



# CORONAVIRUS RELIEF FUND (CRF) TERMS AND CONDITIONS

TEXAS DIVISION OF EMERGENCY MANAGEMENT

MAY 11, 2020

### *About This Document*

In this document, grantees will find the terms and conditions applicable to payments distributed in the form of grants to local units of governments from the Coronavirus Relief Fund established within section 601 of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”).

These requirements are in addition to those that can be found within the Grant Management System (GMS), to which grantees agreed to when accepting the grant. Other state and federal requirements and conditions may apply to your grant, including but not limited to: 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Chapter 783 of the Texas Government Code; the Uniform Grant Management Standards (UGMS) developed by the Comptroller of Public Accounts; the state Funding Announcement or Solicitation under which the grant application was made; and any applicable documents referenced in the documents listed above.

To the extent the terms and conditions of this grant agreement do not address a particular circumstance or are otherwise unclear or ambiguous, such terms and conditions are to be construed consistent with the general objectives, expectations and purposes of this grant agreement and in all cases, according to its fair meaning. The parties acknowledge that each party and its counsel have reviewed this grant agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this grant agreement. Any vague, ambiguous or conflicting terms shall be interpreted and construed in such a manner as to accomplish the purpose of the grant agreement.

## Table of Contents

About This Document .....	2
1 Grant Agreement Requirements and Conditions .....	5
1.1 Applicability of Grant Agreement and Provisions .....	5
1.2 Legal Authority to Apply .....	5
1.3 Grant Acceptance.....	5
1.4 Project Period.....	5
1.5 General Responsibility .....	5
1.6 Amendments and Changes to the Grant Agreement .....	6
1.7 Jurisdictional Cooperation .....	7
1.8 Public Information and Meetings .....	7
1.9 Remedies for Non-Compliance .....	7
1.10 False Statements by Grantee .....	8
1.11 Conflict of Interest Safeguards.....	8
1.12 Fraud, Waste, and Abuse .....	8
1.13 Termination of the Agreement .....	9
1.14 Limitation of Liability.....	9
1.15 Dispute Resolution .....	10
1.16 Liability for Taxes .....	10
1.17 Required State Assurances .....	10
1.18 System for Award Management (SAM) Requirements.....	10
1.19 No Obligation by Federal Government .....	11
1.20 Notice.....	11
1.21 Force Majeure .....	11
1.22 Debt to State .....	11
1.23 Franchise Tax Certification.....	11
1.24 Severability.....	12
1.25 E-Verify.....	12
1.26 Compliance with Federal Law, Regulations, and Executive Orders.....	12
1.27 Clean Air Act.....	12
1.28 Federal Water Pollution Control Act.....	12
1.29 Suspension and Debarment.....	12
1.30 Energy Conservation .....	13
1.31 Procurement of Recovered Materials.....	13
1.32 Terminated Contracts .....	13
2 Property and Procurement Requirements .....	13
2.1 Property Management and Inventory .....	13
2.2 Consulting Contracts.....	14
2.3 Procurement Practices and Policies.....	14
2.4 Contract Provisions Under Federal Awards .....	14
3 Audit and Records Requirements .....	14
3.1 Cooperation with Monitoring, Audits, and Records Requirements .....	14
3.2 Single Audit Requirements.....	15
3.3 Requirement to Address Audit Findings .....	15

3.4	Records Retention.....	15
4	Prohibited and Regulated Activities and Expenditures .....	16
4.1	Prohibited Costs.....	16
4.2	Political Activities .....	16
5	Financial Requirements.....	17
5.1	Direct Deposit .....	17
5.2	Payments and Required Documentation.....	17
5.3	Financial Reporting .....	17
5.4	Reimbursements .....	18
5.5	Refunds and Deductions .....	18
5.6	Recapture of Funds .....	18
5.7	Liquidation Period.....	18
5.8	Project Close Out .....	18
	EXHIBIT A - State of Texas Assurances .....	19
	EXHIBIT B – CARES ACT CORONAVIRUS RELIEF FUND ELIGIBILITY CERTIFICATION .....	21
	EXHIBIT C - CERTIFICATION REGARDING LOBBYING .....	22

# 1 Grant Agreement Requirements and Conditions

## 1.1 *Applicability of Grant Agreement and Provisions*

The Grant Agreement is subject to the additional terms, conditions, and requirements of other laws, rules, regulations and plans recited herein and is intended to be the full and complete expression of and constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and all prior and contemporaneous understandings, agreements, promises, representations, terms and conditions, both oral and written, are superseded and replaced by this Grant Agreement.

Notwithstanding any expiration or termination of this Grant Agreement, the rights and obligations pertaining to the grant close-out, cooperation and provision of additional information, return of grant funds, audit rights, records retention, public information, and any other provision implying survivability shall remain in effect after the expiration or termination of this Grant Agreement.

