



LOCAL GOVERNMENT OFFICIALS CONFERENCE

Day 1 - April 13, 2022

Presentation Slides &
Handout Material for
Experienced Officer Track

OHIO AUDITOR OF STATE
KEITH FABER



FEDERAL UNIFORM GUIDANCE PROCUREMENT REQUIREMENTS & ARPA UPDATE

Slides



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Federal Uniform Guidance Procurement Requirements & ARPA Update

Local Government Officials Conference
April 13, 2022

Presented By: Marnie Fredrickson, Asst. Chief Deputy Auditor

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A Few Important Disclaimers...

- AOS must maintain independence under *Generally Accepted Government Auditing Standards*.
- This training is intended to serve as a practical reference, it is not intended to be, nor does it provide or constitute legal advice.
- Adherence to, application of, or use of this document with regard to a procurement subject to federal award funds does not guarantee the legal sufficiency of any procurement.
- Local governments should refer all legal questions concerning the sufficiency of a procurement in terms of federal procurement standards to their legal counsel.

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AOS Resources

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Uniform Guidance Act
2 CFR 200

- Subpart A, 200.XX Acronyms & Definitions
- Subpart B, 200, 1XX - General
- Subpart C, 200.2XX – Pre Award - Federal
- Subpart D, 200.3XX - Post Award - Recipients
- Subpart E, 200.4XX – Cost Principles
- Subpart F, 200.5XX – Audit
- 11 Appendices

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Relevant Statutes

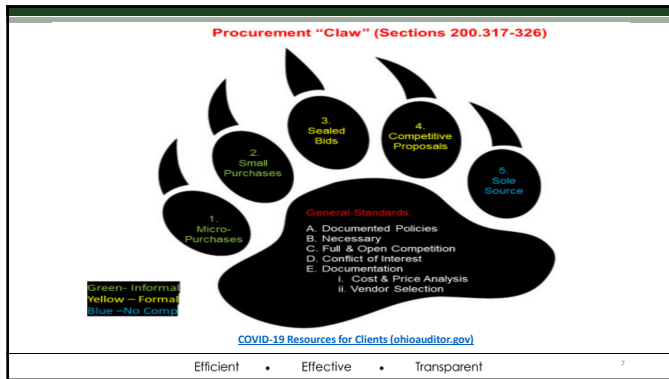
- 2 CFR §200.317 – Procurements by States
- 2 CFR §200.318 - .327 – General Procurement Requirements (*applicable to local governments*)
- 2 CFR §200 – Other Uniform Guidance Requirements, including Single Audit
- Also must comply with all applicable federal terms and conditions and state and local laws/regulations.

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2 CFR §200.318
General Procurement Standards

- a) Documented policies and procedures;
- b) Contract oversight;
- c) Written standards of conduct covering conflicts of interest;
- d) Avoid unnecessary or duplicative items (e.g., lease vs. purchase analysis);
- e) Encourages state and local intergovernmental agreements;
- f) Encourages uses of Federal surplus property instead of buying new;
- g) Encourages use of value engineering clauses;
- h) Award contracts only to responsible contractors;
- i) Maintain procurement records;
- j) Limit use of time-and-materials contracts; and
- k) Settle issues arising out of procurements

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Uniform Guidance Procurement

What does reasonable cost mean?

- A cost is reasonable if it meets the prudent person test. Considerations:
- Whether the cost is generally recognized as ordinary and necessary.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, and other laws and regulations; and terms and conditions of the federal award.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the local government, its employees, the public at large, and the federal government.
- Whether the local gov. significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

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Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.302-.318:

- **Necessary purchases** – must avoid unnecessary or duplicative purchases. To this end, a local gov. should consider the most efficient and effective approach to purchases, e.g., bulk purchasing, lease versus purchase, agreements for use of common or shared goods and services, use of federal excess and surplus property as opposed to purchasing new equipment, etc.
 - Must have documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements to support competition.

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Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318-.319:

- **Documented policies** –must document procurement procedures and policies consistent with state and local laws and regulations and conform to the Procurement rules in 2 CFR §200.317 through §200.327.
 - Procedures must ensure all solicitations clearly and accurately describe the technical requirements of the goods or services to be procured and identify all requirements that bidders must fulfill and the factors used in evaluating bids.
 - In addition, if policies include a prequalified list of persons, firms, or products used in procuring goods and services, the list should be current and include enough qualified sources for open competition.

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Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.303 & §200.319:

- **Competition** – must provide for full and open competition in procuring goods and services. This means situations must be avoided that may prevent competition, such as placing unreasonable requirements on firms to qualify noncompetitive pricing practices between firms or affiliated companies or specifying only a “brand name.”
- **Internal controls**– UG emphasizes written, effective internal controls. 2 CFR §200.303 requires each recipient establish and maintain effective internal control to provide reasonable assurance that federal awards comply with all federal regulations and terms and conditions.

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Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.302-.318:

- **Oversight** –must monitor contractors to ensure they perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
 - Examples of oversight include making sure contractors adhere to the contractual obligations regarding scope of work, invoices are accurate for the work performed, and services are delivered in a timely manner.
 - Certain contracts, as discussed later, are inherently more risky and require careful oversight.

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Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.302-.318:

- **Oversight** –
 - If a local government lacks qualified personnel within its organization to undertake such oversight as required by 2 CFR § 200.318(b), the Federal government expects the local government to acquire the necessary personnel to provide the oversight.
 - Contractors selected to perform procurement functions on behalf of the local government are subject to the Uniform Rules and are precluded from bidding on contracts they oversee.

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Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.302-.318:

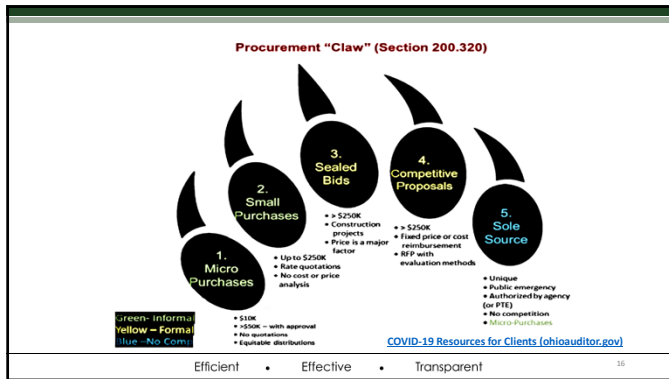
- **Conflicts of interest** –
 - Must have written policies about conduct of its employees involved in the selection, award, and administration of contracts.
 - Policies must cover both organizational and personal conflict of interest to prevent unfair or noncompetitive awards being provided.
 - Policies must prohibit participation if conflict exists.

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- **Conflicts of interest** –
 - Conflicts arise when an employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.
 - The officers, employees, and agents may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
 - Local governments may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
 - The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the local gov.

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Procurement – Informal (2 CFR §200.320(a))

Micro Purchase

- May be awarded **without** competitive rate quotes if price considered reasonable based on **documented** research, experience, purchase history, etc.
- Distributed equitably among qualified suppliers
- Purchase cards may be used with approved, written procedures

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Procurement – Informal (2 CFR §200.320(a))

Micro-Purchase Threshold \$10,000 (or \$2,000 if subject to Davis-Bacon Act)

If certain conditions are met*, with Annual Self-Certification, Increase Up to \$50,000

With Federal Cognizant Agency Approval, Increase Above \$50,000

*Must include justification, clear identification of the threshold and supporting documentation of **any** of the following:

- A qualification as low-risk auditee for most recent audit
- Annual internal institutional risk assessment to identify, mitigate, and manage financial risks, or
- For public institutions, a higher threshold consistent with state law

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Procurement – Informal (2 CFR §200.320(a))

Small Purchase

- Aggregate dollar amount greater than micro-purchase threshold, less than simplified acquisition threshold (currently \$250k).
- Must obtain **and document** price or rate quotations from adequate number of qualified sources.

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Procurement – Informal (2 CFR §200.320(a))

Simplified Acquisition Threshold (SAT)

- Determined by non-Federal entity based on internal controls, risk evaluation, and documented procurement procedures.
- Cannot exceed \$250,000 FAR threshold.
- Must perform cost or price analysis in connection with every procurement action in excess of the SAT, including contract modifications.

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Procurement – Formal (2 CFR §200.320(b))

Sealed Bids

- Publically Solicited
- Firm, fixed-price contract awarded to responsible bidder with lowest price
- Must meet requirements in 2 CFR §200.320(b)(1)
- Must **document** cost and price analysis

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Procurement – Formal (2 CFR §200.320(b))

Proposals

- Conditions not appropriate for sealed bids (generally because cost is not the only factor)
- Either fixed-price or cost-reimbursement contract awarded
- Must meet requirements in 2 CFR § 200.320(b)(2)
- Must **document** cost and price analysis.

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Uniform Guidance Procurement

What About Breaking Out Procurements?

Local govts. may break down procurements to obtain a more economical purchase or permit maximum participation by small and minority businesses, women’s business enterprises, and labor surplus area firms, when economically feasible.

However, local governments are not allowed to break down procurements in an effort to avoid the additional procurement requirements that apply to larger purchases.

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Subpart D, Procurement 2 CFR §200.318:

- **Time-and-Materials Type Contracts**– (aka: Open-ended contract price) May use **only** after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk.
 - **Definition** - contract where cost to a local government is the sum of:
 - The actual cost of materials; &
 - Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

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Uniform Guidance Procurement

Subpart D, Procurement 2 CFR §200.318:

- **Time-and-Materials Type Contracts**–
 - Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Each contract must set a ceiling price that the contractor exceeds at its own risk. Requires high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

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Subpart D, Procurement 2 CFR §200.318:

- **Intergovernmental agreements encouraged** where appropriate for procurement or use of common or shared goods and services.
 - Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.
- **Use of Federal excess and surplus property** also encouraged when feasible and reduces project costs.
- **Use of Value-Engineering clauses** in contracts for construction projects of sufficient size to offer opportunity for cost reductions.

