the Contract shall be of a type authorized by the provisions of Part 8, Article 19 of Chapter 160A of the General Statutes of North Carolina, as amended by Chapter 206 of the Session of laws of 1987.

NOW, THEREFORE, in consideration of the mutual promises herein exchanged by and between the parties, it is agreed as follows:

SECTION 1. SCOPE OF SERVICES.

The Subrecipient promises to perform, or cause to be performed, the services outlined in Attachment A, entitled “Scope of Work,” which is made an integral part of this Contract. The services to be performed by the Subrecipient, (hereinafter known as the “Project”), shall commence upon the execution of the agreement and the Project shall be completed by June 30, 2014. Failure to promptly complete the Project specified in Attachment A, as determined solely by the Grantee, shall result in the Grantee exercising its authority to deobligate the funds committed to the Grantee in accordance with Section 21. Funds shall be reassigned to other projects as determined by the Grantee.

The Subrecipient is an independent contractor with respect to the Project to be performed under this Contract. No person performing any of the work on this Project described herein shall be considered an officer, agent, servant or employee of the Grantee, nor shall any such person be entitled to any benefits available or granted to employees of the City of Durham. The Grantee shall not be obligated to pay the Subrecipient any payments, fees, expenses, or compensation other than the Contract amount.

SECTION 2. PAYMENT UNDER THE CONTRACT.

Payments by the Grantee under this Contract are limited to reimbursement of eligible expenditures made by the Subrecipient, except where advance payments are explicitly authorized in writing by the Grantee at the sole discretion of the Grantee.

All expenditures and expenses shall be incurred in accordance with the provisions of this Contract. Payments shall be made after the Subrecipient has presented documentation of expenses that meet City approval. It is expressly understood and agreed by the Subrecipient that payment by the Grantee will not exceed the maximum sum of \$91,353.97 for the Project specified in Attachment A. Further, the Subrecipient understands and agrees that any payment made under this Contract by the Grantee is limited to funds made available under the grant referenced above. The Grantee shall make payments upon receipt of a request for check from the Subrecipient, documentation of expenditures and expenses incurred and work undertaken by the Subrecipient, the narrative description described in Section 13, where applicable and any other documentation that the Director of the Department of Community Development for the Grantee, hereinafter referred to as DCD, may require from the Subrecipient.

SECTION 3. APPLICABLE, FEDERAL, STATE, AND CITY REQUIREMENTS.

The Subrecipient shall perform within and cause its subcontractors, and any ultimate recipients of funds under this Contract, to comply with and be eligible under the same federal and state laws, regulations and administrative requirements which apply to the Grantee.

A compilation of references which may apply to this Contract is included as Attachment B. Those references which are checked within Attachment B apply to this Contract and are made an integral part of it.

SECTION 4. ASSIGNMENT OF CONTRACT PROHIBITED.

The Subrecipient shall not use this Contract or its anticipated proceeds to borrow money. The Subrecipient shall not assign any interest in this Contract.

SECTION 5. CONFLICT OF INTEREST.

The Subrecipient shall permit no officer or employee of the Subrecipient, no member of the City's governing body and no other public official of the governing body of the Durham area to exercise any functions or responsibilities in the review or approval of the undertaking or carrying out of this project to:

1. Participate in any discussion relating to this Contract if it affects his personal interest or the interest of any corporation, partnership or association in which he is directly or indirectly interested; or
2. Have any interest, direct or indirect, in this Contract or the proceeds thereof.

The Subrecipient shall permit no members of or delegate to the Congress of the United States to be admitted to any share or part thereof or to any benefit to arise herefrom. The Subrecipient covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance or services required to be performed under this Contract. The Subrecipient further covenants that no person having any such interest shall be employed in the performance of this Contract. The Subrecipient shall be subject to and comply with the conflict of interest provisions of the CDBG regulations as published at 24 CFR Part 570.611, 24 CFR Part 84.42 and 24 CFR Part 85.36. The Subrecipient shall make no loans to its directors or officers.

SECTION 6. POLITICAL ACTIVITY.

The Subrecipient shall not permit any of the funds, materials, property or services provided under this Contract to be used for any partisan political activity, or to further the election or defeat of any candidate for public office, or for publicity or propaganda purposes designed to support or defeat legislation pending before the United States Congress, State of North Carolina, County of Durham or the City of Durham.

SECTION 7. IDENTIFICATION OF DOCUMENTS.

