

## **REVISED MEMORANDUM OF AGREEMENT**

**Between**

**Metro 4, Inc. and Southeastern States Air Resource Managers, Inc.**

### **I. PURPOSE.**

The purpose of this Memorandum of Agreement (MOA) shall be to formalize a revised arrangement to operate a consolidated administrative office for the collective benefits of the organizations that are parties to this agreement.

### **II. PARTIES.**

- A. The Parties to this MOA shall be Metro 4, Inc. and Southeastern States Air Resource Managers, Inc, hereinafter referred to as the Parties.
- B. Metro 4, Inc., commonly known as Metro 4, is a Tennessee corporation organized as a tax-exempt entity under Section 501(c)(6) of the federal tax code. Metro 4 provides support services to 17 local air pollution control agencies operating within the geographic region of U.S. EPA, Region 4. Representatives selected from the member agencies serve as the Board of Directors of Metro 4. Metro 4 provides support to its member agencies through advocacy, fostering communications, providing training, managing meetings and events, assisting in technical projects, reimbursing certain business expenses, operating the administrative office, and providing other miscellaneous support.
- C. Southeastern States Air Resource Managers, Inc., commonly known as SESARM, is a Georgia corporation organized as a tax-exempt entity under Section 501(c)(3) of the federal tax code. SESARM represents the state air pollution control agencies in Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia. The director of each member agency serves on the SESARM Board of Directors. SESARM provides support to its member agencies through advocacy, fostering communications, providing training, managing meetings and events, assisting in technical projects, reimbursing certain business expenses, operating the administrative office, and providing other miscellaneous support.

### **III. INTRODUCTION.**

This revised MOA establishes an updated operational and funding arrangement between Metro 4 and SESARM. This MOA will assist the Parties by documenting

current commitments to support joint operations, to inform U.S. EPA of these commitments as they relate to future grants, and to serve as a reference resource.

Metro 4 and SESARM have a long history of collaboration. For many years, Metro 4 has received grants from EPA to support its services referenced in this section. Likewise, SESARM has received federal grants to support similar services. Collectively, the Parties have provided advocacy services, fostered communications, presented hundreds of training courses, planned and facilitated dozens of meetings, conferences, and workshops, managed a variety of technical projects, and provided thousands of business expense reimbursements to member agency staff.

All of these services are intended to improve the knowledge, efficiency, and effectiveness of member agency staff as they conduct their daily work towards improving and maintaining Southeastern air quality.

Since 2002, Metro 4 and SESARM have shared an administrative office and staffing in the Atlanta, Georgia area. As federal grant recipients, Metro 4 and SESARM are subject to various grant management requirements including responsible procurements, wise stewardship, accurate recordkeeping, and documentation of significant agreements and understandings that result in compliant grant management.

Having dual grant recipients has created complications in the bookkeeping, accounting, and resource allocation areas of Metro 4 and SESARM operations. The costs of all shared bills (operations, training, events, and technical projects) have had to be allocated between Metro 4 and SESARM with similar financial management system entries. Consolidated reporting from duplicate systems has been difficult. Significant staff resources have been necessary to operate and maintain the dual financial systems, produce information, prepare budgets, and produce periodic financial and grant reports.

#### **IV. AGREEMENT.**

- A. The Boards of Directors of Metro 4 and SESARM have determined that there are efficiencies to be gained by revising the understanding between the Parties to streamline operations and consolidate funding into a single grant.
- B. Metro 4 and SESARM commit to continuing their existing collaboration while maintaining their separate organizations and their respective identities, missions, and voices.
- C. Metro 4 and SESARM commit to identify and implement cost saving measures which streamline administrative processes and procedures while maintaining services which support the missions of the Parties.

- D. Metro 4 and SESARM agree that nothing in this MOA shall restrict or prohibit the ability of either or both Parties to seek and receive funding for any project unique to the mission and needs of either Party, provided that such project does not require sharing of project costs between the Parties.
- E. Metro 4 and SESARM commit to operate within the terms and conditions prescribed in this MOA.

## **V. JOINT RESPONSIBILITIES.**

Metro 4 and SESARM joint responsibilities under this MOA shall include, but not be limited to:

- A. Operation of a joint administrative office.
- B. Support of such staffing, equipment, supplies, and other expenses as necessary to ensure productive operation of the joint office.
- C. Annual funding of shared office expenses shall be accomplished through regional holdback certifications to EPA by the member agencies of each Party in accordance with EPA's annual holdback certification schedule. Shared office expenses shall include but not be limited to office administration, salaries, fringe benefits, travel, training, and events as agreed upon by the Boards of the Parties. Metro 4 and SESARM shall make reasonable efforts to fund expenses for each coming fiscal year from a combination of existing funds awarded and available to SESARM in the Federal Treasury on a baseline date and State and Tribal Assistance Grant (STAG) funds available to Metro 4 and SESARM member agencies in each current fiscal year. Annual funding required for shared office expenses shall be determined by calculating total expected shared costs from the baseline date through the end of the next fiscal year and subtracting from that total the available funding on the baseline date. The baseline date shall be defined as the date through which current expenses and available funds information is available at the time that the calculations for determining holdbacks are being made.
- D. Designation of SESARM as the grant recipient to fund shared office expenses and local and state agency support expenses of the Parties including but not limited to office administration, salaries, fringe benefits, travel, training, and events as agreed upon by the Boards of the Parties.
- E. Creation of necessary organization using committees and other similar administrative structures to provide guidance to Metro 4/SESARM staff to direct support efforts and financial arrangements while ensuring compliance with federal laws and regulations and grant requirements.

- F. Ensuring transparency and accountability through open communication and access to all activities, associated costs, and financial transactions.
- G. Support of joint administrative and technical projects deemed of priority to the collective member agencies.
- H. Establishment of a consolidated budget which shall be approved by the Parties, to the extent practical, no later than September 30 of each year. In cases where approval of the budget is not practical by September 30, the Parties authorize continued Metro 4/SESARM operations substantively similar to the provisions of the previous year budget with only necessary minor new fiscal year adjustments, until the Boards of the organizations have approved the budget for the new fiscal year.
- I. Creation of a Budget and Funding Committee that will work with Metro 4/SESARM administrative staff to produce a draft budget for each fiscal year. Upon completion of the draft, it shall be provided to each Party for formal Board/membership approval. The Parties shall work diligently to reconcile any differences in work efforts and associated costs in order to reach consensus on a consolidated budget in a timely fashion. Should the Parties be unable to reach consensus using informal procedures, the dispute resolution procedures of Section X. of this MOA shall be invoked and followed to resolve the issue(s).
- J. Conducting operations, incurring expenses, and expending funds consistent with the missions of the Parties, the approved annual budget, and the intentions of the agencies participating in the EPA regional grant holdback process.
- K. Compliance with all grant management and accounting practices which are conditions of grant recipients and 501(c)(3) organizations.
- L. Maintenance of a joint web site at <https://www.metro4-sesarm.org> or such other web site to which Metro 4 and SESARM agree to utilize.

## **VI. METRO 4 RESPONSIBILITIES.**

Metro 4 responsibilities under this MOA shall include, but not be limited to:

- A. Compliance with the terms and conditions of this agreement including the joint responsibilities it shares with SESARM as indicated in Section V. of this MOA.
- B. Identification of necessary funding and certification of regional holdbacks to support shared office expenses.

- C. Identification of necessary funding and certification of regional holdbacks to support event, travel, and registration fee expenses for participating Metro 4 member agencies.
- D. Support of joint planning efforts with SESARM including goals, tasks, and resource needs including staffing and funding.

## **VII. SESARM RESPONSIBILITIES.**

SESARM responsibilities under this MOA shall include, but not be limited to:

- A. Compliance with the terms and conditions of this agreement including the joint responsibilities it shares with Metro 4 as indicated in Section V. of this MOA.
- B. Modification of articles of incorporation and bylaws to clarify an expanded mission that allows SESARM to serve the needs of Metro 4 and SESARM agencies consistent with this MOA. This is required to ensure that SESARM is eligible for receipt of grants to serve the joint needs of the Parties.
- C. Identification of necessary funding and certification of regional holdbacks to support shared office expenses.
- D. Identification of necessary funding and certification of regional holdbacks to support member agency event, travel, registration fee, and workshop expenses for participating SESARM member agencies.
- E. SESARM shall serve as the official employer and responsible organization for all accounts necessary to operate the joint administrative office.
- F. SESARM shall serve as the recipient of all grant funds for the collective benefit of the Metro 4 and SESARM member agencies. This shall include, but not be limited to, the following:
  - 1. Preparation and submittal of single year or multiple year grant applications and work plans for available funds for each federal fiscal year in which such funds are available and necessary.
  - 2. Holding periodic conference calls and meetings with Metro 4 and SESARM member agencies to determine needs and receive member agency input.
  - 3. Expending funds associated with Metro 4 and SESARM contributions in accordance with the intended purpose(s) for the funds contributed by each Party.
  - 4. Providing periodic reports to Metro 4, EPA, and the IRS.

5. Conducting annual audits of expenses on a fiscal year basis including federally-required single audits when the current expenditure threshold is equaled or exceeded in a fiscal year.
6. Maintaining records that are adequate to satisfy accounting, tax, and single audit requirements.

#### **VIII. EFFECTIVE DATE AND LENGTH OF AGREEMENT.**

- A. This MOA shall become effective on the date of the latest signature in Section XIII.
- B. This MOA shall remain in effect until such time as the Parties comply with the termination provisions contained herein and the MOA is officially terminated.

