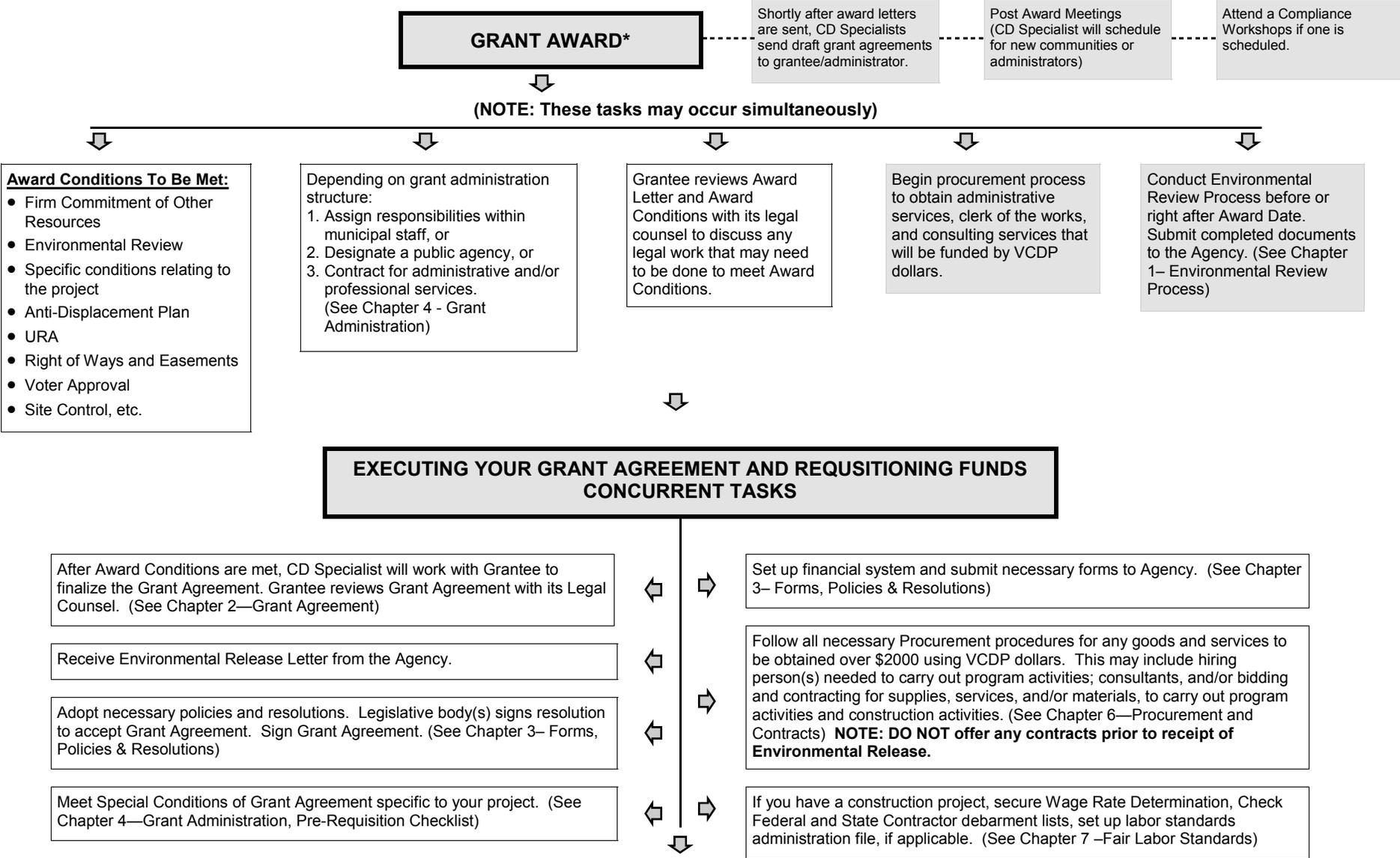


# VCDP Grants Management Process Flow Chart

NOTE: All tasks are grantee's responsibility unless otherwise specified.



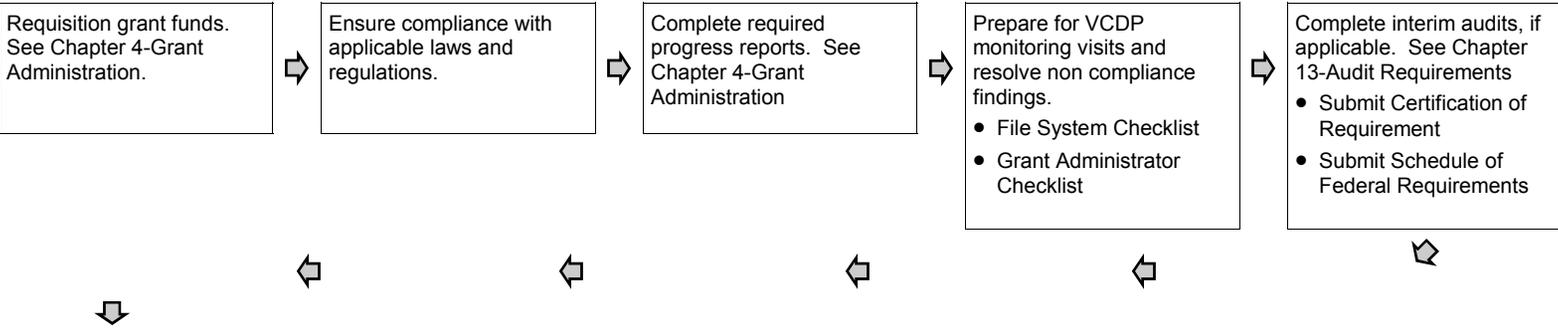
\* The Award Letter conditionally offers VCDP grant funds. This money is spent at your own risk and can only be reimbursed after the Grant Agreement is fully executed.