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Subpart D, Procurement 2 CFR §200.318-.319:

- **Prohibited use of state or local geographical preferences** – Unless federal statutes specifically mandate or encourage geographical preference, must prohibit using statutorily or administratively imposed state or local geographical preferences when conducting procurements.
- **Records** –must maintain documentation to support the history of the procurement, rationale for procurement decisions and method used, contractor selection or rejection, basis for contract price, etc.
 - Due consideration should be given in a shared service/intergovernmental arrangement.

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Subpart D, Non-Competitive Procurement 2 CFR §200.320(c):

- Can **only** be used if **one or more** apply:
 1. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold;
 2. The item is available only from a single source;
 3. The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
 4. The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or
 5. After solicitation of a number of sources, competition is determined inadequate.

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Non-Procurement - Steps to Take in Emergency or Exigent Circumstance:

- Write a justification to describe the emergency or exigent circumstances.
- Provide a brief description of the goods or services: Justify the need for the specific good or service being contracted to address the emergency or exigent circumstance.
- Estimate the expected dollar amount of the goods or services: A cost or price analysis is required for all procurement transactions above \$250,000.
- Describe any known conflicts of interests and efforts made to identify possible conflicts of interests. If no efforts were made, explain why.
- Define and justify the period of emergency or exigency for the specific situation:
- Transition to a competitively bid contract as soon as the emergency or exigent period ends: Failure to plan for transition to a competitively bid contract cannot be the basis for continued use of the emergency or exigency exception.

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Non-Procurement – Additional Rules when Sole-Sourcing:

- Contracts must include the required contract clauses.
- Contract must include the federal bonding requirements if the contract is for construction or facility improvement.
- Contract must be awarded to a responsible contractor.
- Must complete a cost or price analysis to determine that the cost or price of the contract is fair and reasonable.
- Contract must not be a cost-plus-percentage-of-cost contract type.
- When using a time-and-materials contract, must comply with the applicable rules.
- Document any known conflicts of interest and any efforts that were made to identify possible conflicts of interest before the sole-sourced contract was awarded.

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Subpart D, Procurement:

- **What about Ohio Competitive Bidding Laws?**– Most restrictive laws and regulations apply. For example, if State law is more restrictive than Federal Procurement law, State law applies.
- Certain costs may be exempt from State Competitive Bidding laws but are not exempt under Federal Procurement Rules (e.g., professional services, text books, motor vehicles, fuel, cost-sharing contracts).
 - Must meet one of the exemptions under **2 CFR §200.320(c)**; these are the only exceptions to Procurement Rules.

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Subpart D, Procurement:

What about State Term Purchasing / Joint Contracting / Intergovernmental Agreements?

- Local governments are encouraged to collaborate on procurement actions for goods and services where the result will lead to cost savings.
- **However, proceed with caution** - Procurement Rules applicable to states differ from those applicable to local governments - *more on this soon!*
- Full and open competition must be maintained.
- Local governments wishing to utilize intergovernmental agreements, etc. must be able to demonstrate that the procurements complied with all applicable federal procurement under grant rules before undertaking.

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Differing State vs. Local Government Procurement Rules ...What?

- State entities will always follow the procurement standards found at 2 C.F.R §200.317, which directs them to utilize their own procurement standards, comply with applicable guidelines regarding procurement of recovered materials as set forth in 2 C.F.R. § 200.322, and include all necessary contract provisions required by 2 C.F.R. § 200.326.
- Conversely, local governments must adhere to their own procurement policies and procedures, applicable state and/or local laws, and the federal procurement under grant requirements found at 2 C.F.R. §§ 200.318-326.

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Uniform Guidance Procurement

Differing State vs. Local Government Procurement Rules ...What?

- Further, as it relates to local governments, the federal procurement under grant standards at 2 CFR § 200.319(b) prohibit the use of statutorily or administratively imposed local, state, and/or local geographic preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preferences.
- However, because the state is not subject to regulation at 2 CFR §200.319, the regulation bears no applicability to the question presented in this scenario. If Ohio law requires the State to comply with geographic preferences in Procurement, the State can allowably do so under 2 CFR §200.317.

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Procurement – Additional Uniform Rules

Ensure contractor is not suspended, debarred, or excluded on SAM.gov (2 CFR §200.214; 2 CFR §200 Part 180)

When possible, must use minority businesses, women’s business enterprises, and labor surplus area firms (2 CFR §200.321)

Buy American (2 CFR §200.322)

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Procurement – Additional Uniform Rules

Prohibition on certain telecommunications and video surveillance services or equipment (2 CFR §200.216) (e.g., Huawei Technologies Company)

Never contract with the enemy (2 CFR §200.215 & 2 CFR Part 183).

Various other contract provisions as outlined in Appendix II to 2 CFR Part 200 – these are items your statutory legal counsel should assist with.

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What about Prepositioned Contracts?

Local government must ensure –

- The contract was procured in compliance with the applicable procurement under grant rules for its entity type (state or non-state entity rules);
- The work to be performed falls within the scope of work of the prepositioned contract and the new work does not create a **cardinal change** to the prepositioned contract.
- The contract’s scope of work must adequately encompass the type and extent of future work.

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DOCUMENT!!! DOCUMENT!!! DOCUMENT!!!

- Must maintain detailed records to support the history of the Procurement, including, but not limited to, the rationale for the method of procurement, the selection of the contract type, the contractor selection or rejection, and the basis for the contract price;
- Acquisition planning information and other pre-solicitation documents;
- The statement of work/scope of services;
- A list of sources solicited;
- Copies of published notices of proposed contract action;

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DOCUMENT!!! DOCUMENT!!! DOCUMENT!!!

- Copies of the solicitation documents, as well as any addenda or amendments;
- The notice to unsuccessful bidders or offers and a record of any debriefing;
- A record of protests, disputes and claims;
- Copies of bid, performance, payment, and other bond documents;
- The notice to proceed; and
- Steps taken to comply with the affirmative socioeconomic steps required by 2 CFR § 200.321.

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What happens if the Federal Procurement Rules are not followed?


Treasury has authority to take any of the remedies outlined in 2 CFR §200.339, including:

- Temporarily withhold cash payments until the deficiency is corrected;
- Disallow, or deny the use of, the grant funds or any matching credit for all or part of the activity that is deficient;
- Suspend or terminate the federal grant award;
- Initiate suspension or debarment proceedings;
- Withhold any further federal awards for the project or program; or
- Take other remedies that may be legally available.

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Resources

Full Uniform Guidance Text
www.ecfr.gov



Auditor of State - Refer to COVID-19 Resources
www.ohioauditor.gov

US Department of the Treasury
home.treasury.gov

System for Award Management (SAM) Suspended/Debarred Parties Search
SAM.gov | [Exclusions](#)

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Resources

Federal Procurement Bear Claw Info. Graphic
[Procurement Claw.pdf \(ohioauditor.gov\)](#)

Federal Emergency Management Procurement Resources
[Contracting with Federal Funds for Goods and Services Before, During and After Disasters | FEMA.gov](#)

Environmental Protection Agency's Procurement for Drinking Water and Wastewater Utilities
[Prepare for Funding: Develop Emergency Procurement Policies and Procedures for Drinking Water or Wastewater Utilities | US EPA](#)


Environmental Protection Agency's Comprehensive Procurement Guideline
[Comprehensive Procurement Guideline \(CPG\) Program | US EPA](#)

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Questions?

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Contact
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Social: [@OhioAuditor](#)



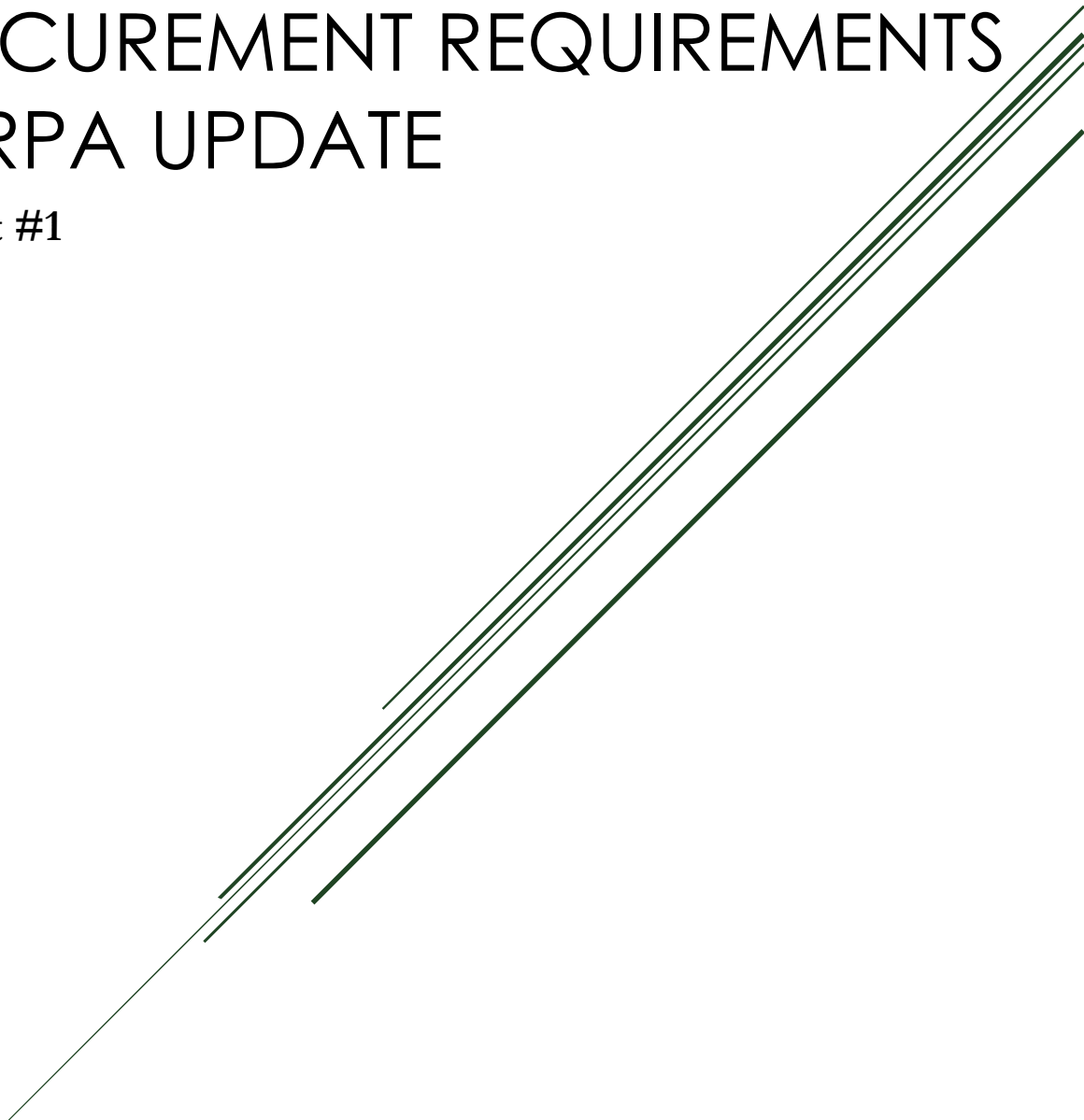
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Handout #1