## 1.2 *Legal Authority to Apply*

The grantee certifies that it possesses legal authority to apply for the grant. A resolution, motion or similar action has been or will be duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative, or their designee of the organization to act in connection with the application and to provide such additional information as may be required.

## 1.3 *Grant Acceptance*

The Notice of Subrecipient Grant Award remains an offer until the fully executed copy of this Grant Agreement is received by the Texas Division of Emergency Management (TDEM).

## 1.4 *Project Period*

Funding has been authorized for eligible expenditures incurred between March 1, 2020 and December 30, 2020. The specific performance period for this grant is listed on the Notice of Subrecipient Grant Award. All expenditures must be incurred, and all services must be received within the performance period. TDEM will not be obligated to reimburse expenses incurred after the performance period. A cost is incurred when the responsible unit of government has expended funds to cover the cost.

## 1.5 *General Responsibility*

Per the CARES Act, CRF grant funds may only be used to cover expenses that –

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19)
2. were not accounted for in the budget most recently approved as of March 27, 2020 for the state or government; and
3. were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

The US Department of Treasury (Treasury) provided additional guidance on the permissible use of grant funds, including nonexclusive examples of eligible expenses in the following categories:

1. Medical expenses,
2. Public health expenses,

3. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency,
4. Expenses of actions to facilitate compliance with COVID-19-related public health measures,
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, and
6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

Further explanation of these categories and examples can be found at the following link:

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

<https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>

The subrecipient agrees that a minimum of 75% of its allotment will be spent in the categories of medical expenses, public health expenses and payroll expenses for employees substantially dedicated to mitigating or responding to the public emergency. The remainder of the allotment may be spent in any of the categories provided within the Treasury guidance.

The grantee certifies compliance with these eligible expenses by executing the CARES Act Coronavirus Relief Fund Eligibility Certification Form in Exhibit E, which is attached hereto and incorporated for all purposes.

The grantee is responsible for the integrity of the fiscal and programmatic management of the grant project; accountability for all funds awarded; and compliance with TDEM administrative rules, policies and procedures, and applicable federal and state laws and regulations.

The grantee will maintain an appropriate grant administration system to ensure that all terms, conditions and specifications of the grant are met.

#### *1.6 Amendments and Changes to the Grant Agreement*

TDEM and the grantee may agree to make adjustments to the grant. Adjustments include, but are not limited to, modifying the scope of the grant project, adding funds to previously un-awarded cost items or categories changing funds in any awarded cost items or category, deobligating awarded funds or changing grant officials.

The grantee has no right or entitlement to reimbursement with grant funds. TDEM and grantee agree that any act, action or representation by either Party, their agents or employees that purports to waive or alter the terms of the Grant Agreement or increase the maximum liability of TDEM is void unless a written amendment to this Grant Agreement is first executed and documented in GMS. The grantee agrees that nothing in this Grant Agreement will be interpreted to create an obligation or liability of TDEM in excess of the "Maximum Liability of the TDEM" as set forth in the Notice of Subrecipient Grant Award.

Any alterations, additions, or deletions to the terms of this Grant Agreement must be documented in GMS to be binding upon the Parties. Notwithstanding this requirement, it is understood and agreed by Parties hereto, that changes in local, state and federal rules, regulations or laws applicable hereto, may occur during the term of this Grant Agreement and that any such changes shall be automatically incorporated into this Grant Agreement without written amendment hereto, and shall become a part hereof as of the effective date of the rule, regulation or law.

### *1.7 Jurisdictional Cooperation*

A municipality may yield any portion of its allocated funds to the county within which it exists or a county may yield any portion of its allocated funds to a municipality within its footprint for eligible expenses. This may be accomplished in one of the following ways:

1. By a grant amendment, as described in section 1.6, where by funds are deobligated from the original subrecipient and then added to previously un-awarded costs items or categories of the receiving jurisdiction's grant award.
2. A subrecipient may use funds pursuant to this agreement to subcontract with another political subdivision within its jurisdiction for eligible and necessary expenditures incurred due to the public health emergency. The subrecipient is responsible for ensuring subcontractor eligibility and maintaining all required documentation.

### *1.8 Public Information and Meetings*

Notwithstanding any provisions of this Grant Agreement to the contrary, the grantee acknowledges that the State of Texas, TDEM, and this Grant Agreement are subject to the Texas Public Information Act, Texas Government Code Chapter 552 (the "PIA"). The grantee acknowledges that TDEM will comply with the PIA, as interpreted by judicial opinions and opinions of the Attorney General of the State of Texas.