# VCDP Grants Management Process Flow Chart

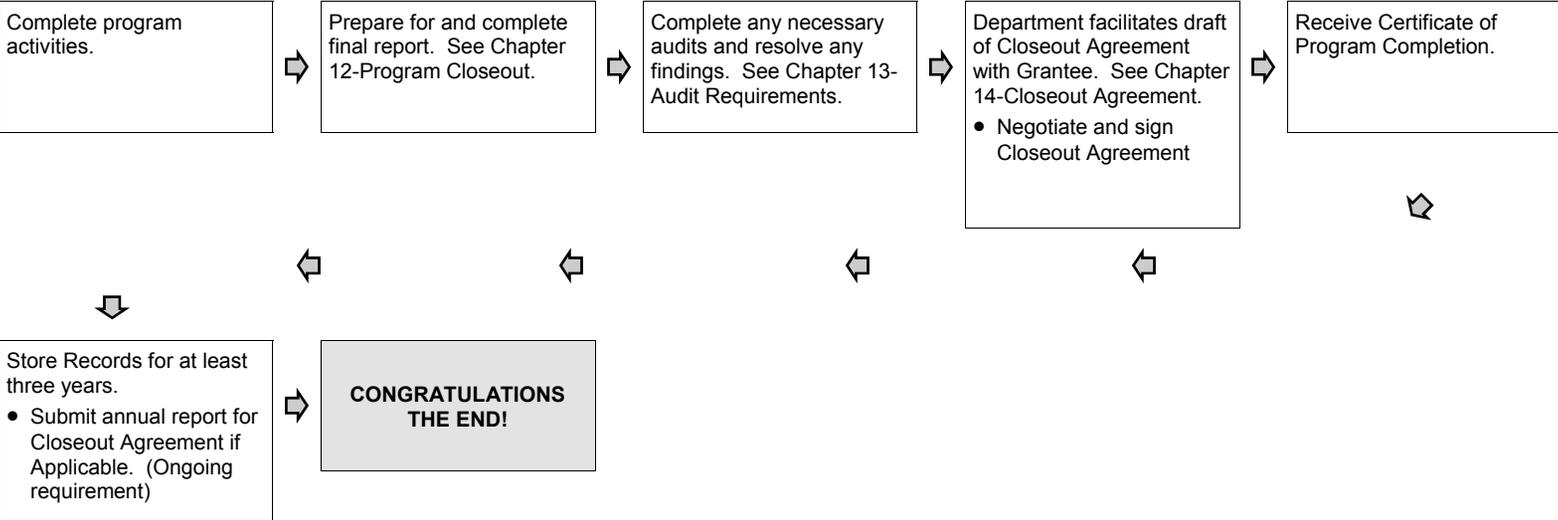
NOTE: All tasks are grantee's responsibility unless otherwise specified.

**IMPORTANT NOTICE:** Program funds for all the tasks outlined below can only be obligated, expended or requisitioned provided all tasks shown on the prior page have been completed successfully.

**THESE STEPS IN THE PROCESS REPEAT AS OFTEN AS NECESSARY**



**THE FOLLOWING STEPS IN THE PROCESS DO NOT REPEAT**



# **Award Conditions and Executing Grant Agreements**

## **Meeting Your Grant Award Conditions & Getting Organized**

Congratulations! Your municipality (or a municipality that has retained your services) has successfully submitted an application for funds to the Vermont Community Development Program (VCDP) and has received a grant award from the Agency of Commerce and Community Development (the Agency). A lot of hard work has gone into the process and has been rewarded. But, now there is more work to do.

### **Letter of Award and Award Conditions**

Attached to the official award letter is a listing of award conditions.

The first Award Condition states that “the Agency will automatically terminate this Award if the Applicant has not met the Award Conditions below by (a specific date) and has not requested to appear before the CD (Community Development) Board to seek an Award Renewal recommendation to the Secretary.” The date set forth in that sentence is your deadline for submitting all the documents necessary to satisfy the Award Conditions. If you meet the deadline, the Agency will proceed to prepare and offer a Grant Agreement.

**Note:** If the deadline set forth in the Award Conditions is not met for a Planning or Accessibility Modification Grant, then the Grantee must submit a written explanation and request for an Award Renewal to the Agency. The request will be acted upon without an appearance by the Grantee before the CD Board.

If, however, you fail to meet the deadline, you will have the opportunity to present your case for an Award Renewal – in effect an extension of the deadline. In acting upon requests for Award Renewals, the CD Board will expect you to describe the circumstances or conditions that made the original deadline unattainable. These will have to be unforeseen events beyond the control of the parties involved in the project. If the project faces a legal challenge, and this is the only delay, the Award will be renewed automatically. If the CD Board decides to grant an Award Renewal, then a new deadline will be established. New award conditions may also be imposed. If the Award is not renewed, then it will be terminated.