Top 10 Procurement under Grants Mistakes

- 1**
Restricting **full & open** competition 
- 2**
Not performing detailed **price or cost analysis** for procurements above \$250,000 
- 3**
Engaging in a **sole-sourcing** procurement without documenting emergency or exigent situation 
- 4**
Continuing work under a sole-source contract **after the urgent need has ended** 
- 5**
Not making and documenting efforts to take **all "affirmative steps"** 
- 6**
Awarding a **"time-and-materials"** contract without a **ceiling price** and **documenting why no other contract type is suitable** 
- 7**
Not including the **required contract clauses** 
- 8**
Awarding a **"cost-plus-percentage-of-cost"** or **"percentage-of-construction-cost"** contract 
- 9**
Awarding a contract to **contractors that are suspended or debarred** 
- 10**
Not **documenting all steps of a procurement** to answer questions that could arise months or years later 

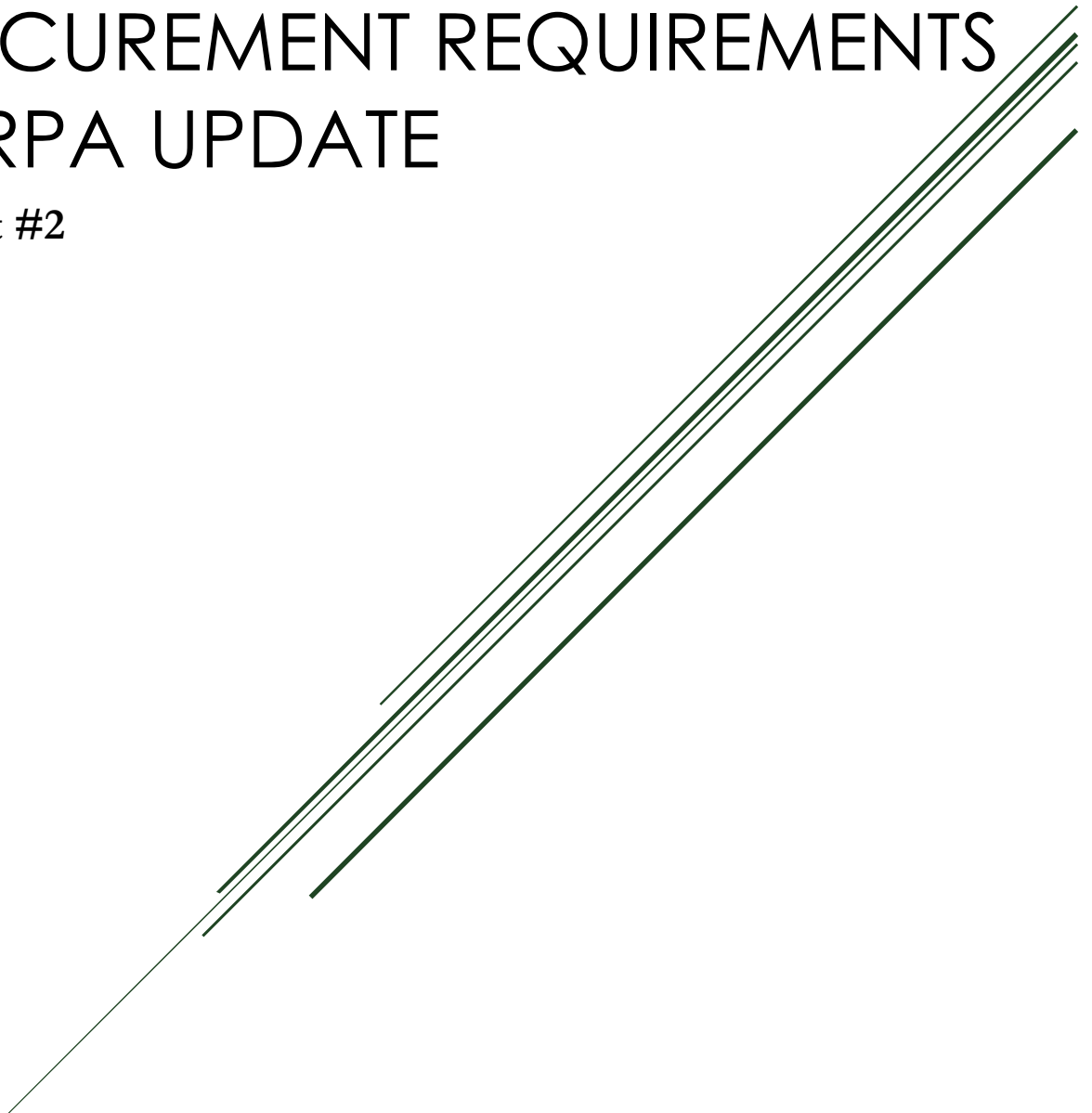
Avoiding these
obstacles can speed up
your road to recovery

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Handout #2





Key Points for Non-State Entities on How to Avoid the Top 10 Procurement Under Grant Mistakes

In the aftermath of a presidentially-declared disaster, FEMA provides grant funding to local and tribal governments, institutions of higher education, hospitals, and certain private non-profit (“PNP”) entities (collectively, “non-state entities”) to assist them with recovering from the event.

Non-state entities must comply with the federal procurement standards to ensure their procurements are eligible for federal grant funding. These standards are found in Title 2 of the Code of Federal Regulations (“CFR”), sections 200.318 through 200.326 and apply to presidential declarations issued on or after December 26, 2014.

Below is a list of the top 10 mistakes non-state entities make when trying to comply with the requirements of 2 C.F.R. §§ 200.318-200.326.

This document will help to give a better understanding of these top 10 mistakes and how best to avoid making them.

1. Restricting Full and Open Competition

The Uniform Rules require that all procurement transactions be conducted in a manner that provides full and open competition. This means that a complete requirement (scope of work required) is publicly solicited and all responsible sources that are interested in doing so are permitted to compete.

To make sure that there is full and open competition:

- Don’t place unreasonable requirements on firms, require unnecessary experience, or specify only a “brand name” product.
- Don’t use of state, local, or tribal geographical preferences in the evaluation of bids or proposals.
- Don’t allow contractors that develop or draft specifications, requirements, statements of work, invitations for bid or requests for proposal to compete for and be awarded the subsequent contract for that work.
- Don’t award noncompetitive contracts to consultants that are on retainer contracts.
- Be aware of noncompetitive pricing practices between firms or affiliated companies.
- Have written standards of conduct covering conflicts of interest and governing the performance of your employees engaged in contract award and administration.





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Full and open competition issues often arise if not using the proper procurement method to ensure competition or if not properly assessing and documenting whether one of the exceptions fits when sole-sourcing. The procurement methods allowed are:

1. Micro purchase procedures (for purchases under a certain dollar amount which is currently \$10,000 – or the equivalent local or state threshold, whichever is lowest);
2. Small purchase procedures (for purchases under a certain dollar amount which is currently \$250,000 – or the equivalent local or state threshold, whichever is lowest);
3. Sealed Bids (award to the lowest priced, responsive, and responsible bidder; recommended for construction contracts);
4. Competitive Proposals (award need not be made to the lowest priced offeror if award criteria establish award is to be based on some other non-price-related factor. Price must be a factor in the determination, but it does not have to be the only factor. For architectural/engineering service contracts, price does not have to be a factor in making the selection); and
5. Noncompetitive Proposals (sole source contracting based on specific circumstances) (see also Mistake #3 below).
 - The noncompetitive proposals method may be used only if the non-state entity has one of the following four circumstances exist:
 1. The item is available from only a single source (not the most convenient source);
 2. After solicitation of several sources, competition is determined to be inadequate;
 3. FEMA or a state pass-through entity expressly authorizes the non-state entity to use this method in response to a written request; or
 4. A Public emergency (threats to health, life or safety) or exigency (threats requiring an immediate response) exists that will not permit a delay resulting from competitive solicitation.

2. Not Performing a Detailed Price or Cost Analysis for Procurements Above \$250,000

A non-state entity must conduct either a price or cost analysis for each procurement above the Simplified Acquisition Threshold, which is currently \$250,000. If the non-state entity is required to perform a cost or price analysis at a number lower than the federal simplified acquisition threshold by a state or local statute/ordinance, regulation, or the non-state entity's own procurement policy, then the non-state entity must ensure it is compliant with its own more restrictive requirement.