The grantee acknowledges that information created or exchanged in connection with this Grant Agreement, including all reimbursement documentation submitted to TDEM, is subject to the PIA, whether created or produced by the grantee or any third party, and the grantee agrees that information not otherwise excepted from disclosure under the PIA, will be available in a format that is accessible by the public at no additional charge to TDEM or State of Texas. The grantee will cooperate with TDEM in the production of documents or information responsive to a request for information.

### *1.9 Remedies for Non-Compliance*

If TDEM determines that the grantee materially fails to comply with any term of this grant agreement, whether stated in a federal or state statute or regulation, an assurance, in a state plan or application, a notice of award, or any other applicable requirement, TDEM, in its sole discretion may take actions including:

1. Temporarily withholding cash payments pending correction of the deficiency or more severe enforcement action by TDEM;
2. Disallowing or denying use of funds for all or part of the cost of the activity or action not in compliance;
3. Disallowing claims for reimbursement;
4. Wholly or partially suspending or terminating this grant;
5. Requiring return or offset of previous reimbursements;
6. Prohibiting the grantee from applying for or receiving additional funds for other grant programs administered by TDEM until repayment to TDEM is made and any other compliance or audit finding is satisfactorily resolved;
7. Reducing the grant award maximum liability of TDEM;
8. Terminating this Grant Agreement;
9. Imposing a corrective action plan;

10. Withholding further awards; or
11. Taking other remedies or appropriate actions.

The grantee costs resulting from obligations incurred during a suspension or after termination of this grant are not allowable unless TDEM expressly authorizes them in the notice of suspension or termination or subsequently.

TDEM, at its sole discretion, may impose sanctions without first requiring a corrective action plan.

#### *1.10 False Statements by Grantee*

By acceptance of this grant agreement, the grantee makes all the statements, representations, warranties, guarantees, certifications and affirmations included in this grant agreement. If applicable, the grantee will comply with the requirements of 31 USC § 3729, which set forth that no grantee of federal payments shall submit a false claim for payment.

If any of the statements, representations, certifications, affirmations, warranties, or guarantees are false or if the grantee signs or executes the grant agreement with a false statement or it is subsequently determined that the grantee has violated any of the statements, representations, warranties, guarantees, certifications or affirmations included in this grant agreement, then TDEM may consider this act a possible default under this grant agreement and may terminate or void this grant agreement for cause and pursue other remedies available to TDEM under this grant agreement and applicable law. False statements or claims made in connection with TDEM grants may result in fines, imprisonment, and debarment from participating in federal grants or contract, and/or other remedy available by law, potentially including the provisions of 38 USC §§ 3801-3812, which details the administrative remedies for false claims and statements made.

#### *1.11 Conflict of Interest Safeguards*

The grantee will establish safeguards to prohibit its employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain, whether for themselves or others, particularly those with whom they have family, business, or other ties. The grantee will operate with complete independence and objectivity without actual, potential, or apparent conflict of interest with respect to its performance under this Grant Agreement. The grantee certifies as to its own organization, that to the best of their knowledge and belief, no member of The A&M System or The A&M System Board of Regents, nor any employee, or person, whose salary is payable in whole or in part by a member of The A&M System, has direct or indirect financial interest in the award of this Grant Agreement, or in the services to which this Grant Agreement relates, or in any of the profits, real or potential, thereof.

#### *1.12 Fraud, Waste, and Abuse*

The grantee understands that TDEM does not tolerate any type of fraud, waste, or misuse of funds received from TDEM. TDEM's policy is to promote consistent, legal, and ethical organizational behavior, by assigning responsibilities and providing guidelines to enforce controls. Any violations of law, TDEM policies, or standards of ethical conduct will be investigated, and appropriate actions will be taken. The grantee understands and agrees that misuse of award funds may result in a range of penalties, including suspension of current and future funds, suspension or debarment from federal and state grants, recoupment of monies provided under an award, and civil and/or criminal penalties.

In the event grantee becomes aware of any allegation or a finding of fraud, waste, or misuse of funds received from TDEM that is made against the grantee, the grantee is required to immediately notify TDEM of said allegation or finding and to continue to inform TDEM of the status of any such on-going investigations. The grantee must also promptly refer to TDEM any credible evidence that a principal,



employee, agent, grantee, contractor, subcontractor, or other person has -- (1) submitted a claim for award funds that violates the False Claims Act; or (2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving award funds. Grantees must also immediately notify TDEM in writing of any misappropriation of funds, fraud, theft, embezzlement, forgery, or any other serious irregularities indicating noncompliance with grant requirements. Grantees must notify the local prosecutor's office of any possible criminal violations. Grantees must immediately notify TDEM in writing if a project or project personnel become involved in any litigation, whether civil or criminal, and the grantee must immediately forward a copy of any demand, notices, subpoenas, lawsuits, or indictments to TDEM.