Please keep in mind that the sooner you submit the documents necessary to satisfy the Award Conditions, the sooner the Agency can prepare and offer a Grant Agreement. Since a Grant Agreement must be executed before VCDP funds can be requisitioned, it is in your interest to meet the Award Conditions as soon as possible.

### **Reimbursement For Eligible Costs**

Upon receipt of a Grant Award letter, you can incur costs for the tasks associated with General Administration and Program Management. All of the work necessary to meet the Award Conditions falls into one of these categories of

**Award Condition  
Deadline**

**Award Renewal  
– justification to  
CD Board**

**Grant  
Agreement must  
be executed  
before VCDP  
funds  
requisitioned**

cost. In order to eventually receive reimbursement from VCDP funds for these costs, it is important to keep the following items in mind.

If you are an employee of the municipality that has received the Grant Award (the Grantee), you will need to record the time you devote to the work associated with meeting the Award Conditions. This is accomplished by maintaining a timesheet (see *Chapter 4-Grant Administration*). This is especially important if your work related to the Grant is only one of several functions that you perform. The requirement for maintaining a timesheet applies to all municipal employees who perform work related to the Grant. It will be necessary to maintain timesheets even if the work related to the Grant is a so-called in-kind contribution. The reason for this is that the value of in-kind contributions has to be documented.

**Note:** Your Award Conditions include the following language:

In the event VCDP funds are needed prior to their availability due to VCDP requirements or conditions, the Grantee and/or one of the project parties must seek bridge financing to meet any expenses that cannot be delayed. The expenditure of bridge financing must be in compliance with VCDP requirements, most notably the environmental review process.

For some VCDP funded projects, it may be necessary for certain elements of the project, such as property acquisition or construction, to move forward before all of the award conditions are met and a Grant Agreement is executed. In such cases the municipality or beneficiary organization may obtain bridge financing to allow a project to begin.

The use of bridge financing, however, to pay these costs does not eliminate the need for compliance with VCDP requirements. Most notably, you must complete the Environmental Review process and obtain a Notice of Release of Funds prior to initiating any activities for which you intend to seek reimbursement. Failure to meet this requirement could jeopardize your entire VCDP grant. Other important VCDP requirements apply as well such as competitive procurement, Davis-Bacon wage rates and the Uniform Relocation Act. If you have a need to use bridge financing for a portion of the costs of your project, it is advisable to consult with your Community Development Specialist.

If a Grantee does not meet all Award Conditions, the VCDP will not reimburse any costs paid for with bridge financing except those costs directly related to attempting to meet the Award Conditions (see **Method of Reimbursement for Eligible Costs** on the following page).

### **Resolution to Designate a Public Agency**

If the municipality wishes to have a public agency or organization serve as the Grant Administrator, then the municipality must adopt a “Resolution To Designate A Public Agency” (See *Chapter 4-Grant Administration*). Once the resolution is adopted, the public agency and the municipality must negotiate a contract that establishes the scope of the work to be performed and the amount and methods of compensation. A “Sample Contract for Administrative Services and Program Management” can be found in *Chapter 4-Grant Administration*. Once a contract

**Administrative staff must maintain timesheets**

**Bridge Financing – must receive environmental release**

**Resolution to Designate a Public Agency “Form PM-4”**

is executed, the employees of a public agency that perform work under the terms of that contract should maintain whatever timesheets required by the public agency, but at a minimum must track all hours worked, not just VCDP related work.

### **Procurement Standards**

If the municipality wishes to retain a private consultant to perform the administrative work associated with the Grant, then the municipality must comply with certain procurement standards that apply to the VCDP. These standards are described in detail in *Chapter 6-Procurement and Contracts* and in general, they are intended to provide for full and open competition in the procurement of all services funded in whole or in part with VCDP funds. In most cases this means that the municipality must issue a publicly advertised “Request for Proposals” (RFP) in order to select a particular consultant to perform the required services. Once the municipality has gone through a competitive process, the municipality and the selected consultant will need to execute a contract that can be based upon the sample referred to above.

In order to meet certain Award Conditions, it may be necessary to obtain documents and information prepared by professionals and consultants such as lawyers, architects, engineers and appraisers. In order to receive reimbursement with VCDP funds for these services, the municipality must comply with the procurement standards referenced above. An exception to this is a professional that has been retained by the municipality on a long-term and regular basis to perform services. The most common example is a lawyer in private practice that is designated as the municipality’s attorney.

**Note:** Procurement requirements apply to contracts for professional or personal services; the purchase of equipment or materials; and to contracts for construction, rehabilitation or demolition activities. Please refer to Chapters 6 and 7 for detailed guidance regarding compliance with procurement and related requirements.

### **Method of Reimbursement for Eligible Costs**

As mentioned above, once a municipality has met the Award Conditions, the Agency will prepare and offer a Grant Agreement. Once the Grant Agreement is executed by both parties, the municipality (Grantee) will typically have additional Grant Agreement conditions that will need to be satisfied before it can requisition VCDP funds. In addition it will be necessary to establish a financial management system. These and related requirements are described in detail in *Chapters 2-4*. Only after these requirements have been met will the Grantee be able to requisition funds for the reimbursement of eligible expenses. Several months may elapse from the time that the expenses are incurred to the time that a requisition is approved, so the Grantee will need to plan accordingly.