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A **price analysis** is the examination and evaluation of a proposed price without evaluating its separate cost elements and proposed profit. Price analysis is typically used when acquiring commercial items (which are items that generally maintain similar standards or quality and differ only in price) or when using the procurement through sealed bidding method.

A **cost analysis** is the review and evaluation of the separate cost elements (such as labor hours, overhead, materials, etc.) and proposed profit in a proposal and the application of judgement to determine how well the proposed costs represent what the contract cost should be. Cost analysis is typically used to establish the basis for negotiating contract prices when: (1) using the competitive proposals method; (2) using the sealed bidding method and price competition is not sufficient; (3) situations where price analysis by itself does not ensure price reasonableness; or (4) procuring professional, consulting, and architectural engineering services contracts.

3. Improperly Engaging in Sole-sourcing (Non-competitive) Procurement

One of the foundations of the procurement under grants rules is full and open competition. If the non-state entity is not going to use a competitive process to purchase goods and services, the non-state entity needs to document the reason and for emergency and exigency circumstances, the date those circumstances started and ended.

The documentation justifying the use of sole-sourcing should include, but is not limited to, a brief description of the product or service you are procuring, an explanation of why it is necessary to contract non-competitively, and the impact to your community if you are not able to use the non-competitively procured contract. If a non-state entity is going to use this procurement method, it must still comply with other requirements, including: (1) the contract must include the required contract clauses; (2) the contract must include the Federal bonding requirements, if the contract is for construction or facility improvement; (3) the non-state entity must award to a responsible contractor; (4) the non-state entity must complete a cost or price analysis; and (5) the non-state entity cannot use a cost-plus-percentage-of-cost contract.

4. Continuing Work under a Sole-source Contract After the Urgent Need Has Ended

An exigency or emergency period will last often for a short time. A contract procured under this circumstance can only be used while the exigency or emergency is ongoing. Once the emergency or exigency period ends, the contract must be re-solicited under full and open competition. Note: A contractor who fulfilled the requirement under





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emergency or exigent circumstances cannot compete for the new contract **if** that contractor helped the non-state entity develop or draft specifications, requirements, statements of work, or solicitation documents in support of the competitive procurement.

5. Not Making and Documenting Efforts to Take All Socioeconomic “Affirmative” Steps

The non-state entity must take the six steps to involve small and minority businesses, women’s business enterprises, and labor surplus area firms (collectively, target firms) in the procurement process:

1. Place qualified socioeconomic firms on solicitation lists;
2. Assure that socioeconomic firms are solicited whenever they are potential sources;
3. Divide total requirements, when economically feasible, into smaller tasks or quantities;
4. Establish delivery schedules, where the requirement permits, which encourage participation by socioeconomic firms;
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
6. Require prime contractors to take steps (1) through (5) if they use subcontractors.

In most instances, local or state programs, such as Historically Underutilized Businesses initiatives and set-asides / quotas for use of these types of businesses, cannot replace or be substituted for a non-state entity taking the six affirmative steps provided in the regulation.

6. Improperly Awarding a “Time-and-materials” (T&M) Contract

T&M contracts can be used for a reasonable period of time only when: (1) there is a determination made that no other contract is suitable; (2) The contract includes a ceiling price that the contractor exceeds at its own risk; (3) the applicant maintains a high degree of contractor oversight; and (4) the T&M contract is used only for a reasonable amount of time.

This type of contract is often used where the scope of work or the duration of the work is unclear. Because this type of contract requires significant oversight to ensure costs are reasonable, the non-state entity should start thinking about switching to a different type of contract as soon as it awards a T&M contract.





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Once the scope of work becomes clear, the non-state entity must switch to a different type of contract, like a cost reimbursement or fixed price contract.

7. Not Including the Required Contract Clauses

A non-state entity's contracts must contain the applicable contract clauses required by 2 C.F.R. § 200.326 and described in Appendix II to the Uniform Rules. Some of the provisions are based on sound contracting principles and others are required by other Federal laws, executive orders, or regulations. For a detailed list of the required contract clauses, please review the PDAT Contract Provisions Template which can be found [here](#).

8. Awarding a Prohibited “Cost-plus-percentage-of-cost” or “Percentage-of-construction-cost” Contract

These are contracts where the contractor's profit is based on a percentage of the underlying project costs actually incurred. Such contracts are explicitly prohibited by the federal procurement standards and ineligible for FEMA grant funding because they incentivize the contractor to increase their actual cost to increase the associated profit. Non-state entities should work closely with their attorneys and procurement staff to read contracts carefully to ensure these types of provisions are not included in a contract, as they can be difficult to identify.

9. Awarding a Contract to Contractors that Were Suspended or Debarred

Any contractors that have been suspended or debarred by a federal agency cannot receive a federal award or contract. (See 2 C.F.R. pt. 3000). Prior to entering into a contract, the non-state entity should go to the System of Award Management website at sam.gov to check if their anticipated contractor has been suspended or debarred. If they have, per federal regulation, they are not eligible to receive payment under a contract supported by a federal award.

10. Not Properly Documenting All Steps of a Procurement

A non-state entity must maintain sufficiently detailed records that document the procurement history. These records must include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor





Procurement Disaster Assistance Team

selection or rejection, and the basis for the contract price. The procurement documentation file should also contain:

- Purchase request, acquisition planning information, and other pre-solicitation documents;
- List of sources solicited;
- Independent cost estimate;
- Statement of work/scope of services;
- Copies of published notices of proposed contract action;
- Copy of the solicitation, all addenda, and all amendments;
- An abstract of each offer or quote;
- Determination of contractor's responsiveness and responsibility;
- Cost or pricing data;
- Determination that price is fair and reasonable, including an analysis of the cost and price data;
- Notice of award;
- Notice to unsuccessful bidders or offerors and record of any debriefing;
- Record of any protest;
- Bid, performance, payment, or other bond documents;
- Notice to proceed

Beyond the Top 10 Mistakes

Below are other items that non-state entities should be aware of:

Piggyback Contracts. Adopting a pre-existing contract solicited and awarded by another entity is referred to as "piggybacking." This practice is challenging because it is difficult to execute these agreements in compliance with the federal procurement rules. However, if a non-entity entity obtains contractual rights through assignment, it may properly use this type of contract under a grant award if it determines that:

- The original contract was procured in compliance with 2 C.F.R. §§ 200.318-200.326;
- The original contract contains appropriate assignability provisions that permit the assignment of all or a portion of the specified deliverables under the terms originally advertised, competed, evaluated, and awarded, or contains other appropriate assignment provisions;
- The contract price is fair and reasonable;
- The contract contains all the federally required contract provisions;
- The scope of work to be performed falls within the scope of work under the original contract and there are no changes to the contract that fall outside of what was reasonably considered by the parties when they entered into the contract;





FEMA

Procurement Disaster Assistance Team

- The scope of the assigned contract originally procured by the assigning party *does not exceed the amount of property and services required to meet the assigning party's original, reasonably expected needs*. The federal regulations require the recipient or subrecipient to have procurement procedures that preclude it from acquiring property or services it does not need. Therefore, a contract would have an improper original scope if the original party added excess capacity in the original procurement primarily to permit assignment of those contract rights to another entity. Moreover, an assignable contract with an overbroad scope of work may lead to unreasonable pricing and thus should not be used; and
- The quantities the assigning party acquired, coupled with the quantities the acquiring grantee or subgrantee seeks, do not exceed the amounts available under the assigning entity's contract.

Additional information and resources about non-state entity requirements under the federal procurement standards can be found at the following webpage: www.fema.gov/procurement-disaster-assistance-team.