### *1.13 Termination of the Agreement*

TDEM may, at its sole discretion, terminate this Grant Agreement, without recourse, liability or penalty against TDEM, upon written notice to grantee. In the event grantee fails to perform or comply with an obligation or a term, condition or provision of this Grant Agreement, TDEM may, upon written notice to grantee, terminate this agreement for cause, without further notice or opportunity to cure. Such notification of Termination for Cause will state the effective date of such termination, and if no effective date is specified, the effective date will be the date of the notification.

TDEM and grantee may mutually agree to terminate this Grant Agreement. TDEM in its sole discretion will determine if, as part of the agreed termination, grantee is required to return any or all of the disbursed grant funds.

Termination is not an exclusive remedy, but will be in addition to any other rights and remedies provided in equity, by law, or under this Grant Agreement, including those remedies listed at 2 C.F.R. 200.207 and 2 C.F.R. 200.338 – 200.342. Following termination by TDEM, grantee shall continue to be obligated to TDEM for the return of grant funds in accordance with applicable provisions of this Grant Agreement. In the event of termination under this Section, TDEM's obligation to reimburse grantee is limited to allowable costs incurred and paid by the grantee prior to the effective date of termination, and any allowable costs determined by TDEM in its sole discretion to be reasonable and necessary to cost-effectively wind up the grant. Termination of this Grant Agreement for any reason or expiration of this Grant Agreement shall not release the Parties from any liability or obligation set forth in this Grant Agreement that is expressly stated to survive any such termination or expiration.

### *1.14 Limitation of Liability*

TO THE EXTENT ALLOWED BY LAW, THE GRANTEE SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE STATE OF TEXAS AND AGENCY, AND/OR THEIR OFFICERS, REGENTS, AGENTS, EMPLOYEES, REPRESENTATIVES, CONTRACTORS, ASSIGNEES, AND/OR DESIGNEES FROM ANY AND ALL LIABILITY, ACTIONS, CLAIMS, DEMANDS, OR SUITS, AND ALL RELATED COSTS, ATTORNEY FEES, AND EXPENSES ARISING OUT OF, OR RESULTING FROM ANY ACTS OR OMISSIONS OF RESPONDENT OR ITS AGENTS, EMPLOYEES, SUBCONTRACTORS, ORDER FULFILLERS, OR SUPPLIERS OF SUBCONTRACTORS IN THE EXECUTION OR PERFORMANCE OF THE CONTRACT AND ANY PURCHASE ORDERS ISSUED UNDER THE CONTRACT. THE DEFENSE SHALL BE COORDINATED BY RESPONDENT WITH THE OFFICE OF THE TEXAS ATTORNEY GENERAL WHEN TEXAS STATE AGENCIES ARE NAMED DEFENDANTS IN ANY LAWSUIT AND RESPONDENT MAY NOT AGREE TO ANY SETTLEMENT WITHOUT FIRST OBTAINING THE CONCURRENCE FROM THE OFFICE OF THE TEXAS ATTORNEY GENERAL. RESPONDENT AND AGENCY AGREE TO FURNISH TIMELY WRITTEN NOTICE TO EACH OTHER OF ANY SUCH CLAIM.

The grantee agrees that no provision of this Grant Agreement is in any way intended to constitute a waiver by TDEM as an agency of the State of Texas, its officers, regents, employees, agents, or contractors or the State of Texas of any privileges, rights, defenses, remedies, or immunities from suit and liability that TDEM or the State of Texas may have by operation of law.

### *1.15 Dispute Resolution*

The Parties' representatives will meet as needed to implement the terms of this Grant Agreement and will make a good faith attempt to informally resolve any disputes.

Notwithstanding any other provision of this Grant Agreement to the contrary, unless otherwise requested or approved in writing by TDEM, the grantee shall continue performance and shall not be excused from performance during the period any breach of Grant Agreement claim or dispute is pending.

The dispute resolution process provided in Chapter 2260, Texas Government Code, and the related rules adopted by the Texas Attorney General pursuant to Chapter 2260, shall be used by TDEM and grantee to attempt to resolve any claim for breach of contract made by the grantee that cannot be resolved in the ordinary course of business. Grantee shall submit written notice of a claim of breach of contract under this Chapter to the Chief of TDEM, who shall examine the grantee's claim and any counterclaim and negotiate with grantee in an effort to resolve the claim.