If a Grant Award to a municipality is terminated by the Agency because the municipality fails to meet a deadline for satisfying Award Conditions, the municipality can still receive reimbursement for eligible expenses. To receive

**Execute contracts for Administrative and Program Management Services**

**Use of private consultant requires competitive procurement process**

**See further details at Chapters 6 & 7**

**Financial Management System must be in place prior to requisitioning VCDP funds**

reimbursement, the municipality must submit invoices and related documentation to the Agency for approval.

### **Limitations on Reimbursement**

It is important to keep in mind that reimbursement for eligible expenses for General Administration and Program Management that are incurred prior to the execution of a Grant Agreement will be made only if VCDP funds have, in fact, been budgeted for these activities. Furthermore, reimbursement will be made only in the same proportion to which VCDP funds represent the proportion of total funds budgeted for these purposes. For example, if the total budget for General Administration is \$10,000 and VCDP funds represent \$4,000 of this amount, then only 40% of the eligible expense incurred prior to the execution of a Grant Agreement will be reimbursed.

### **Legal Advice**

Many of the documents that must be submitted to meet your Award Conditions will need to be prepared or reviewed by municipal legal counsel. You should provide counsel with a copy of your Award Letter and Award Conditions. It is also advisable to meet with counsel to review these documents and discuss the legal work that will need to be performed to meet the Award Conditions.

### **Meeting Your Award Conditions**

Once a municipality has received a VCDP Grant Award and has formally established responsibility for the administrative tasks associated with the grant, then work can begin on meeting the Award Conditions. Each of the Conditions that may apply to your Grant Award is presented and guidance given with respect to meeting that Condition. Please note that if you have questions regarding a particular Condition or require additional guidance with respect to meeting the Condition, you should contact your Community Development Specialist.

#### ***Award Condition: Evidence of capacity to manage the project including the Program Management and the General Administration responsibilities.***

This Condition is imposed in those cases where a municipality applying for a VCDP Grant did not clearly demonstrate that it possessed the capacity (or had a plan to procure the capacity) to perform the tasks associated with General Administration and Program Management or has a performance record in the administration and management of previous grants that led to the Agency issuing a sanction letter. The most common reason for the Agency to impose this Award Condition is the fact that the entities responsible for these functions were not identified in the VCDP application.

To meet this condition the municipality must submit documentation that it is able to retain the services of capable and competent organizations and/or individuals to perform the necessary services. What the Agency needs depends on who will be responsible for these functions. If the entity and/or individual has a prior positive track record, the municipality can simply provide the name of the entity

**Pro-rata share of expenditures eligible prior to execution of Grant Agreement**

**Obtain Attorney input early in the process**

**MEETING AWARD CONDITIONS**

**Administrative Capacity**

**See Sample Contract for Administrative Services and Program Management (GMG, Chapter 4 – 6)**

and/or individual. If the entity and/or individual has no prior VCDP administrative experience, then more information is necessary. This can be in the form of resumes for the individuals who will be employed or retained along with a scope of services or work plan for the required tasks. If the municipality has a prior negative VCDP administrative record, the Agency will need evidence that the previous problems have been or will be corrected prior to the offer of Grant Agreement. Please keep in mind that this documentation should be submitted and reviewed by the Agency prior to executing any contracts for personal services.

**Award Condition: *Documentation that the Environmental Review has been completed, including Section 106 Review, by submitting the appropriate environmental forms to the Department.***

An Environmental Review process is required for all VCDP Grants. It is now the policy of the Agency to require that this process be completed prior to offering a Grant Agreement. Section 106 Review is part of the Environmental Review. Section 106 of the National Historic Preservation Act requires that historic and archeological resources be considered in the implementation of federally funded projects. It applies to VCDP projects because they are federally funded. Applicants for VCDP funds are strongly urged, but not required, to begin the Section 106 review process prior to the submission of an application. The reason for this is that the review may determine that additional consultation will be needed for a project that impacts or potentially impacts historic or archeological resources. If such is the case, the cost of these consultations should be included in the project budget. Further guidance on Section 106 Review and advice on meeting this condition can be found in *Appendix C of the VCDP Application Guide – Instructions and Appendices*.

The requirements of the Environmental Review process are covered in detail in *Chapter 1 of the VCDP Grants Management Guide*. Questions regarding the Environmental Review process including historic preservation and archaeological reviews should be directed to Ray Marzbani at (802) 828-5226 or [Ray.Marzbani@state.vt.us](mailto:Ray.Marzbani@state.vt.us). Please note that if the completion of the environmental review process requires in-depth analyses and/or consultations, then the Agency can offer a Grant Agreement prior to the completion of the process so as to facilitate reimbursement for eligible costs.

**Note:** Your Award Conditions may include the following language:

If the project comes in over budget due to costs for archaeological studies beyond the Phase I level, the Agency will enhance the Award Amount in the amount determined by the Division of Historic Preservation as appropriate. This would include Phase II and/or Phase III archeological studies justified pursuant to federal historic preservation regulations and standards and VT SHPO guidelines. This increase only can occur if the Award Amount is not already at the maximum amount allowed.

