

Vermont Community Broadband Board
Accountability Policy
Grantee Agreement
Material Failure to Comply with Grant Conditions

(1) Purpose: To fulfill the VCBB's statutory obligation to establish standards for recouping grant funds and transferring ownership of grant-funded network assets if a grantee materially fails to comply with the terms and conditions of a grant, this policy establishes a process for promptly identifying potential remediation opportunities in advance of default under the grant.¹

(2) Policy Concerning Indications of Failure to Comply with Grant Conditions: If it becomes reasonably foreseeable for a grantee that it may not be able to comply with a material grant condition, the grantee must promptly inform VCBB staff in writing. Such notification may be made by email to VCBB Staff and should be included in any routine reporting to grant management staff at the VCBB. Upon such notice or upon an initial failure to comply with grant conditions, the VCBB will determine whether the breach may be remediated by the grantee. VCBB may request that the grantee promptly submit a proposed remediation plan to the VCBB. The VCBB may accept, reject or modify the remediation plan and facilitate collaboration on the remediation plan with the grantee and other stakeholders. The remediation plan should prioritize continuity of service to customers wherever possible.² The remediation process precedes, and attempts to avoid, progressing a grantee that has failed to meet grant conditions to be further assessed under the Recoupment and Transfer of Ownership Policy.

(a) Initial Failure to Comply with Grant Conditions. An initial failure to comply with grant conditions is one which violates a material grant condition or conditions and/or prevents the VCBB from being able to properly assess a grantee's grant performance due to a lack of information, transparency or ability to verify the information provided. Examples of such failures may include but are not limited to:

- Failure of financial controls, including the failure to monitor cash flow projections, analyze balance sheets and income statements, reconcile accounts receivable and payable;
- Failure to timely and accurately file any required financial reports and forecasts;
- Failure to comply with state and federal regulations, including state Bulletin 5.0 and the federal Uniform Guidance, 2 C.F.R. Part 200 Subpart D;
- Exceeding the minimum threshold ratio between the achievement of construction milestones and the grant budget;
- Failure to provide transparent verifiable confirmation of connected customer locations;
- Failure to provide transparent verifiable confirmation of construction standards compliance; and/or
- The termination of an operating agreement with a critical operating partner to the grant agreement.

¹ 30 V.S.A. §8086 (c)(3).

² See 30 V.S.A. §8086(c)(4).

(b) Failure to Repair through Remediation. Grantees who fail to or refuse to repair grant condition failures through the remediation plan developed by the VCBB will have their grant project escalated to the steps enumerated in the Recoupment and Transfer of Ownership Policy.

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