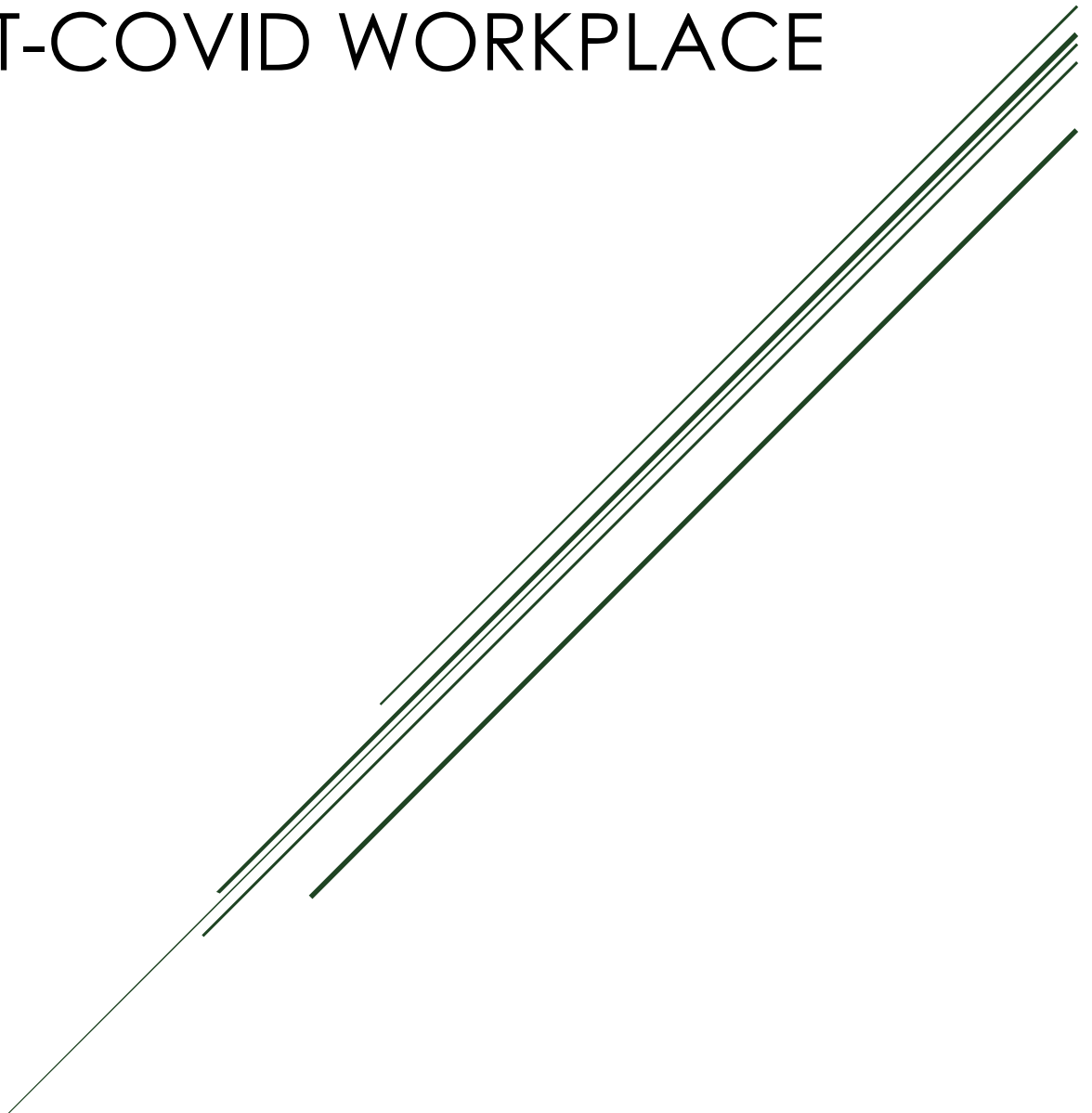


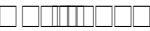
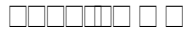
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SURVIVING & THRIVING IN A POST-COVID WORKPLACE

Slides





Questions



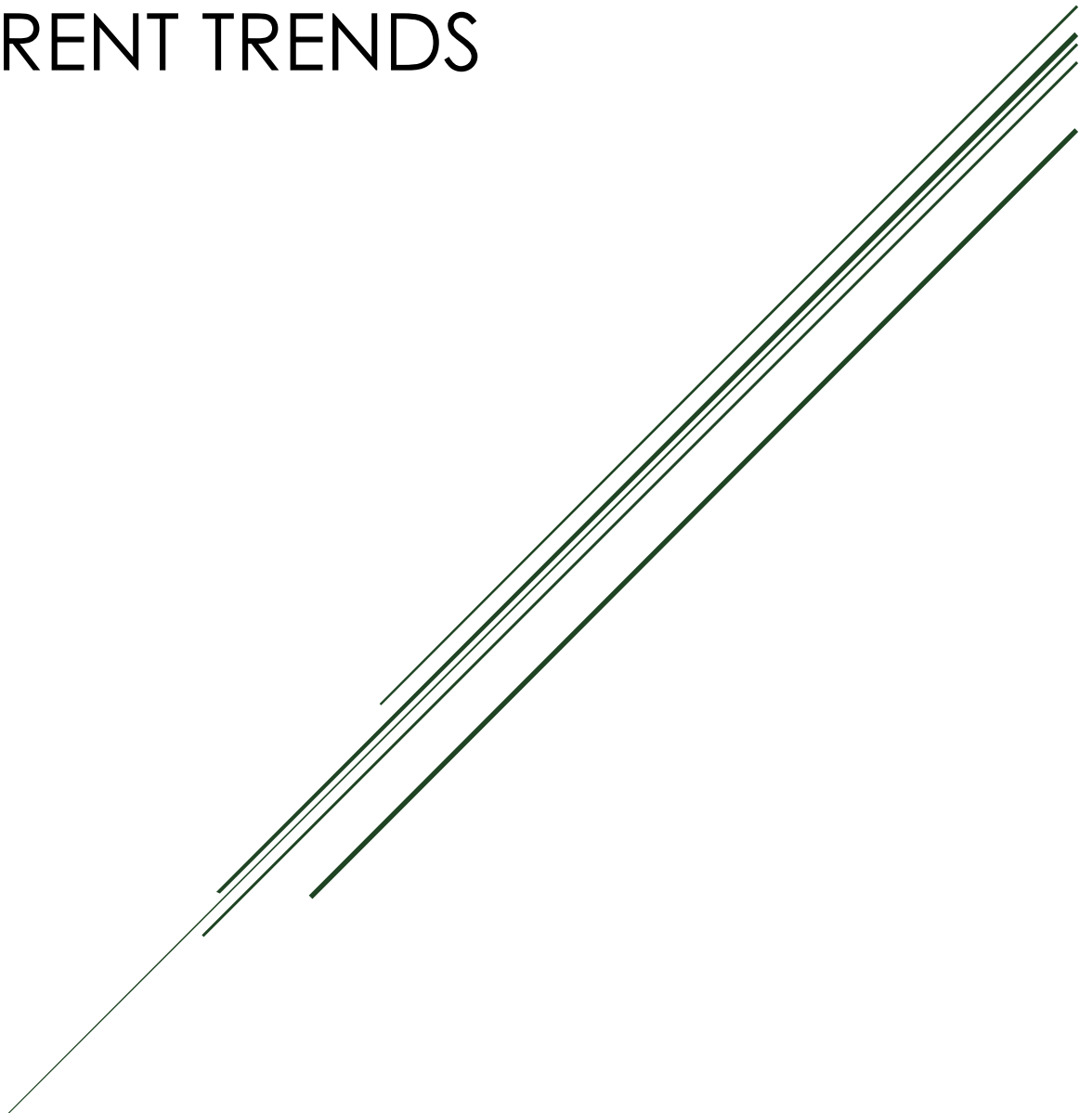
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INVESTMENT UPDATE & CURRENT TRENDS

Slides







**INVESTMENT
UPDATE &
CURRENT TRENDS**


PRESENTED BY
EILEEN STANIC, CTP[®], SR. PUBLIC FUNDS ADVISOR
SCOTT GRUBER, CMT, CLIENT PORTFOLIO MANAGER



Today's Presenters 



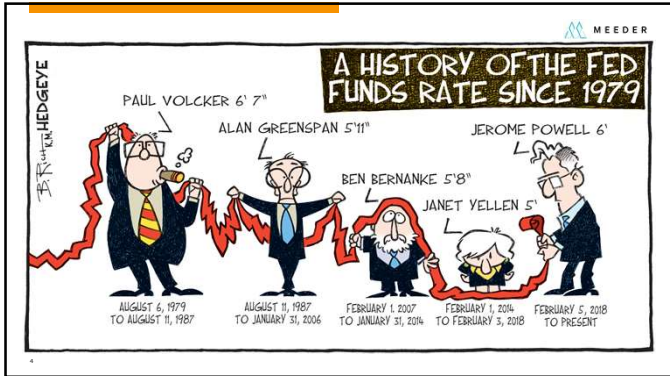
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Investment Update



Federal Reserve Outlook

Monetary policy on the path to normalization

- Effective 3/16/2022, the FOMC raised short-term rates by 0.25% to a range of 0.25%-0.50% citing elevated inflation and strong job gains
- Current geopolitical events are expected to weigh on economic activity and increase inflation pressures
- Disparity amongst officials highlights uncertainty surrounding pace of future rate hikes
- Committee expects to begin reducing its \$9 trillion balance sheet at a "coming meeting"

SOURCE: FEDERAL RESERVE PRESS RELEASE AND SUMMARY OF ECONOMIC PROJECTIONS AS OF 3/16/2022

FOR INFORMATIONAL PURPOSES ONLY. SEE IMPORTANT DISCLOSURES AT THE END OF THE PRESENTATION.

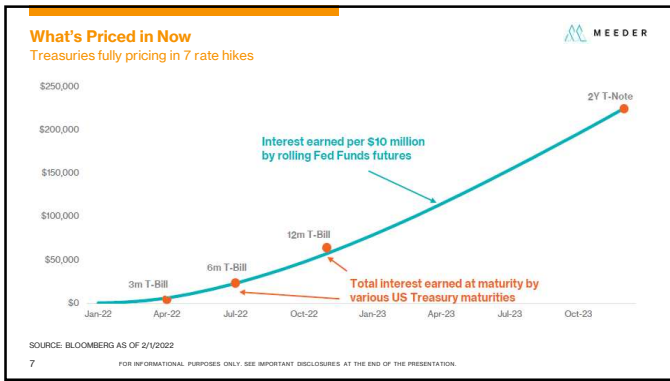
Quantitative Easing

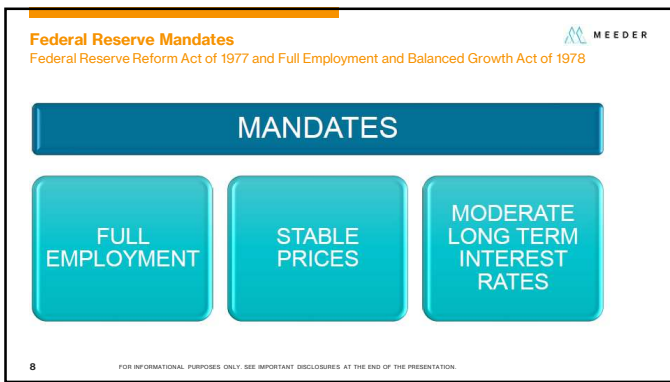
Fed's Balance Sheet

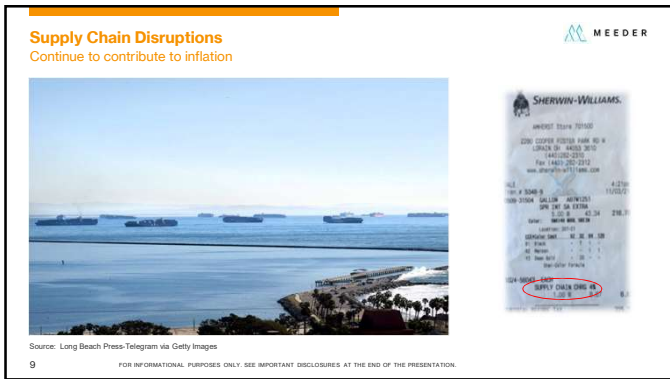
- Balance sheet expansion used during times of crisis to provide liquidity to the marketplace and to temper longer term interest rates
- Fed's balance sheet grew by over \$4.5 trillion since February 2020
- Fed poised to commence shrinking the balance sheet at a "coming meeting"