The laws of the State of Texas govern this Grant Agreement and all disputes arising out of or relating to this Grant Agreement, without regard to any otherwise applicable conflict of law rules or requirements. Venue for any grantee-initiated action, suit, litigation or other proceeding arising out of or in any way relating to this Grant Agreement shall be commenced exclusively in the Travis County District Court or the United States District Court, Southern District of Texas - Houston Division. Venue for any TDEM-initiated action, suit, litigation or other proceeding arising out of or in any way relating to this Grant Agreement may be commenced in a Texas state district court or a United States District Court selected by TDEM in its sole discretion.

The grantee hereby irrevocably and unconditionally consents to the exclusive jurisdiction of the courts referenced above for the purpose of prosecuting and/or defending such litigation. The grantee hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that the grantee is not personally subject to the jurisdiction of the above-named courts; the suit, action or proceeding is brought in an inconvenient forum; and/or the venue is improper.

### *1.16 Liability for Taxes*

The grantee agrees and acknowledges that grantee is an independent contractor and shall be entirely responsible for the liability and payment of grantee's and grantee's employees' taxes of whatever kind, arising out of the performances in this Grant Agreement. The grantee agrees to comply with all state and federal laws applicable to any such persons, including laws regarding wages, taxes, insurance, and workers' compensation. TDEM and/or the State of Texas shall not be liable to the grantee, its employees, agents, or others for the payment of taxes or the provision of unemployment insurance and/or workers' compensation or any benefit available to a state employee or employee of TDEM.

### *1.17 Required State Assurances*

The grantee must comply with the applicable State Assurances included within the State Uniform Grant Management Standards (UGMS), Section III, Subpart B, \_\_.14, which are attached hereto and incorporated for all purposes as Exhibit A.

### *1.18 System for Award Management (SAM) Requirements*

- A. The grantee agrees to comply with applicable requirements regarding registration with the System for Award Management (SAM) (or with a successor government-wide system officially designated by OMB and, if applicable, the federal funding agency). These requirements include maintaining current registrations and the currency of the information in SAM. The grantee will review and update information at least annually until submission of the final financial report required under the award or

receipt of final payment, whichever is later, as required by 2 CFR Part 25.

- B. The grantee will comply with Executive Orders 12549 and 12689 that requires “a contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM)”, in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority. The grantee certifies it will verify each vendor’s status to ensure the vendor is not debarred, suspended, otherwise excluded or declared ineligible by checking the SAM before doing/renewing business with that vendor.
- C. The grantee certifies that it and its principals are eligible to participate in this Grant Agreement and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state or local governmental entity and the grantee is in compliance with the State of Texas statutes and rules relating to procurement and that the grantee is not listed in the federal government’s terrorism watch list as described in Executive Order 13224.

#### *1.19 No Obligation by Federal Government*

The Parties acknowledge and agree that the federal government is not a party to this Grant Agreement and is not subject to any obligations or liabilities to either Party, third party or subcontractor pertaining to any matter resulting from this Grant Agreement.

#### *1.20 Notice*

Notice may be given to the grantee via GMS, email, hand-delivery, or United States Mail. Notices to the grantee will be sent to the name and address supplied by grantee in GMS.

#### *1.21 Force Majeure*

Neither the grantee nor TDEM shall be required to perform any obligation under this Grant Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, pandemic, flood, natural disaster, or interruption of utilities from external causes. Each Party must inform the other in writing, with proof of receipt, within three (3) business days of the existence of such force majeure, or otherwise waive this right as a defense.

#### *1.22 Debt to State*

The grantee certifies, to the extent grantee owes any debt (child support or other obligation) or delinquent taxes to the State of Texas, any payments grantee is owed under this Grant Agreement may be applied by the Comptroller of Public Accounts toward any such debt or delinquent taxes until such debt or delinquent taxes are paid in full.

#### *1.23 Franchise Tax Certification*

If grantee is a taxable entity subject to the Texas Franchise Tax (Chapter 171, Texas Tax Code), then grantee certifies that it is not currently delinquent in the payment of any franchise (margin) taxes or that grantee is exempt from the payment of franchise (margin) taxes.

#### *1.24 Severability*

If any provisions of this Grant Agreement are rendered or declared illegal for any reason, or shall be invalid or unenforceable, such provision shall be modified or deleted in such manner so as to afford the Party for whose benefit it was intended the fullest benefit commensurate with making this Grant Agreement, as modified, enforceable, and the remainder of this Grant Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, but shall be enforced to the greatest extent permitted by applicable law.

#### *1.25 E-Verify*

By entering into this Grant Agreement, grantee certifies and ensures that it utilizes and will continue to utilize, for the term of this Grant Agreement, the U.S. Department of Homeland Security's e-Verify system to determine the eligibility of (a) all persons employed during the contract term to perform duties within Texas; and (b) all persons (including subcontractors) assigned by the grantee pursuant to the Grant Agreement.