This is closely related to the Section 106 Review and applies to projects that impact archeological resources. For most such projects a so-called Phase I

**Environmental Review**

**See Forms**  
(GMG, Chapter 1)

**Environmental Officer – Ray Marzbani 828-5226**

**Beyond Phase I Archaeology – may be eligible for an enhancement**

archeological study is all that will be required to meet the requirements of Section 106, with the issuance of an End of Fieldwork letter. It is possible, however, that a Phase I study will result in a determination that further investigations (Phase II and III) are needed in order to assess the potential impact of the project on archeological resources. If this is the case, the VCDP Award will be increased to cover these costs provided the Award is not already at the maximum amount allowed. If it is at the maximum, the Grantee will need to secure the necessary funds to pay for the Phase II and/or III studies.

**Award Condition: A copy of the cover page of a completed *Historic Preservation Certification Application, Part 1 - Evaluation of Significance (OMB approved No. 1024-009, Form 10-168)* date stamped, as received by the Vermont Division for Historic Preservation. If applicable, a copy of the State of Vermont or National Park Service notification that the building or buildings are individually listed in the National Register of Historic Places can be substituted for the cover page.**

This condition applies to projects that use Rehabilitation Investment Tax Credits (RITC's) as a means of financing the rehabilitation of a property listed on or eligible for the National Register of Historic Places. Such projects are subject to the approval of plans and specifications by the National Park Service. The submission of Part 1 (Evaluation of Significance) of the Historic Preservation Certification Application is the first step in the approval process.

**Award Condition: Copy of the applicant's *Anti-displacement Plan (ADP)***

Section 12.4.1 of the Agency Procedures for the VCDP states that: "Each grantee receiving VCDP funds must adopt, make public and certify to the Agency that it is following a residential anti-displacement and relocation assistance plan." This requirement derives from Section 104(d) of the federal Housing and Community Development Act of 1974 and the Uniform Relocation and Real Property Policies Act of 1970 (URA). Please note that this requirement applies regardless of whether or not the VCDP funded activities will result in displacement and/or relocation, and it applies to each municipality participating as a Consortium Member. A model ADP can be found in *Appendix G of the VCDP Application Guide and Instructions and Chapter 5-Displacement and Relocation*). The plan must be adopted by the Legislative Body of the municipality.

**Note:** If a valid ADP is on file with the VCDP, another one will not be requested, if adopted within past ten (10) years.

**Award Condition: *Documentation that the relocation elements necessary to assure compliance with the URA are in place.***

This Condition applies to projects involving the acquisition of real property, the potential displacement of persons, and/or the relocation of persons (either permanently or temporarily). The requirements of the URA are discussed in detail in *Chapter 5-Displacement and Relocation*. In addition, you will need a copy of *HUD Handbook 1378 (Tenant Assistance, Relocation, and Real Property Acquisition)*, which is available from the Department. The documentation that

Use of  
Rehabilitation  
Tax Credits

Uniform  
Relocation and  
Real Property  
Act (URA)

See Sample  
Anti-  
Displacement  
Plan  
(GMG, Chapter 5 - 19)

URA – relocation  
requirements

you must submit to meet this Award Condition includes: copies of the appraisals of any properties to be acquired; copies of the appropriate notices to the owners of any properties to be acquired; and copies of the appropriate notices to the occupants of any properties to be acquired. Compliance with the URA is complex and demanding. If some or all of this material was submitted with the application, simply alert the Department. You do not need to resubmit materials. Be sure to consult with your Community Development Specialist if you have any questions.

**Award Condition: *Documentation that all necessary rights-of-way and easements have been secured.***

Any rights-of-way or easements that are necessary for the accomplishment of the funded activities that were not secured at the time of submission of the VCDP Grant Application must now be secured. You will probably need to use the services of an attorney to prepare the necessary documents and insure that they are properly executed. Keep in mind that sometimes the execution of a right-of-way or easement by a corporate entity can take several months to obtain because of the need for review and approval by corporate counsel. The same is often true of rights-of-way and easements from government agencies. Do not wait until the last minute to secure any needed rights-of-way or easements.

**Award Condition: *Evidence of commitment of all Other Resources.***

This condition and the two conditions that follow relate to the funding for the project. VCDP funded projects typically involve multiple sources of public and private funding. In the nomenclature of the VCDP, these funds are known as Other Resources. This award condition applies to those Other Resources for which an applicant has not secured a firm commitment at the time a VCDP Grant Award is made or for those where the continued commitment may be questionable. The evidence of the commitment is different for different sources of funds. For most grants and/or loans from governmental entities or foundations, the evidence is usually an award letter with one or more attachments that describe the terms and conditions of the award. For municipal funds the evidence of commitment is usually a letter from the treasurer that states the amount of funds being contributed and describes the source and authority for those funds. For bank loans the documentation is usually a loan commitment letter that sets forth the terms and conditions of the loan. For projects involving funds raised through capital campaigns, a letter that states the amount of cash received signed by an accountant or the treasurer for the campaign is acceptable evidence. Amounts of money that have only been pledged do not constitute a commitment.

Please keep in mind that a letter of interest or a letter stating that funds are available is not a firm commitment. In most cases a firm commitment is obtained only after a formal application has been submitted to the funding source. If you are uncertain as to what constitutes evidence of a firm commitment for one or more of your funding sources, be sure to consult with your Community Development Specialist.