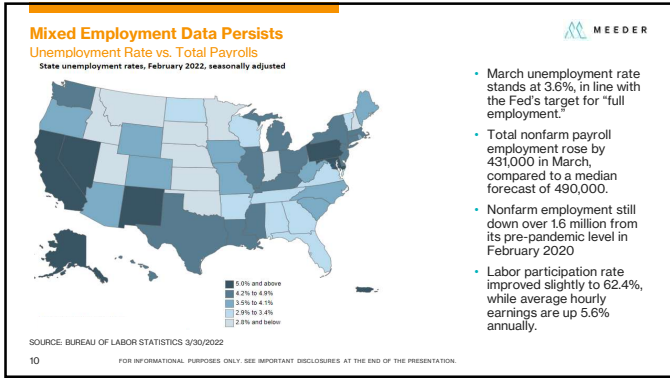
SOURCE: FRED, FEDERAL RESERVE BANK OF ST. LOUIS 3/30/2022

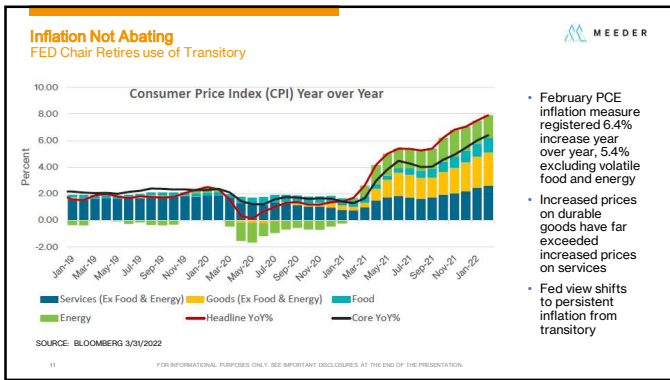
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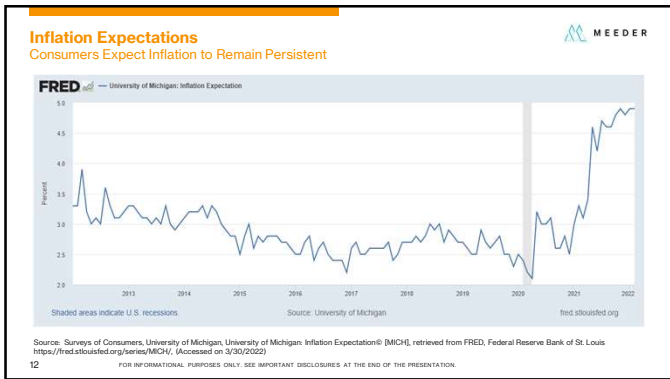


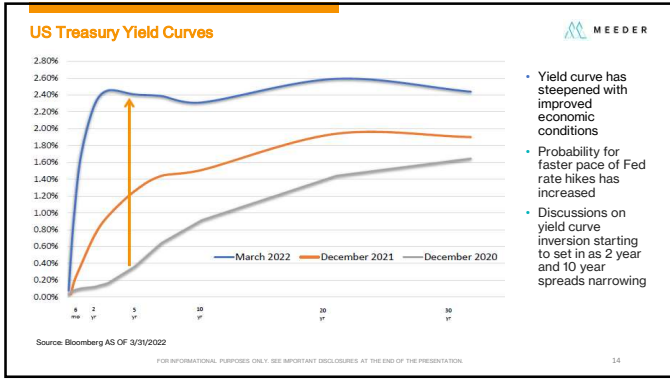












- Yield curve has steepened with improved economic conditions
- Probability for faster pace of Fed rate hikes has increased
- Discussions on yield curve inversion starting to set in as 2 year and 10 year spreads narrowing

- ### 2022 Risks
- Further War Escalation
 - Commodity Price Inflation
 - European Recession
 - Fiscal Cliff
 - FED Slows Down Pace of Rate Increases
 - China Zero Covid Strategy – Major Manufacturing Cities Under Lockdown Again
 - New Covid Variants or Fall/Winter Seasonal Outbreaks
- FOR INFORMATIONAL PURPOSES ONLY. SEE IMPORTANT DISCLOSURES AT THE END OF THE PRESENTATION.

Current Trends

Investment objectives and goals MEEDER

LEGAL	Legal may not be suitable
SAFETY	Preservation of principal
LIQUIDITY	What are your liquidity needs?
YIELD	Does the investment have a competitive yield?

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Market Values
Inverse Relationship MEEDER

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Example – Single Security MEEDER

5 YEAR MATURITY
PAR VALUE \$760,000
COST BASIS \$748,243
YIELD TO MATURITY 2.08%

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Example – Single Security

5 YEAR MATURITY
 PAR VALUE \$760,000
 COST BASIS \$748,243
 YIELD TO MATURITY 2.08%

	COST BASIS	MARKET VALUE	UNREALIZED GAIN/LOSS
YEAR END 1	\$748,243	\$749,406	\$1,163
YEAR END 2	\$748,243	\$744,678	(\$3,565)
YEAR END 3	\$748,243	\$762,348	\$14,105
YEAR END 4	\$748,243	\$771,225	\$22,982
YEAR END 5	\$748,243	\$760,000	\$11,757

20 For illustrative purposes only.

Portfolio Right-Sizing

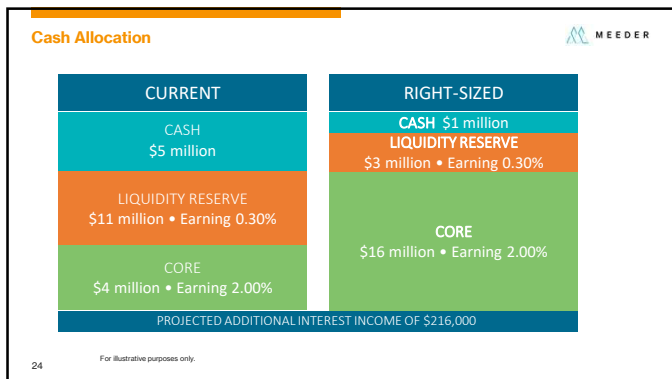
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Cash Flow Analysis

CURRENT EXPENSES

EXCESS CASH

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Using Commercial Paper in your Portfolio

Asset-Liability Method

- Short-Term Cash Flow Management

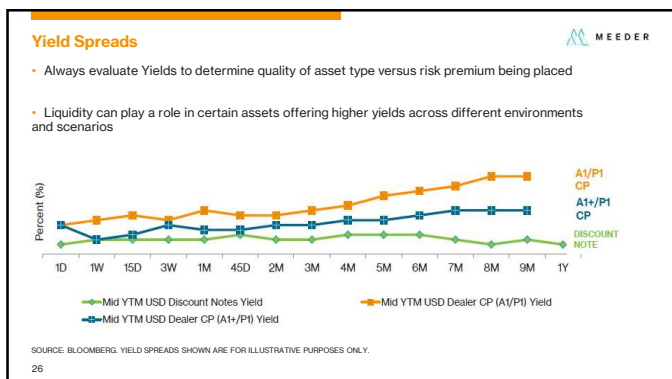
“Laddered” or “barbell” portfolio

Liquidity Percentage Method

- To provide liquidity for daily operations

May be used for diversification in your “core” investment portfolio to balance longer maturities

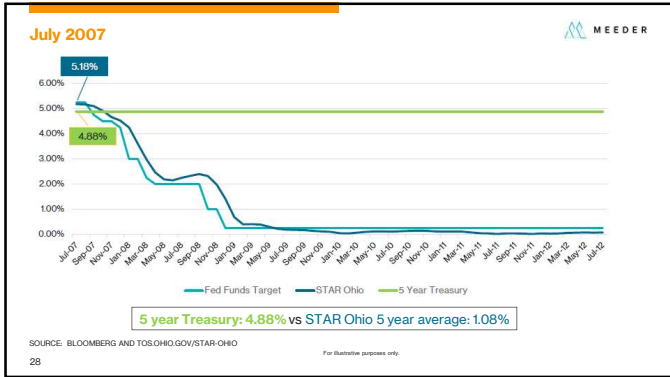
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MEEDER

IF INTEREST RATES ARE RISING, WHY WOULD I WANT TO INVEST IN LONG MATURITIES NOW?