#### *1.26 Compliance with Federal Law, Regulations, and Executive Orders*

Grantee acknowledges that federal financial assistance funds will be used to fund the Grant Agreement. Grantee will comply with all applicable federal law, regulations, executive orders, policies, procedures, and directives.

#### *1.27 Clean Air Act*

The following is only applicable if the amount of the contract exceeds \$150,000.

- a. Grantee agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
- b. Grantee agrees to report each violation to TDEM and understands and agrees that TDEM will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.
- c. Grantee agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with federal assistance provided by this Grant Agreement.

#### *1.28 Federal Water Pollution Control Act*

- a. Grantee agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
- b. Grantee agrees to report each violation to TDEM and understands and agrees that TDEM will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.
- c. Grantee agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with federal assistance provided by this Grant Agreement.

#### *1.29 Suspension and Debarment*

- a. This Grant Agreement is a covered transaction for purposes of 2 C.F.R. pt 180 and 2 C.F.R. pt. 3000. Grantee certifies that grantee, grantee's principals (defined at 2C.F.R. Sec. 180.995), or its

affiliates (defined at 2 C.F.R. Sec. 180.905) are excluded (defined at 2 C.F.R. Sec. 180.940) or disqualified (defined at 2 C.F.R. Sec. 180.935).

- b. Grantee must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C and must include a requirement comply with these regulations in any lower tier covered transaction it enters into.
- c. This certification is a material representation of fact relied upon by TDEM. If it is later determined that grantee did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, in addition to remedies available to TDEM, the Federal Government may pursue available remedies, including but limited to suspension and/or debarment.

### *1.30 Energy Conservation*

If applicable, grantee agrees to comply with 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.

### *1.31 Procurement of Recovered Materials*

- a. In the performance of this Grant Agreement, grantee shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired –
  - (i) Competitively within a timeframe providing for compliance with the contract performance schedule;
  - (ii) Meeting contract performance requirements; or
  - (iii) At a reasonable price.
- b. Information about this requirement, along with the list of EPA-designated items, is available at EPA's Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.

### *1.32 Terminated Contracts*

The grantee has not had a contract terminated or been denied the renewal of any contract for noncompliance with policies or regulations of any state or federally funded program within the past five (5) years nor is it currently prohibited from contracting with a governmental agency. If the grantee does have such a terminated contract, the grantee shall identify the contract and provide an explanation for the termination. The grantee acknowledges that this Grant Agreement may be terminated and payment withheld or return of grant funds required if this certification is inaccurate or false.

## **2 Property and Procurement Requirements**

### *2.1 Property Management and Inventory*

The grantee must ensure equipment purchased with grant funds is used for the purpose of the grant and as approved by TDEM. The grantee must develop and implement a control system to prevent loss, damage or theft of property and investigate and document any loss, damage or theft of property funded under this Grant.

The grantee must account for any real and personal property acquired with grant funds or received from

the Federal Government in accordance with 2 CFR 200.310 Insurance coverage through 200.316 Property trust relationship and 200.329 Reporting on real property. This documentation must be maintained by the grantee, according to the requirements listed herein, and provided to TDEM upon request, if applicable.

When original or replacement equipment acquired under this award by the grantee is no longer needed for the original project or program or for other activities currently or previously supported by the federal awarding agency or TDEM, the grantee must make proper disposition of the equipment pursuant to 2 CFR 200.

The grantee will maintain specified equipment management and inventory procedures for equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place, with a per-unit cost of \$5,000 or greater. The equipment and inventory procedures include:

- A. The grantee must keep an inventory report on file containing equipment purchased with any grant funds during the grant period. The inventory report must agree with the approved grant budget and the final Financial Status Report and shall be available to TDEM at all times upon request.
- B. The grantee must maintain property/inventory records which, at minimum, include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, the cost of the property, the percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- C. The grantee shall permanently identify all such equipment by appropriate tags or labels affixed to the equipment. Exceptions to this requirement are limited to items where placing of the marking is not possible due to the nature of the equipment.

## **2.2 Consulting Contracts**

Pre-approval of costs related to consulting contracts is required and the value of consulting contracts entered into by the grantee may not exceed 5% of the total funds received by the local unit of government.

## **2.3 Procurement Practices and Policies**

The grantee must follow applicable federal and state law, federal procurement standards specified in regulations governing federal awards to non-federal entities, their established policy, and best practices for procuring goods or services with grant funds. Procurement activities must follow the most restrictive of federal, state and local procurement regulations. Contracts must be routinely monitored for delivery of services or goods.

## **2.4 Contract Provisions Under Federal Awards**

All contracts made by a grantee under a federal award must contain the provisions outlined in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix II to Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.