**Note:** Your Award Conditions will include the following language:

**Rights-of-way and easements must be secured**

**Documentation of commitment of all Other Resources**

If the project's non-general administration budget comes in under budget, a proportion of the unused portion of the total budget (VCDP dollars and Other Resources dollars), shall be returned to the Agency. This proportion will be based on VCDP's share of the total financing package;

and this language:

If the project's general administration budget comes in under budget, the unused portion shall be returned to the Agency. The expenditure of VCDP funds for General Administration relative to the expenditure of Other Resources for General Administration must be maintained at the ratio as derived from the budget in the Grant Agreement. The unused VCDP funds budgeted for General Administration cannot be used for other activities in the Grant Agreement.

These clauses will appear as conditions of your Grant Agreement when it is offered. You need to be aware of them from the outset so that you can plan and manage your project budget accordingly. The impact of these clauses is that if you are "over" budget for either your non-general administration costs or your general administration costs you may find yourself in the position of having to return VCDP funds to the Agency. In addition, as you spend down funds it will be necessary to maintain proportionality.

**Award Condition: *Voter approval for funding and/or site control has been secured.***

This condition applies to projects that either involve municipal funds (usually a bond) that must be approved by the voters and/or require voter approval for site acquisition (generally speaking municipalities cannot acquire property without voter approval). You will need to plan ahead to meet this award condition. Votes of this type have very specific warning requirements and often require the preparation of other legal documents. In addition, the results of the vote are unpredictable, and the law usually allows for petitions for a revote.

**Award Condition: *No funds will be released by the Department until the municipality successfully completed all the closeout tasks under Planning Grant <Grant #>.***

If a Grant Award is made for a project that was planned and developed in whole or in part with assistance from a VCDP Planning Grant, then that Planning Grant must close out before a Grant Agreement will be offered. Successfully closing out the Planning Grant means that all elements of the study or analysis or plan that were funded must be completed and all close out documentation required by the Agency must be submitted and found satisfactory for staff to initiate a review.

### **Record Keeping Overview**

Your records are the documentation of compliance with the Grant Agreement and all applicable laws, regulations and procedures. Without records, there is no way to report on the progress of the grant accurately. Department staff will rely on your records when monitoring, and your auditor will also need your records as part of the audit fieldwork.

**Under expenditure of non-general administration budget**

**Return to Agency unused portion of General Administration funds**

**Voter Approval for municipal acquisitions and site control**

**Project-Specific Planning Grants must be completed**

**Documentation of compliance critical to ensure successful grant administration**

The requirement to establish and maintain good records actually begins the moment you send in a letter of intent and continues for at least three years after the Agency issues you the Certificate of Program Completion. If there is litigation, audit findings, or unmet benefit, the beginning of the three-year period occurs when those issues are settled. A separate set of records must be maintained for each and every VCDP grant.

It is important to get things in writing from everyone, including the Department staff and to keep and file all correspondence and documents received from or sent to the Department. If documentation is required to support compliance, make sure you have it before taking any action.

If record keeping is a responsibility of your grant administrator, it is still the municipality's responsibility to be certain the administrator maintains adequate documentation. A complete set of records must be maintained, preferably in one location. The complete set may be either in the municipal files or the grant administrator's files, but some records, such as Selectboard minutes should be duplicated for municipal records as well as grant records. Upon receipt of the Certificate of Program Completion, all records should become the possession of the grantee.

**Documentation must be maintained for 3 years from the completion of the grant**

**Records Maintenance**

## **EXECUTING YOUR GRANT AGREEMENT & GETTING STARTED**

### **Introduction**

Once you have met all of your Award Conditions, the Agency will offer a proposed Grant Agreement to your municipality. As discussed below and in Chapter 2 of the GMG, the Grant Agreement is a legal and binding agreement between the municipality and the State of Vermont. Upon execution of the Grant Agreement you will begin to focus your attention on the actual implementation of the funded activities. However, your Grant Agreement will contain a number of Special Conditions that you will need to meet before you can receive funds from the Agency for reimbursement of the costs associated with these activities. In addition you will need to establish an account into which these funds will be deposited for disbursement. Finally, depending upon the nature of the funding activities you will need to give attention to policies and procedures related to construction contracts, procurement, relocation and documentation of benefit. The purpose of this Section of the Guide is to provide you with guidance and direction with respect to each of these tasks and to insure that you carry out your funded activities in accordance with your Grant Agreement

### **Your Grant Agreement**

The Grant Agreement is the legal and binding agreement that is entered into between the municipality, referred to as the Grantee, and the state of Vermont via the Agency of Commerce and Community Development (ACCD). The Grant Agreement sets forth the Grantee's responsibilities in accomplishing the activities funded with the VCDP grant funds.

The Grant Agreement is made up of the Standard Provisions and six Attachments (A-F). See Chapter 2 pages 2-3 for complete descriptions of all the sections of the Grant Agreement. It is important to note that no funds can be requisitioned for your project until the Grant Agreement is executed. In fact, Attachment A of the Grant Agreement will likely include conditions that will need to be met before the first (and sometimes second) requisition can be processed.

### **Executing Your Grant Agreement**

#### **Resolution to Accept the Grant Agreement**

The Legislative Body has to adopt a resolution in which it agrees to accept the Grant Agreement when it is offered, and to comply with the rules and regulations of the program. These forms appear in *Chapter 3-Forms and Policies*. This is the first formal action to be taken once the Grant Agreement is offered. It is a good idea to alert the Legislative Body that this will be presented at a regularly scheduled meeting. It is also advisable to have your legal counsel review the Grant Agreement prior to acceptance by the Legislative Body.