All reports, maps and other documents completed as a product of this Contract, other than documents used in the administration of the Contract, such as reports to the Grantee, shall have placed thereon by the Subrecipient the following statement:

NOTE

“The preparation of this document was financed in part through funds from the City of Durham’s Economic Development Initiative - Special Projects program. Community Development Block Grant Program. This grant was made available to the City of Durham under provisions of VA-HUD- Independent Agencies Appropriation Act of FY 2002, and is referred to as a project number B-01-SP-NC-0349.

SECTION 8 FINANCIAL RECORDS.

The Scope of Work and other project information and procedures contained in Attachment A of this Contract are attached to and made a part of this Contract. The Subrecipient shall establish and maintain a financial management system which will account for all funds received under this Contract and expenditures made in furtherance of the project and that such system shall be created and maintained in accordance with generally accepted accounting practices and procedures. The system shall include the following:

1. A general ledger (balance sheet and statement of revenue and expenses) in which to record a summary of all accounting transactions shall be maintained. In

addition, the Subrecipient shall maintain a cash receipt and disbursement register in which receipts and disbursements will be documented. Funds disbursed by the Subrecipient shall be made by pre-numbered checks, used in numerical sequence and must be supported by appropriate documentation. This documentation includes items such as payroll, time and attendance records, invoices, contracts, travel payments, information evidencing the nature and propriety of each payment, and notation showing the approval of an authorized official of the Subrecipient.

2. The Subrecipient shall maintain such records and accounts, including property, personal and financial records so as to assure a proper accounting for all project funds. The Subrecipient shall retain these records for five (5) years after the date of final payment under this Contract from the Grantee to the Subrecipient. However, at any time after the Contract termination, the Subrecipient may turn these records over to the Grantee for retention after completion and acceptance of required audits.
3. On request of the Grantee, the Subrecipient shall provide an accounting for all funds paid to it by the Grantee under this Contract. More specifically, the Subrecipient's financial management system shall provide for:
 - a. Accurate, current and complete disclosure of the financial results of activities under this Contract in accordance with generally accepted business practices. If the Subrecipient's accounting records are maintained on a cash basis, the Subrecipient must develop information of accounts payable and accounts receivable through an analysis of the documents in the file, or on the basis of its best estimates.
 - b. Records which identify adequately the source and application of funds under this Contract. These records shall contain information pertaining to contract awards and authorizations, encumbrances and unencumbered balances, assets, liabilities, outlays and income.
 - c. Effective control over and accountability for all funds, property and other assets attributable to the Contract. The Subrecipient shall adequately safeguard all such assets and shall assure that they are used solely for the performance of the Contract.
 - d. Comparison of actual expenditures with budgeted amounts for those expenditures and comparison of financial information with performance or productivity data, including the production of unit cost information whenever required by DCD.
 - e. Procedures for determining the allowability and allocability of costs.
4. The Subrecipient's financial records shall be audited by a certified public accountant at least annually. The auditor shall be obtained by the Subrecipient after having received approval from DCD. Should there be an exception taken

during the audit, the Subrecipient shall resolve the findings and recommendations within thirty (30) days after completion of the audit.

5. A certified audit of the funds received by the Subrecipient under this Contract shall be commenced within sixty (60) days after the end of the contract period, or from the termination authorized by this section, whichever comes first, and such certified audit must be completed within one-hundred and twenty (120) days of commencement. Such audit shall be performed by an auditor obtained by the Subrecipient at the expense of the Subrecipient, after approval has been obtained from DCD.
6. The Subrecipient shall provide any information which DCD may reasonably request pertaining to the Subrecipient's financial management under this Contract.

SECTION 9. AUDITS AND INSPECTIONS.

At any time during normal business hours and as often as the Grantee, HUD, or the Comptroller General of the United States may deem necessary, the Subrecipient shall make available to the Grantee, HUD, or representatives of the Comptroller General for examination, all of the Subrecipient's records with respect to matters covered by this Contract. The Grantee, HUD or representatives of the Comptroller shall be permitted to audit, examine and make excerpts or transcripts from such records and to make audits of all contracts, invoices, materials payable, records or personnel, and other data relative to all matters covered by this Contract.

SECTION 10. FIDELITY INSURANCE.

Prior to the disbursement of any funds to the Subrecipient, the Subrecipient shall cause DCD to receive a report from the Subrecipient's insurer to the effect that all persons handling funds received or disbursed under this Contract are covered by fidelity insurance for the maximum amount of this Contract. The Subrecipient shall arrange with the insurer to notify DCD directly ten (10) days prior to the cancellation of the insurance, should this occur.

SECTION 11. REPORTING.