# **3 Audit and Records Requirements**

## **3.1 Cooperation with Monitoring, Audits, and Records Requirements**

All records and expenditures are subject to, and grantee agrees to comply with, monitoring and/or audits conducted by the United States Department of Treasury's Inspector General (DOTIG), TDEM, and the State

Auditor's Office (SAO) or designee. The grantee shall maintain under GAAP or GASB, adequate records that enable DOTIG, TDEM, and SAO to ensure proper accounting for all costs and performances related to this Grant Agreement.

### *3.2 Single Audit Requirements*

Any grantee expending \$750,000 or more in federal funds in a fiscal year may be subject to Single Audit Requirements in 2 CFR, Part 200, Subpart F – Audit Requirements, at [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl).

The grantees expending more than \$750,000 in state funds in a fiscal year are subject to the requirements in the Texas Single Audit Circular, at <https://comptroller.texas.gov/purchasing/docs/ugms.pdf>. The audit must be completed and the data collection and reporting package described in 2 CFR 200.512 must be submitted to the Federal Audit Clearinghouse (FAC) within 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period, whichever is earlier.

### *3.3 Requirement to Address Audit Findings*

If any audit, monitoring, investigations, review of awards, or other compliance review reveals any discrepancies, inadequacies, or deficiencies which are necessary to correct in order to maintain compliance with this Grant Agreement, applicable laws, regulations, or the grantee's obligations hereunder, the grantee agrees to propose and submit to TDEM a corrective action plan to correct such discrepancies or inadequacies within thirty (30) calendar days after the grantee's receipt of the findings. The grantee's corrective action plan is subject to the approval of TDEM.

The grantee understands and agrees that the grantee must make every effort to address and resolve all outstanding issues, findings, or actions identified by DOTIG, TDEM, or SAO through the corrective action plan or any other corrective plan. Failure to promptly and adequately address these findings may result in grant funds being withheld, other related requirements being imposed, or other sanctions and penalties. The grantee agrees to complete any corrective action approved by TDEM within the time period specified by TDEM and to the satisfaction of TDEM, at the sole cost of the grantee. The grantee shall provide to TDEM periodic status reports regarding the grantee's resolution of any audit, corrective action plan, or other compliance activity for which the grantee is responsible.

### *3.4 Records Retention*

- A. The grantee shall maintain appropriate audit trails to provide accountability for all expenditures of grant funds, reporting measures, and funds received from TDEM under this Grant Agreement. Audit trails maintained by the grantee will, at a minimum, identify the supporting documentation prepared by the grantee to permit an audit of its accounting systems and payment verification with respect to the expenditure of any funds awarded under this Grant Agreement.
- B. The grantee must maintain fiscal records and supporting documentation for all expenditures resulting from this Grant Agreement pursuant to 2 CFR 200.333 and state law.
  1. The grantee must retain these records and any supporting documentation for a minimum of seven (7) years from the later of the completion of this project's public objective, submission of the final expenditure report, any litigation, dispute, or audit.
  2. Records related to real property and equipment acquired with grant funds shall be retained for seven (7) years after final disposition.
  3. TDEM may direct a grantee to retain documents for longer periods of time or to transfer certain records to TDEM or federal custody when it is determined that the records possess long term

retention value.

## 4 Prohibited and Regulated Activities and Expenditures

### 4.1 Prohibited Costs

- A. Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Revenue replacement is not a permissible use of these grant funds. In accordance with Section 3.1 all record and expenditures are subject to review.
- B. Damages covered by insurance.
- C. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- D. Duplication of benefits including expenses that have been or will be reimbursed under any other federal program.
- E. Reimbursement to donors for donated items or services.
- F. Workforce bonuses other than hazard pay or overtime.
- G. Severance pay.
- H. Legal settlements.

### 4.2 Political Activities

Grant funds may not be used in connection with the following acts by agencies or individuals employed by grant funds:

- A. Unless specifically authorized to do so by federal law, grant recipients or their grantees or contractors are prohibited from using grant funds directly or indirectly for political purposes, including lobbying or advocating for legislative programs or changes; campaigning for, endorsing, contributing to, or otherwise supporting political candidates or parties; and voter registration or get-out-the-vote campaigns. Generally, organizations or entities which receive federal funds by way of grants, contracts, or cooperative agreements do not lose their rights as organizations to use their own, private, non-federal resources for “political” activities because of or as a consequence of receiving such federal funds. These recipient organizations must thus use private or other non-federal money, receipts, contributions, or dues for their political activities, and may not charge off to or be reimbursed from federal contracts or grants for the costs of such activities.
- B. Grant officials or grant funded employees may not use official authority or influence or permit the use of a program administered by the grantee agency of which the person is an officer or employee to interfere with or affect the result of an election or nomination of a candidate or to achieve any other political purpose.
- C. Grant-funded employees may not coerce, attempt to coerce, command, restrict, attempt to restrict, or prevent the payment, loan, or contribution of anything of value to a person or political organization for a political purpose.
- D. Grant funds may not be used to employ, as a regular full-time or part-time or contract employee, a person who is required by Chapter 305 of the Government Code to register as a lobbyist. Furthermore, grant funds may not be used to pay, on behalf of the agency or an officer or employee of the agency, membership dues to an organization that pays part or all of the salary of



a person who is required by Chapter 305 of the Government Code to register as a lobbyist.