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Investing in Bonds


MEEDER

Par	Discount	Premium
Price = \$100	Price < \$100	Price > \$100
Coupon at Market	Coupon Below Market	Coupon Above Market
SAME YIELD TO MATURITY		
DIFFERENT TIMING OF CASH FLOWS		

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Impact on Interest Received


2 YEAR MATURITY
PAR VALUE \$500,000



COUPON RATE	2.00%		1.50%		2.50%	
PURCHASE PRICE	Par Price = \$100		Discount Price < \$100		Premium Price > \$100	
Cash Flows	Amount	Cumulative	Amount	Cumulative	Amount	Cumulative
Coupon 1	\$5,000	\$5,000	\$3,750	\$3,750	\$6,250	\$6,250
Coupon 2	\$5,000	\$10,000	\$3,750	\$7,500	\$6,250	\$12,500
Coupon 3	\$5,000	\$15,000	\$3,750	\$11,250	\$6,250	\$18,750
Coupon 4	\$5,000	\$20,000	\$3,750	\$15,000	\$6,250	\$25,000
Discount/Premium	n/a		\$5,000	\$20,000	(\$5,000)	\$20,000

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Safekeeping Options



Third-Party Custodian	Broker or Bank acting as Broker
<ul style="list-style-type: none"> • Securities held in public entity's account at bank trust department • Public entity controls account • Securities held in public entity's name • Written custodial agreement • GFOA best practice 	<ul style="list-style-type: none"> • Securities held in brokerage account • Broker controls account • Securities not held in public entity's name • Safekeeping cost bundled with other services

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Interest Rate Outlook



UNCERTAIN	RISING RATES	FALLING RATES
<ul style="list-style-type: none"> • Maintain average maturity • Diversification across security types 	<ul style="list-style-type: none"> • Reduce average maturity • Frequent short-term maturities 	<ul style="list-style-type: none"> • Lengthen average maturity • Lock-in current rates with longer maturities

THE MARKETS CHANGE AND YOUR INVESTMENT STRATEGY SHOULD TOO

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• “The time is always right to do what is right.”
• – Dr. Martin Luther King, Jr.

• “Experience is the best teacher.”
• – Latin Proverb

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Disclosure



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Past performance does not guarantee future results. Opinions and forecasts are all subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security. Investing in securities involves inherent risks, including the risk that you can lose the value of your investment. There is no assurance that the investment process will consistently lead to successful results. The investment return and principal value of an investment will fluctuate so an investor's shares or units, when redeemed, may be worth more or less than their original cost.

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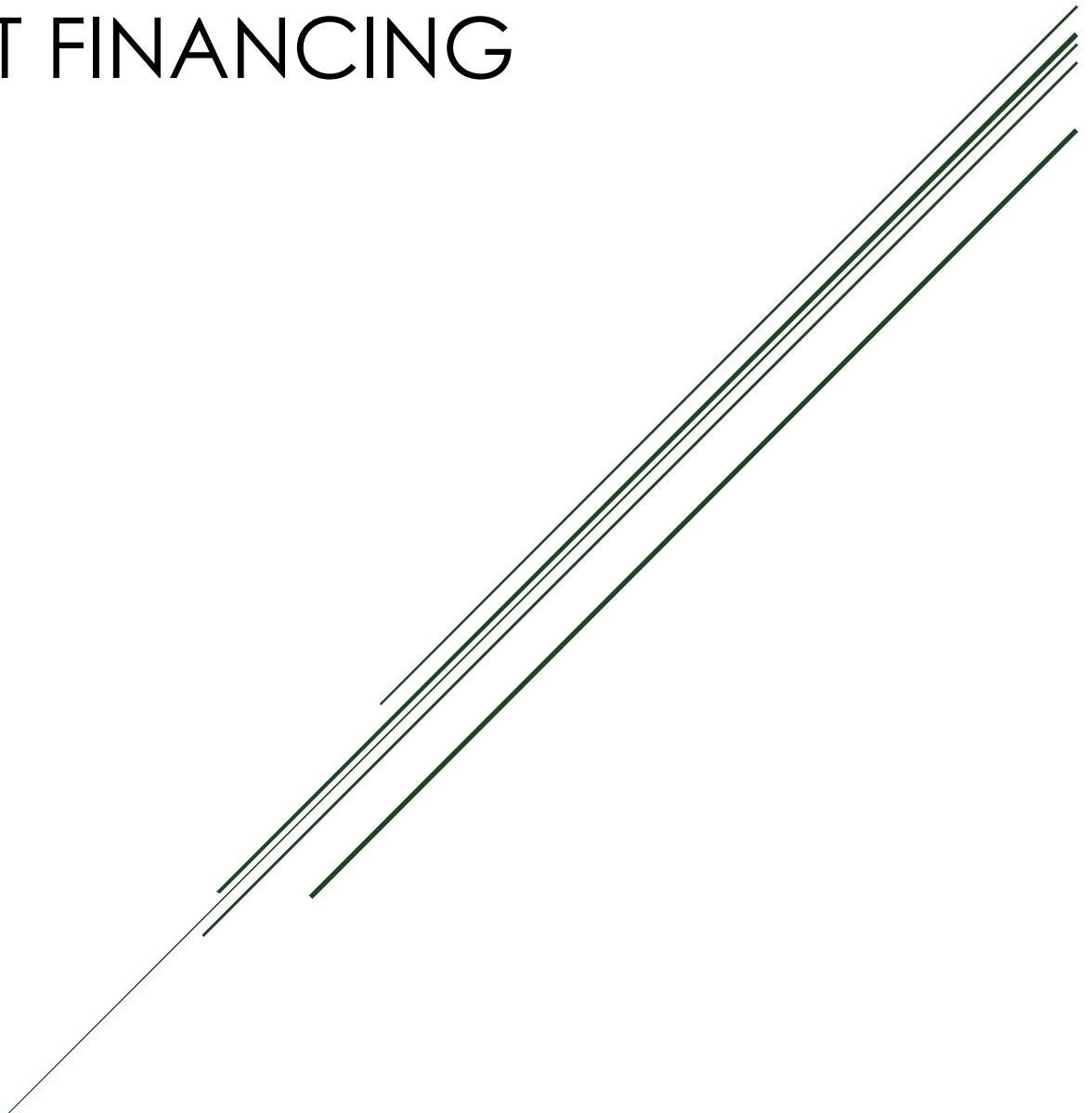
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INFRASTRUCTURE BILL & DEBT FINANCING

Slides




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Infrastructure Bill & Debt Financing




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**COVID-RELATED STIMULUS
BILLS SUMMARY**

1. Coronavirus Aid, Relief & Economic Security Act (CARES)
2. Coronavirus Response & Relief Supplemental Appropriations Act (CRRSAA)
3. American Rescue Plan Act (ARPA)



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Coronavirus Aid, Relief & Economic Security Act (CARES) – March 2020 SQUIRE PATTON BOGGGS

- \$2.3T stimulus (relief?) package
 - Largest emergency response bill in US history
 - Funds mostly tapped out at this point
 - Quite restrictive in what programming/projects funding may be used for
 - i.e. almost all COVID-relief related

A Visualization of the CARES Act

Source	Total Cost	Recipient
Direct Payments: \$260 billion	\$2.3 Trillion	Unemployed: \$200 billion
Unemployment Benefits: \$270 billion		Large Businesses: \$125 billion
State Grants: \$200 billion		Small Businesses: \$400 billion
Loans: \$475 billion		State & Municipalities: \$75 billion
State Spending: \$150 billion		Health Programs: \$100 billion
Source: \$240 billion		

H. R. 748

One Hundred Sixteenth Congress of the United States of America
 AT THE SECOND SESSION
Began and held at the City of Washington on Friday, the third day of January, two thousand and twenty.

An Act
 To amend the Internal Revenue Code of 1986 to suspend the estate tax on high net worth individuals during 2020.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
 This Act may be cited as the "Coronavirus Aid, Relief, and Economic Security Act" or the "CARES Act."

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Coronavirus Response & Relief Supplemental Appropriations Act (CRRSAA) – December 2020 SQUIRE PATTON BOGGGS

- \$908B package
- Mainly an expansion & extension of CARES provisions
- Still fairly rigid & restrictive regarding what funds may be used for

H. R. 133

One Hundred Sixteenth Congress of the United States of America
 AT THE SECOND SESSION
Began and held at the City of Washington on Friday, the third day of January, two thousand and twenty.

An Act
 Making consolidated appropriations for the fiscal year ending September 30, 2021, providing coronavirus emergency response and relief, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
 This Act may be cited as the "Consolidated Appropriations Act, 2021."

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American Rescue Plan Act (ARPA) – March 2021 SQUIRE PATTON BOGGGS

- \$1.9T
 - Distributed in two equal tranches (May 2021 & approx. May 2022) to local gov'ts
 - Distributed in bulk sum to states
- Expansion of CRRSAA
 - Extended many CRRSAA provisions through Sept. 2021
- Unlike CRRSAA, provides significant direct and flexible state & local aid

H. R. 1319

One Hundred Seventeenth Congress of the United States of America
 AT THE FIRST SESSION
Began and held at the City of Washington on Sunday, the third day of January, two thousand and twenty-one.

An Act
 To provide for consolidated appropriations for the fiscal year ending September 30, 2021, and for other purposes.


Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
 This Act may be cited as the "American Rescue Plan Act of 2021."