**Grant Agreement**

**See Grant Agreement Resolution "PM-1" "PM-2 & 3 for Consortium**

## Meeting Your Special Conditions

### Other Resources

One of the Special Conditions listed in Attachment A of the Grant Agreement requires that, prior to the first requisition of VCDP grant funds, the grantee provide evidence of the firm commitment of funds being provided to the project by other resources. Since the evidence of commitment of other funding resources was also required as a grant award condition prior to the offer of the Grant Agreement, it is most likely the case that no further evidence will be needed. However, if there has been a significant lapse of time between the Grant Agreement offer and the first requisition of funds, generally one year or longer, VCDP will require that the other resources funding commitments be re-verified. Also, if the evidence of other resource funding provided prior to Grant Agreement offer included commitment expiration dates that have passed, new documentation will be required by VCDP.

### Administrative Services and Program Management Contracts

If a municipality chooses to have a public agency or a private consultant serve as the Grant Administrator then the Grant Agreement will require the municipality to enter into a contract with the agency or private consultant. The contract establishes the scope of work to be performed and the amount and methods of compensation. A “Sample Contract for Administrative Services and Program Management” can be found in *Chapter 4-Grant Administration*. The Grant Agreement will require that of a copy of the executed contract be submitted prior to the first requisition of funds for Administrative Services.

**See sample contract for “Administrative Services and Program Management”**

Many VCDP funded projects will also require the municipality (Grantee) or a Subgrantee to retain consultant services from professionals such as architects, engineers, economic consultants, etc. These services are categorized as Program Management for purposes of the Grant Agreement. The Grant Agreement will require the Grantee or Subgrantee to enter into a contract for these services. The contract will establish the scope of work to be performed and the amount and methods of compensation. The Grant Agreement will require that copies of the executed contracts be submitted prior to the first requisition of funds for Program Management.

### Sub-Grant Agreements

A Sub-grant Agreement is required for projects where the national objective is achieved through activities in some part funded by a sub-grant of VCDP funds by the municipality. This two-party agreement sets forth the rights and obligations of both parties to the sub-grant. The Sub-grant Agreement sets forth the purpose of the sub-grant, the terms of the sub-grant, security requirements (to secure performance, rather than payment -- most commonly a mortgage), and many other important provisions. It is important to note that once the Sub-grant Agreement is executed, the Subgrantee stands in the shoes of the Grantee and therefore all requirements of federal and state law, regulations, and procedures that apply to the Grantee also apply to the Subgrantee. See the Sample Sub-grant Agreement in *Chapter 4-Grant Administration*.

**See sample contracts for “Subgrant Agreements”**

## **Loan & Security Agreements**

A Loan and Security Agreement is required for projects where the national objective is achieved through activities in some part funded by a loan of VCDP funds by municipality. This two-party agreement sets forth the rights and obligations of both parties to the loan. The Loan and Security Agreement sets forth the purpose of the loan, the terms of the loan, any prepayment requirements, security requirements (most commonly a mortgage), disbursement schedule, and many other important provisions. See the Sample Loan and Security Agreement in *Chapter 4-Grant Administration*.

**See sample contracts for “Loan Agreements”**

## **Benefit & Performance Agreements**

As a Special Condition (in Attachment A) of your Grant Agreement you may be required to submit a Benefit and Performance Agreement prior to the first requisition of funds for certain activities. A Benefit and Performance Agreement will be required for those projects where the VCDP assistance indirectly supports the activity that results in benefit. Most commonly this will be an economic development or housing project where VCDP funds are being used to fund the construction of infrastructure supporting those activities. For example, VCDP funds might be used to construct a sewer line extension to a manufacturing business that intends to expand and create 20 new jobs. In this case the funded activity (construction of the sewer line) will be accomplished by the Grantee (the municipality) but the benefit (20 new jobs) will be achieved by the business. Since there is no Subgrant Agreement or Loan & Security Agreement between the municipality and the business, the Benefit and Performance Agreement serves to establish the obligations of both the municipality and the business.

**See sample contract for “Benefit and Performance Agreement”**

## **Employment Agreements**

An Employment Agreement (also known as an Employment Agreement Hiring Guide) will be required for all VCDP funded economic development projects – projects where the benefit to be achieved is the creation of new jobs. The Employment Agreement is a three-party agreement between the Grantee, the business that is responsible for job creation and the District Office of the Department of Employment and Training (DET). The primary purpose of the Employment Agreement is to insure that, at a minimum, 51% of the jobs to be created by the assisted business are filled by or made available to, low and moderate income persons. A sample Employment Agreement can be found in *Chapter 8-Documenting Benefit*. The Employment Agreement will need to be developed by the Grantee in consultation with the business and the appropriate DET office. The assisted business will need to provide an Employment Plan as an attachment to the Agreement. The Plan will identify the number and types of all jobs, both existing and to be created, for the business.

**See sample contract for “Employment Agreement Hiring Guide”**

## **Special Agreements**

The Grant Agreement for some VCDP funded projects may include a condition that certain special agreements be executed. The form and nature of the agreement(s) will depend upon the activities being funded, the entity responsible for carrying out those activities and the benefits to be achieved. Prior to the offer of a Grant Agreement your Community Development Representative will discuss with you the

need for any special agreements and will advise you as to the form and nature of the agreement(s).