The Subrecipient shall submit monthly reports to the Grantee within seven (7) days following the closure of the month or quarter for which the activity is being reported. The appropriate reporting period and format for each Subrecipient's activities shall be established by the Grantee in collaboration with the Subrecipient prior to execution of the Subrecipient's Contract. The Subrecipient shall provide to the Grantee any other information determined by the Grantee to be necessary or appropriate for the proper monitoring of this Contract. Delays by the Subrecipient in making any report to the Grantee required by this Contract may, at the Grantee's sole discretion, result in delays in payment to the Subrecipient of part of all of the Subrecipient's request for funds. A delay in making a disbursement by the Grantee to the Subrecipient does not change the time requirements of the Subrecipient to submit reports to the Grantee.

SECTION 12. PROOF OF CONTRACTING REQUIREMENTS.

The Subrecipient shall furnish to the Grantee, within ten (10) days after the subcontract is executed, a copy of any subcontract if it is to be funded, whole or in part, with funds provided from this Contract.

Such subcontracts shall require subcontractors to comply with all applicable federal, state and local laws and regulations. All subcontracts shall be of a form and substance acceptable to the Grantee.

SECTION 13. PROHIBITION AGAINST SOLICITING AND ACCEPTING FAVORS AND PROCUREMENT.

Officials and employees of the Subrecipient shall neither solicit nor accept gratuities, favors or anything of monetary value from subcontractors or potential subcontractors. The Subrecipient further agrees that all procurement transactions which the Subrecipient may enter into as a result of this Contract shall be conducted in a manner so as to provide maximum, open and free competition and in accordance with the provisions of all applicable Uniform Administrative Requirements as described in the EDI regulations at 24 CFR Part 570.502. Subrecipients engaged in procurement activities with EDI funds are also required to maintain a contract administration system that ensures contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders as described at 24 CFR Part 85.36.

SECTION 14. MAINTENANCE OF EFFORT.

The Subrecipient shall maintain a level of aggregate expenditures for its other projects or activities which is not less than the level of aggregate expenditures which existed prior to the execution of this Contract. The Subrecipient shall promptly notify the Grantee of any matters which have a material tendency to affect compliance with this requirement.

SECTION 15. EQUAL OPPORTUNITY.

The Subrecipient shall comply with the requirements of Attachment C as required by U.S. Executive Order 11246.

SECTION 16. EMPLOYMENT OPPORTUNITIES FOR SMALL BUSINESS AND LOWER INCOME PERSONS.

The Subrecipient will take affirmative steps to assure that the small businesses and lower income persons of the project area (defined as the City of Durham) are utilized whenever possible as sources of supplies, equipment, construction and services.

SECTION 17. MINORITY AND WOMEN BUSINESS (M/WBE) ENTERPRISE ORDINANCE.

The Subrecipient shall comply with all applicable provisions of Chapter 26 of the Durham City Code (the Minority and Women Business Enterprises ordinance), as amended from time to time.

It shall be the policy of the Subrecipient to provide minorities and women equal opportunity to participate in all aspects of the Subrecipient's contracting programs, including but not limited to employment, construction projects, and/or materials and services contracts, consistent with the law. It shall also be the policy of the Subrecipient to prohibit discrimination against any business on the basis of race, color, national origin, religion, sex, age, handicap or veteran's status. The Subrecipient shall conduct its contracting program so as to prevent such discrimination, correct present effects of past discrimination and to resolve claims of such discrimination.

The failure of the Subrecipient to comply with Chapter 26 shall be a material breach of contract which may result in the rescission or termination of this Contract and/or other appropriate remedies in accordance with the provisions of that chapter, this Contract, and State law. The final version of all M/WBE documents and information submitted by the Contractor and approved by the Grantee are a legal and binding part of this Contract.

SECTION 18. RELIGIOUS ORGANIZATIONS.

The Subrecipient agrees and understands that no EDI Grant funds provided under this contract shall be used for any religious activities, to promote any religious interests, or be used for the benefit of a religious organization in accordance with the Federal regulations as specified in 24 CFR 570.200(j).

SECTION 19. TERMINATION OF CONTRACT.

1. For Cause.

- a. If, through any cause, the Subrecipient shall fail to fulfill in a timely and proper manner its obligations under this Contract, or if the Subrecipient shall violate any of the covenants, agreements or stipulations of the Contract; or if the grant from HUD under which this Contract is made is terminated, reduced, impounded, suspended or withheld by HUD, the Grantee shall thereupon have the right to terminate this Contract. Termination shall be accomplished by the Grantee's giving written notice to the Subrecipient at least ten (10) days prior to the date that the Contract is to be terminated. In the event HUD reduces the amount of its grant, however, the parties hereto may amend this Contract so that it will accommodate and reflect the action taken by HUD.