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CARES, CRRSAA & ARPA
Funding to Local Governments



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Local Governments

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- **CARES - \$150B- Coronavirus Relief Fund (CRF)**
 - States & localities
 - Localities w/ more than 500,000 people **ONLY**
 - Eligible local gov'ts apply directly to USDT
 - Cover costs that were:
 - **necessary expenditures** incurred due to the public health emergency with respect to COVID-19
 - "incurred during the period from March 1, 2020 to December 31, 2020"

State of Ohio- \$3.8B
Columbus (city)- \$156M
Cuyahoga- \$216M
Franklin- \$76.3M
Hamilton- \$142.6M
Montgomery- \$93M
Summit- \$94.4M

- **CRRSAA**
 - CARES funding to localities set to expire Dec. 31, 2020 & CRRSAA passed Dec. 27, 2020
 - Extend deadline to use monies from CRF to Dec. 31, 2021
 - No additional flexibility for utilization (e.g. revenue loss)
 - States & localities
 - Localities w/ more than 200,000 people **ONLY**
 - Not a ton of new resources for state and local gov'ts
 - Housing & Rental Assistance Program

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Local Governments

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- **ARPA - \$350B- Coronavirus State & Local Fiscal Recovery Funds (SLFRF)**
 - Every single locality size eligible for funding
 - Local gov't receive funding in two equal tranches (at least one year apart)
 - "reduce public sector lost revenue"
 - "...[m]ake **necessary investments** in water, sewer, or broadband infrastructure."
 - State of OH – (formula based on unemployment statistics) - **\$5.4B**
 - OH County Awards – (formula based on county's pop. share of the total pop. of all counties)
 - Cuyahoga County - **\$239.9M**
 - Franklin County - **\$255.8M**
 - Vinton County (least populated in OH) - **\$2.5M**
 - OH Metrocity Awards (formula based on poverty, population, housing overcrowding & age of housing)
 - Cleveland - **\$511.7M**
 - Columbus - **\$187M**

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SLFRF Final Rule SQUIRE PATTON BOGGS


- "necessary investments" – who is she?
- Published **Jan. 6, 2022** – effective **April 1, 2022**
- Still flexible, just more explicit guidance
- Expanded eligible use areas:
 - Public Health & Economic Impacts
 - Replacing Lost Public Sector Revenue
 - Water, Sewer and Broadband Infrastructure
 - Premium Pay to Eligible Workers
 - Payments to Non-Entitlement Units (NEUs)

FUNDS MUST BE OBLIGATED BY DEC. 31, 2024 W/ PERIOD OF PERFORMANCE RUNNING UNTIL DEC. 31, 2026

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SLFRF Final Rule SQUIRE PATTON BOGGS

- Address public health and economic impacts of the pandemic
- Expanded list of eligible uses
 - E.g. affordable housing development, public benefits assistance, rehiring public sector workers...
 - Organized by type of beneficiary → impacted classes / disproportionately impacted classes
 - Based on Fed. Gov't's presumption that some communities are impacted by COVID-19 more than others
 - Still non-exhaustive though



Step	1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
Analysis	<ul style="list-style-type: none"> • Can identify impact to a specific household, business or nonprofit or to a class of households, businesses, or nonprofits (i.e., group) • Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class 	<ul style="list-style-type: none"> • Types of responses can include a program, service, or capital expenditure • Response should be related and reasonably proportional to the harm • Response should also be reasonably designed to benefit impacted individual or class
Simplifying Presumptions	<ul style="list-style-type: none"> • Final Rule presumes certain populations and classes are impacted and disproportionately impacted 	<ul style="list-style-type: none"> • Final Rule provides non-exhaustive list of enumerated eligible uses that respond to pandemic impacts and disproportionate impacts

Source: Treasury's Overview of Final Rule

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SLFRF Final Rule SQUIRE PATTON BOGGS

- Calculating revenue lost due to the pandemic...
 - Adds additional method to determine if gov't service eligible for SLFRF moneys
 - Elect a "standard allowance" up to \$10M to spend on the service
 - Still may use a formula provided by the US Dept. of Treasury
 - "gov't service" = services traditionally provided by the gov't
 - School & hospital construction, road maintenance, environmental remediation, general gov't admin, public safety services...
- Water, Sewer & Broadband (oh my)
 - Access to clean drinking water
 - EPA's Clean Water State Revolving Fund
 - Drinking Water State Revolving Fund
 - Wastewater & storm water infrastructure
 - Storm and sanitary separation projects
 - Affordable access to high-speed broadband internet

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SLFRF Final Rule SQUIRE PATTON BOGGS

- Premium Pay for Eligible Workers
 - Pay cannot exceed \$25k per single worker
- Payments to NEUs
 - "Non-entitlement units" = local gov'ts serving populations under 50,000
 - Receive SLFRF funds from state gov't
- Total SLFRF distribution **cannot** exceed 75% of NEU's most recent fiscal budget
 - Final rule: "most recent fiscal budget" = includes operating & capital expenditures in effect as of Jan. 27, 2020
 - For NEUs w/o formal budget, they can self-certify its most recent annual expenditures as of that date
 - NO additional requirements/limitations imposed by NEU on the funds

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SLFRF Final Rule SQUIRE PATTON BOGGS

- Relevant Blanket Restriction on Use of SLFRF Funds
 - No payments of debt service or replenishment of rainy day funds

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INFRASTRUCTURE INVESTMENT AND JOBS ACT

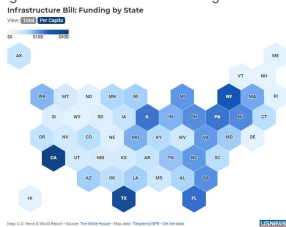
November 15, 2021



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Bipartisan Infrastructure Deal SQUIRE PATTON BOGGS

- Largest ever investments in broadband, rail and transit, clean energy, water, and more
 - **\$1.2T**
- Allocates funding to over 350 programs across various federal agencies and departments
- Formula based & competitive
- Ohio to receive **\$12.83B**



View 2021 PROJECTIONS

Map U.S. House & Senate (Based on the House Report, November 19, 2021) | SQUIRE PATTON BOGGS

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Infrastructure Investment & Jobs Act - Transportation SQUIRE PATTON BOGGS

- \$400 billion over five years
- **Roads & Bridges** –
 - OH to receive **\$9.2B** for roads and highways
 - \$40B for funding repair and replacement of national bridges
 - **\$483M** to OH bridges
 - Competitive grant fund opportunities totaling more than **\$33B**
- **Passenger & Freight Rail**
 - \$8B to Infrastructure for Rebuilding America (INFRA) Program
 - Support freight & highway projects of regional and national significance
 - \$7.5B to Rebuilding American Infrastructure Sustainably and Equitably (RAISE) grants
 - Competitive program / formerly BUILD and TIGER
 - Support road, rail, transit & other surface transportation of local and regional significance
 - \$5B to National Infrastructure Project Assistance (“Megaprojects”)
 - Competitive grant program to support multi-jurisdictional or regional projects across multiple modes of transportation

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Infrastructure Investment & Jobs Act - Transportation SQUIRE PATTON BOGGS

- 5-year reauthorization of **Federal Highway Administration** at the Dept. of Transportation
 - \$273B in federal-aid highway formula funding
 - \$52.5B to be distributed to States in FY2022 - OH receiving **\$1.78B** across the various programs
- **Public Transportation** - \$91B to repair and modernize transit
 - Competitive & formula grants
 - \$8B to Federal Transit Administration Capital Investment Grants – support new and expanded high-capacity rail & bus service
 - Small Starts program for projects w/ capital costs less than \$400M
 - Central Ohio Transit Authority (COTA) received two of these grants for projects in Columbus
 - \$5.6B to Low or No Emission (Bus) Grants – purchase zero-emission or low-emission buses
- **Airports** - \$25B to for repairs, reduction in congestion & emissions, and to modernize
 - Discretionary, competitive & formula grants
 - Airport Infrastructure Grant Program - \$15B
 - More than 25 OH airports receiving grants – smaller receiving **\$100-300k** / larger airports **\$9-12M**

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Infrastructure Investment & Jobs Act - Climate, Energy & the Environment SQUIRE PATTON BOGGS

- **Clean Energy**
 - Largest investment in US history –
 - Delivering clean power - \$21.3B
 - Clean energy demonstrations - \$21.5B
 - Energy efficiency & weatherization of buildings - \$6.5B
 - Clean energy manufacturing & workforce development - \$8.6B
 - Competitive & formula grants
 - Building a Better Grid Initiative – goal to 100% clean electricity by 2035 and zero-emission economy by 2050
- **Water - \$55B - \$242M to OH for FY2022**
 - Largest investment in drinking water, wastewater, water reuse, conveyance & water storage in US history
 - Replace lead service lines & dangerous chemicals
 - Drinking Water & Clean Water State Revolving Funds - \$23B
 - Loans and grants for water infrastructure improvements to protect public health and environment
 - **\$45M to OH – FY 2022**
- **Resilience - \$50B**
 - Largest resilience investment in US history
 - Protect against droughts, heat, floods, & wildfires

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Infrastructure Investment & Jobs Act - Climate, Energy & the Environment SQUIRE PATTON BOGGS

- **Environmental Remediation - \$21B**
 - Abandoned mine land remediation - \$11.3B
 - Orphan oil & gas well plugging, remediation & restoration - \$4.7B
 - Superfund site cleanup - \$3.5

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Infrastructure Investment & Jobs Act - Broadband SQUIRE PATTON BOGGS

- **\$65B to ensure access to reliable high-speed internet & close the digital divide**
 - Major programs include:
 - Broadband Equity, Access, and Deployment Program - \$42.45B
 - National Telecommunications and Information Administration at Dept. of Commerce seeking comment on this program (among others)
 - Formula-based
 - For broadband planning & deployment, data collection and mapping, broadband adoption, reduce costs of Wi-Fi to multifamily housing units
 - Affordable Connectivity Program - \$14.2B
 - Subsidizes (up to \$75/month) internet service plans for low-income households
 - Broadband ReConnect Program - \$2B
 - Loans and grants to construct, improve or acquire facilities for broadband services in rural areas

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DEBT FINANCING

Debt Limitations and Financing Structures


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General Obligations - Debt Limitations

- Direct Debt Limits
 - Basics
 - Based on Assessed Valuation
 - Apply to "Net Indebtedness" (exceptions exist)
 - Different subdivisions have their own limitations
 - Exemptions
 - "Self-supporting"
 - Municipal – Income Tax Covenant
 - Utility revenue
 - County – County jails
 - Township – Fire protection




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Debt Limitations

- Indirect Debt Limit
 - Article XII, Section 11
 - "No bonded indebtedness of the state, or any political subdivision thereof, shall be incurred or renewed unless, in the legislation under which such indebtedness is incurred or renewed, provision is made for levying and collecting annually by taxation in amounts sufficient to pay the interest on said bonds, and to provide a sinking fund for their final redemption at maturity."



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