- E. As applicable, the grantee and each contracting tier will comply with 31 USC § 1352, which provides that none of the funds provided under an award may be expended by the grantee to pay any person to influence, or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any Federal action concerning the award or renewal. Grantee shall file the required certification attached hereto and incorporated for all purposes as Exhibit F. Each contracting tier shall also disclose any lobbying with non-federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient.

## **5 Financial Requirements**

### *5.1 Direct Deposit*

A completed direct deposit form from the grantee must be provided to TDEM prior to receiving any payments. The direct deposit form is currently available at <https://grants.tdem.texas.gov/>.

### *5.2 Payments and Required Documentation*

Funding for this Grant Agreement is appropriated under the Coronavirus Aid, Relief, and Economic Security Act, 2020 (Public Law 116-136) enacted on March 27, 2020, as amended, to facilitate protective measures for and recovery from the public health emergency in areas affected by COVID-19, which are Presidentially-declared major disaster areas under Title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). All expenditures under this Grant Agreement must be made in accordance with this Grant Agreement and any other applicable laws, rules or regulations. Further, grantee acknowledges that all funds are subject to recapture and repayment for non-compliance pursuant to Section 5.7 below.

Payment of funds on projects may be initiated by the grantee through a Request for Reimbursement (RFR) in GMS.

Grantee may initiate an Advance of Funds Request (AFR) through GMS for an initial cash advance to cover actual costs incurred or up to 20% of their total allocation, whichever is larger.

Additional advances or reimbursement requests may be requested following full reporting to TDEM of expenses incurred and applied against the initial and/or any subsequent advance payments.

If sufficient progress is not made towards expenditure of advanced funds and/or the grantee fails to meet financial reporting obligations, TDEM may implement sanctions as necessary up to and including grant termination.

All documentation for expenditures paid during the project period must be submitted to TDEM on or before the grant liquidation date.

### *5.3 Financial Reporting*

Financial reports must be submitted to TDEM on a quarterly basis via GMS but can be submitted more often as necessary to draw down funds.

The final financial report must be submitted to TDEM on or before the grant liquidation date or the grant funds may lapse and TDEM will provide them as grants to other eligible jurisdictions.

#### *5.4 Reimbursements*

TDEM will be obligated to reimburse the grantee for the expenditure of actual and allowable allocable costs incurred and paid by the grantee pursuant to this Grant Agreement. TDEM is not obligated to pay unauthorized costs or to reimburse expenses that were incurred by the grantee prior to the commencement or after the termination of this Grant Agreement.

#### *5.5 Refunds and Deductions*

If TDEM determines that the grantee has been overpaid any grant funds under this Grant Agreement, including payments made inadvertently or payments made but later determined to not be actual and allowable allocable costs, the grantee shall return to TDEM the amount identified by TDEM as an overpayment. The grantee shall refund any overpayment to TDEM within thirty (30) calendar days of the receipt of the notice of the overpayment from TDEM unless an alternate payment plan is specified by TDEM. Refunds may be remitted to: Texas Division of Emergency Management, P.O. Box 15467, Austin, Texas 78761.

#### *5.6 Recapture of Funds*

The discretionary right of TDEM to terminate for convenience under Section 1.13 notwithstanding, TDEM shall have the right to terminate the Grant Agreement and to recapture, and be reimbursed for any payments made by TDEM: (i) that are not allowed under applicable laws, rules, and regulations; or (ii) that are otherwise inconsistent with this Grant Agreement, including any unapproved expenditures.

#### *5.7 Liquidation Period*

Grant funds will liquidate 90 calendar days following the project period end date or on December 30, 2020, whichever is earlier. Funds not obligated by the end of the grant period and not expended by the liquidation date will revert to TDEM.

#### *5.8 Project Close Out*

TDEM will close-out the grant award when it determines that all applicable administrative actions and all required work of the grant have been completed by the grantee.

The grantee must submit all financial, performance, and other reports as required by the terms and conditions of the grant award.

The grantee must promptly refund any balances of unobligated cash that TDEM paid in advance or paid and that are not authorized to be retained by the grantee for use in other projects.

**[EXHIBITS AND SIGNATURE PAGE FOLLOWS]**