

Appendix C Agreed Terms

The Department and NEU agree as follows:

1. Department's Role

The Department is required to allocate and distribute the Local Fiscal Recovery Fund payment received from the U.S. Department of the Treasury ("Treasury") to NEU in accordance with sections 602 and 603 of the Social Security Act, Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing.

2. NEU is prime recipient.

NEU is the prime recipient of the Coronavirus State and Local Fiscal Recovery Fund Award (the "Award") issued to NEU and is independently responsible for compliance with the Coronavirus Local Fiscal Recovery Fund Award Terms and Conditions (Appendix A). NEU is not a subrecipient.

3. Mandatory Information and Documentation

The Department may not initiate payment of an Award until receipt of the following information and documentation from NEU:

- (a) Completed and signed Agreement (which provides the local government's name; EIN/TIN; DUNS number; address, Entity's Taxpayer Identification Number; DUNS number; address; Authorized representative name, title, and email, etc.);
- (b) NEU's financial institution information (e.g., routing and account number, financial institution name and contact information; see Appendix B);
- (c) Total NEU budget (see Appendix E);
- (d) Executed Award Terms and Conditions Agreement (as provided by Treasury; see Appendix A); and,
- (e) Executed "Assurances of compliance with Title VI of the Civil Rights Act of 1964" (as provided by Treasury; see Appendix D).

Once an NEU has submitted the mandatory information and documentation, the Department will process the initial Award distribution.

4. NEU Recipient Number

The Department will assign each NEU a unique "NEU Recipient Number." This number will begin with the two-letter abbreviation for Alaska followed by four numeric digits (e.g. AK0012). NEUs should retain the NEU Recipient Number as an identifying number for the lifecycle of the program, including for reporting purposes.

5. Award Allocation; "75 percent cap"; Return of Funds

The Department is required to allocate and distribute NEU's Award payment in accordance with a formula whereby the award issued is proportional to the population of the NEU in comparison to the total population of all NEUs in the State. However, the total Award distributed may not exceed the amount equal to 75 percent of NEU's "most recent budget" as of January 27, 2020. Treasury defines "most recent budget" to mean an NEU's total annual budget, including both operating and capital expenditure budgets, in effect as of January 27, 2020. The Department may refer to the "most recent budget" as the NEU's total annual budget or reference budget.

The Department will use the documentation provided in response to Appendix E to determine whether the "75 percent cap" applies to an NEU's Award. If an NEU's total allocation is found to be more than 75 percent of the NEU's reference budget, the Department must return the amount of the allocation in excess of the NEU's reference budget to Treasury.

The Department will adopt a uniform standard consistent with Treasury's guidance in order to implement these requirements and will provide technical assistance to NEUs as needed.

6. Payment Tranches; Distribution Deadlines and Extensions

Treasury will make payments from the Local Fiscal Recovery Fund for distribution to NEUs in two tranches. The Department has 30 days to distribute these funds to NEUs, unless the Department receives an extension of the deadline from Treasury.

The Department will issue initial distributions from the First Tranche to each NEU upon receipt of all Mandatory Information and Documentation.

For any NEU that is unresponsive (i.e. the NEU has neither requested funding nor declined allocation), the Department may issue a subsequent distribution of the funds that had been allocated to such non-responsive NEUs among the NEUs that have requested funding.

Treasury will distribute the Second tranche no earlier than 12 months after the date on which the First Tranche payment is paid to the State of Alaska.

7. Compliance with Federal Regulations; Cooperation by NEU

The Department is required to confirm that the NEU is not excluded or disqualified in compliance with 2 C.F.R. Part 180 and Treasury's implementing regulation at 31 C.F.R. Part 19, among other requirements. NEU agrees to cooperate with the Department's reasonable requests in order for the Department to carry out its role in facilitating Award distributions in accordance with federal guidelines.

8. Declined Awards

If the Department receives notification from an NEU that it would like to decline its funding allocation and transfer funds to the State under Section 603(c)(4) of the Act, Treasury will consider this action as a cancellation of the award on the part of the eligible NEU and a modification of the award to the State of Alaska. To decline an Award, the NEU must provide a signed notice to the

Department. The Department must then transmit the notice to Treasury as part of its interim report due August 31, 2021 (or as part of a subsequent report, if applicable).

If the NEU does not provide such notice, it will remain legally obligated under the award with respect to accounting for the uses of the funds and the reporting on such uses. Treasury has indicated that it will provide a standard notice form that will be required for this use; however, the standard notice is unavailable as of July 1, 2021. In the interim, NEUs are instructed to utilize the Department's prepared form, which is available upon request.

9. No Additional Conditions or Requirements

The Department may not impose additional conditions or requirements on distributions to NEUs, beyond those permitted by American Rescue Plan Act, the Interim Final Rule, and Treasury's guidance. For example, the Department may not impose stricter limitations than permitted by statute or Treasury regulations or guidance on an NEU's use of funds based on the NEU's proposed spending plan or other policies. The Department may not offset any debt owed by the NEU against the NEU's distribution or provide funding on a reimbursement basis.

10. Reporting

As prime recipients of the Award, NEUs are required to report to Treasury on the use of funds on the forms and by the dates provided by the United States Department of the Treasury. The Department will provide NEUs with the reporting guidance provided by Treasury, which is forthcoming.

The Department shall keep records and submit information on allocations and distributions to NEUs with the State of Alaska's periodic reports to Treasury.

11. Controlling Documents; New & Revised Treasury Guidance

In the event of inconsistency between these Agreed Terms and either the (a) Award Terms and Conditions (Appendix A), or (b) the American Rescue Plan Act, Interim Rule, and guidance documents issued by Treasury, as amended from time to time (collectively "Controlling Documents"), the requirements of the Controlling Documents shall supersede any requirement provided herein.

Should Treasury issue any new or revised guidance documents after the effective date of this Agreement, the Department will adjust its procedures as needed to comply with the new or revised guidance and will communicate any such changes with NEUs.

12. Ongoing Assistance

The Department is available to provide ongoing assistance to NEUs for the NEU's compliance requirements to Treasury. NEUs should review Section 603 of the Social Security Act, Treasury guidance documents (available on Treasury's website), including fact sheets and regularly updated FAQs.

Please route all inquiries regarding ARPA NEU awards to DCRA.ARPA@alaska.gov.