2. For Convenience.

- a. The Contract may also be terminated by the Grantee without cause and independently from any action by HUD pertaining to the federal grant

under which this Contract has been funded, at the convenience and the sole discretion of the Grantee.

- b. The Grantee shall provide the Subrecipient with at least thirty (30) days written notice prior to the effective date of termination under this paragraph. In the event of termination for convenience, the Grantee shall make payment for the services performed and authorized expenditures incurred, if any, prior to the termination date, by the Subrecipient in accordance with this Contract. In the event of termination, all property, finished or unfinished documents, data, studies and reports purchased or prepared by the Subrecipient under this Contract, shall become the property of the Grantee and shall be delivered to the Grantee within thirty (30) days after the completion of the certified audit of this Contract pursuant to Section 9 Part 5.

SECTION 20. HOLD HARMLESS PROVISION.

To the fullest extent permitted by law, the Subrecipient agrees to indemnify and hold harmless the Grantee and its agents, officers and employees from any and all costs, damages, claims, judgments and expenses, including attorney's fees, that may arise in any manner from, as a result of, relating to, or in connection with the Subrecipient's performance of this Contract.

SECTION 21. REVERSION OF ASSETS.

Upon the expiration of this Contract or termination with or without cause, the Subrecipient shall transfer to the Grantee any EDI funds on hand at the time of expiration and any accounts receivable attributable to the use of EDI funds. Any real property under the control of the Subrecipient, improved in whole or in part with EDI funds, and using EDI funds in excess of twenty-five thousand (\$25,000), must continue to meet one of the national objectives as described in this Contract until five (5) years after expiration or termination of this Contract, or such longer period of time as determined to be appropriate by the Grantee or be disposed of in a manner to cause the Grantee to be reimbursed in the amount of the current fair market value of the property less any portion thereof attributable to expenditure of non-EDI and Non-City funds for acquisition of, or improvements to, the property. The Subrecipient shall repay to the Grantee the full amount of any funds lost, misapplied, unaccounted for or inadequately accounted for in violation of this Contract.

SECTION 22. CITY DISCRIMINATION POLICY.

The City of Durham opposes discrimination on the basis of race and sex and urges all of its contractors to provide a fair opportunity for minorities and women to participate in their work force and as subcontractors and vendors under City contract.

SECTION 23. SOLE AGREEMENT.

This document, and the attachments incorporated herein, contain the entire agreement between the parties with respect to the subject matter of this Contract. No statements, promises or inducements made by either party, or representative of either party, with respect to the subject matter of this Contract, that is not contained in this written agreement shall be valid and binding. This Contract may not be enlarged, modified or altered except in writing by all the parties.

SECTION 24. RECORDS TO BE MAINTAINED.

The Subrecipient shall maintain all records required by the Federal regulations specified in 24 CFT 507.506 that are pertinent to the activities to be funded under this agreement. These records shall be retained for a period of three years beginning at the time the subrecipient receives notice in writing from the Grantee that this project is complete. Such records shall include, but not be limited to:

- a. This agreement and any amendments;
- b. 24 CFR Part 570 regulations;
- c. Records providing a full description of each activity undertaken;
- d. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- e. Records documenting compliance with the Fair Housing and Equal Opportunity components of the CDBG Program;
- f. Financial records as required by 24 CFR Part 570.502, OMB Circular A-110, and OMB Circular A-122.

Other records necessary to document compliance with Subpart K of 24 CFR 570.**N** **TESTIMONY WHEREOF**, the parties hereto have caused this Contract to be executed this _____ day of _____, 2013.

CITY OF DURHAM

By _____
City Manager

ATTEST:

CITY OF DURHAM

City Clerk

CALVARY MINISTRIES OF THE

WESTEND COMMUNITY, INC.

By _____

Executive Director

ATTEST:

Secretary

(Affix corporate seal here)

**NORTH CAROLINA
DURHAM COUNTY**

I, a Notary Public in and for the aforesaid County and State certify that _____ personally appeared this day, and acknowledged that he or she is the _____ City Clerk of the City of Durham, a municipal corporation, and that by authority duly given and as the act of the City, the foregoing contract or agreement was signed in its corporate name by its City Manager, sealed with its corporate seal, and arrested by its said City Clerk or Deputy City Clerk. This the ____ day of _____, 2013.

Notary Public

My Commission Expires

**NORTH CAROLINA
DURHAM COUNTY**

I, a Notary Public in and for the aforesaid County and State, certify that _____ personally appeared before me this day and stated that he or she is _____ Secretary of Calvary Ministries of the Westend Community, Inc., a corporation, and that by authority duly given and as the act of the corporation, the foregoing contract with the City of Durham was signed in its name by its Executive Director, whose name is

, sealed with its corporate seal, and attested by him/herself as its said Secretary or Assistant Secretary. This the ___ day of _____, 2013.