### **Opinion of Legal Counsel**

The Grant Agreement requires the Municipality to provide a opinion from its legal counsel prior to the first requisition of funds that the subgrant agreement or loan and security agreement, agreements required by these agreements, and perhaps other contracts entered into by the Municipality, are legal, valid, and binding instruments, enforceable in accordance with their terms; that such documents meet the requirements of the Grant Agreement and provide for use of the VCDP funds in compliance with the Grant Agreement; and that the subgrantee has met all conditions required under such documents which must predate the requisition. The VCDP relies on this opinion, rather than reviewing all of these documents on its own, to assure that the legal relationships are established and that rights and responsibilities are properly allocated, all in order to provide for proper performance of the activities funded with the VCDP grant funds.

### **Requisitioning Funds**

#### **Municipal Policies and Codes**

Prior to requisitioning any grant funds, federal law requires that six policies listed below are adopted by the municipal legislative body. Completion of Form MP-1 will certify to VCDP that these policies and codes have been adopted. VCDP requires that Municipal Policies and Codes that were adopted by a legislative body ten or more years earlier be re-adopted by the current legislative body and a new MP-1 be submitted. See *Chapter 3-Forms and Policies* for further information on the policies and codes.

- The Equal Employment Opportunity Policy
- The Fair Housing Policy
- The Use of Excessive Force Policy
- The Policy on the Use of VCDP Funds for Federal Lobbying
- The Code of Ethics
- The Drug-Free Workplace Act of 1988

#### **Designation of Depository and Authorized Signatures**

These two forms must be completed before you can requisition VCDP funds:

- Form FM-1: Designating of Depository
- Form FM-2: Authorized Signatures for Requisition of VCDP Funds

The forms and instructions for completing them can be found in *Chapter 3-Forms and Policies*.

#### **Fidelity Bonding**

The individual(s) authorized to sign the checks from the depository account must be bonded in the amount commensurate with the potential amount to be requisitioned.

**Attorney's  
Opinion Letter**

**See sample  
"Municipal  
Policies &  
Codes PM-1"**

**See Designation  
of Depository  
"FM-1" and  
Authorized  
Signatures for  
Requisitions  
"FM-2"**

**Fidelity Bond**

## Insuring Your Depository Account

There is a “financial management” requirement for which you may need additional preparation. Regulations require that all deposits be protected by some form of insurance. Most standard bank accounts have coverage **up to** \$100,000. If you are planning to request a drawdown greater than \$100,000, you should arrange to have the bank provide additional insurance so that the entire deposit is protected. Your requisition cannot be processed until this is done.

## Other Steps You May Need to Take

### Fair Labor Standards and Davis Bacon Wage Rates

Any housing project of more than seven units or any other construction project of more than \$2,000, where federal funds are all or part of project funding, triggers the requirements of the Davis Bacon Act, the Copeland anti-Kickback Act, and the Contract Work Hours and Safety Standards Act. These federal laws impose considerable record keeping obligations, and impose obligations on your contractors and subcontractors. Please refer to *Chapter 7-Fair Labor Standards and Davis Bacon* for detailed guidance regarding Fair Labor Standards and Davis Bacon Wage Rates to ensure that workers receive no less than the prevailing wage rate for similar work in each specific locality. The Grantee must secure the wage rates from the following website: [www.gpo.gov/davisbacon](http://www.gpo.gov/davisbacon), **before** your construction project goes out to bid.

### Uniform Relocation Act

Will real property be purchased or any business be relocated? Then the **Uniform Relocation Act** is triggered. Further information appears in *Chapter 5-Displacement and Relocation*.

### Procurement

Procurement requirements apply to contracts for professional or personal services; the purchase of equipment or materials; and to contracts for construction, rehabilitation or demolition activities. Detailed guidance regarding procurement and contracts is provided in *Chapter 6-Procurement and Contracts*.

**Note:** As part of the procurement process for contracts for construction, rehabilitation or demolition and **prior to awarding a contract**, the Grantee or Administrator must verify and document that the prime contractor and all subcontractors are not listed on the HUD debarment list by checking the following website: [HTTP://epls.arnet.gov/servlet/EPLSSearchMain/1](http://epls.arnet.gov/servlet/EPLSSearchMain/1).

In addition, the Grantee or Administrator must verify and document that the prime contractor has been certified and registered with the Vermont Secretary of State’s Office by checking the following website:

[HTTP://WWW.SEC.STATE.VT.US/SEEK/DATABASE.HTM#CORPORATIONS](http://www.sec.state.vt.us/seek/database.htm#corporations)

For additional information please contact the Grants Management Division.

**Bank  
Collateralization  
Agreement**

**Secure Davis  
Bacon Wage  
Rates**

**Debarment List**

**Registered to do  
Business in VT**

### **Documenting Benefit**

Section C (entitled National Objective) of Attachment B of your Grant Agreement establishes the benefits to be achieved by your funded activities. This is expressed as the total number of persons who will benefit and the number of beneficiaries that are low and moderate persons. *Chapter 8-Documenting Benefit* provides detailed instructions and guidance with respect to documenting benefit.