Notary Public

My Commission Expires

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act. This the _____ day of _____, 2013.

Finance Officer

ATTACHMENT A

Scope of Work

Calvary Ministries of the Westend Community, Inc. will purchase kitchen equipment for the Lyon Park Community Life and Recreation Center in Durham North Carolina. Eligible purchases made by Calvary Ministries will be subject to reimbursement as stated in Section 2 of this Contract in an amount of up to \$91,353.97. No reimbursements will be made until the project is completed and has received a Certificate of Occupancy by the City. Calvary Ministries will not be allowed to place an order for the equipment until 50% or more of the construction of the kitchen has been completed. DCD staff will inspect the construction of the kitchen to determine the percent completed. When the project has progressed satisfactorily to completion by 50% or greater, Calvary Ministries will then solicit quotes from kitchen equipment vendors, select the vendor and place the order.

The kitchen equipment purchased by Calvary Ministries of the Westend Community, Inc. shall include, but not be limited to:

- Gas 36" restaurant range
- Steamer convection countertop
- Mobile heated cabinet
- Food mixer
- Electric food processor
- Reach-in refrigerator
- Refrigeration connections
- Reach-in freezer
- Ice maker
- Sink, 3-compartment
- Disposal
- Fryer
- Gas, tilting skilletbraising pan
- Work tables
- Food mixer
- Electric food slicer
- Disposer

ATTACHMENT B

Certifications and Compliance Requirements

- 1. 24 CFR Part 84 Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profits.
- 2. Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-7), and as supplemented by Department of Labor regulations (29 CFR, Part 5).
- 3. Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), as supplemented by the Department of Labor regulations (29CFR, Part 5).
- 4. Title VI of the Civil Rights Act of 1964 (PL88-352) and regulations issued pursuant thereto (24 CFR Part 1) on nondiscrimination in Federally assisted programs.
- 5. Section 109 of the Housing and Community Development Act of 1974 and regulations issued pursuant thereto (24 CFR Part 570.602 et seq., known as subpart K).
- 6. Executive Order 11246 and the regulations issued pursuant thereto (41 CFR Chapter 60) on nondiscrimination in employment.
- 7. Copeland "Anti-Kick Back" Act (18 U.S.C. 874).
- 8. Section 3 of the Housing and Urban Development Act of 1968 and implementing regulations at 24 CFR Part 135, as amended for training and employment of lower-income residents of projected areas and awarding of contracts.
- 9. Lead Based Paint Poisoning Prohibition (PL91-695).
- 10. North Carolina General Statutes 143-128 et seq.
- 11. Hatch Act (5 U.S.C. 1501-1508).
- 12. Building design, construction or alteration must comply with "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped" (#A-117.1-R 1971).
- 13. Executive Order 11296 relating to evaluation of flood hazard.

- 14. Title VIII of the Civil Rights Act of 1968 (PL 90-284), as amended Fair Housing Policy.
- 15. Executive Order 11063 on equal opportunity in housing and nondiscrimination.
- 16. Section 306 of the Clean Air Act (42 U.S.C. 1857(h)).
- 17. Environmental Protection Agency regulations (40 CFR, Part 15).
- 18. Age Discrimination Act of 1967, as amended.
- 19. The Rehabilitation Act of 1973, as amended, Sections 503 and 504, which prohibits discrimination against the handicapped.
- 20. City of Durham's Disadvantaged Business Enterprise Plan.
- 21. OMB Circular A-122 "Cost Principles for Non-Profit Organizations" .
- 22. Treasury Circular 1075 relating to the use of Community Development funds within 72 hours after drawdown.
- 23. Community Development Administrative Regulations 24 CFR 570.
- 24. N. C. Fair Housing Law.
- 25. City of Durham Fair Housing Law.
- 26. OMB Circular A-133 " Audits of States, Local Governments and Nonprofit Organizations".

ATTACHMENT C

Equal Employment Opportunity U. S. Executive Order 11246 (excerpts)

"During the performance of this Contract, the contractor agrees as follows:"

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

2. "The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

3. "The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract officer, advising the labor union or workers' representative of the contractor's commitments under Section 2020 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. "The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

5. "The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and, by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

6. "In the event of the contractor's noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be canceled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965 or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by Law.

7. "The contractor will include the provisions of Paragraphs 1 through 7 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such

provisions, including sanctions for noncompliance. Provided however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interest of the United States."