#### **IX. TERMINATION PROVISIONS.**

- A. Either Party to this MOA may initiate the termination process with a written notice of intent to terminate the MOA to the other Party.
- B. The initiating Party of a notice of intent to terminate shall recognize and accommodate the various logistical obstacles to an immediate termination of the MOA and shall collaborate towards a timely and efficient termination of the MOA. The Parties shall recognize that the effective date of termination of this MOA will be determined by the degree to which services to the member agencies of the Parties must be maintained and the time required to establish alternative funding arrangements that maintain such services.
- C. After transmittal and receipt of a notice of intent to terminate and before completion of necessary termination processes, the Parties agree that SESARM shall continue to expend funds consistent with the missions of the Parties and the needs of the respective member agencies until such time as revised funding mechanisms for both Parties are effective and this MOA has been officially terminated.
- D. The official termination date of this MOA shall be, to the extent practical, September 30 of the fiscal year in which the termination process was initiated, but in no case earlier than the later of the effective dates of the respective new funding mechanisms for the Parties.
- E. In the event of termination of this MOA, the Parties shall reconcile expenses and residual funds as soon as possible. To the extent that awarded EPA funds

contributed by Metro 4 can be reversed for re-award by EPA to Metro 4, the Parties shall collaborate toward that desired outcome.

**X. DISPUTE RESOLUTION.**

- A. Any dispute related to a term or condition of this MOA which has not been resolved through verbal communications shall be provided in writing by the President or Chair of the initiating Party to the President or Chair of the receiving Party.
- B. The Parties shall make a good faith effort to maintain the integrity of this MOA by examining the issue surrounding the dispute and identifying a mutually satisfactory resolution.
- C. In the event of a dispute requiring formal resolution, each Party shall designate two representatives in addition to the President or Chair and the three individuals from each organization shall constitute an *ad hoc* Dispute Resolution Committee for the purpose of resolving any formal dispute that arises.
- D. Any formal dispute not resolved by the Dispute Resolution Committee shall be forwarded to the Boards of Directors of the Parties, which shall convene a joint meeting or meetings in an attempt resolve the dispute.

**XI. LAWS, REGULATIONS, BY-LAWS, AND GRANT REQUIREMENTS.**

- A. If any term or condition of this MOA is determined to conflict with any applicable local, state, and/or federal law or regulation, the conflict shall be brought to the attention of the Executive Director of Metro 4 and SESARM as well as the President of Metro 4 and the Chair of SESARM. Any conflict with local, state, and/or federal law shall be resolved through collaboration of the Parties to alter the language of this MOA as soon as is practicable.
- B. Nothing in the terms and conditions of this MOA is intended to conflict with the mission and authority of either Party. Any conflict shall be resolved through collaboration of the Parties as soon as is practicable. The resolution of such conflict may take the form of modifications to the language of this MOA, to the grant work plan(s), and/or to the bylaws of the relevant organization as applicable and appropriate.

## **XII. MODIFICATIONS TO THIS AGREEMENT.**

The following procedures shall apply to modifications to this MOA:

- A. Modifications may be made to this MOA upon the written agreement of both Parties as indicated by a newly executed MOA.
- B. Should one of the Parties determine that a modification to this MOA is necessary, the President or Chair of the initiating Party shall notify the President or Chair of the receiving Party in a timely manner of the desired change including the subject area, the suggested change, and the rationale for the change. "Timely" shall be defined as an amount of time allowing for full approval of the change in advance of any critical date or deadline impacted by the change.
- C. Each Party shall appoint a person or persons to serve on an *ad hoc* workgroup to evaluate the suggested change and reach an agreement on the change.
- D. At the conclusion of discussions, if agreement has been reached, the recommended change shall be provided in writing to the Boards of Directors of Metro 4 and SESARM for consideration.
- E. Each Board shall evaluate the proposed change and shall attempt to reach consensus. When final action has been taken, each Board shall notify the other Board of the nature of the final action.
- F. The Executive Director of Metro 4 and SESARM shall finalize a revised MOA and provide it to the President of Metro 4 and the Chair of SESARM for final execution.



**XIII. EXECUTION.**

Metro 4 and SESARM, by their signatures below, hereby commit to comply with the terms and conditions of this MOA which shall become effective upon the date of the later of the two signatures as indicated below.

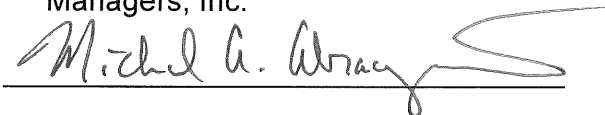
**A. Metro 4, Inc.**



Date: May 30<sup>th</sup>, 2019

Leslie H. Rhodes, Metro 4 President  
Mecklenburg County Land Use and  
Environmental Services Agency  
Air Quality Program  
Charlotte, North Carolina

**B. Southeastern States Air Resource  
Managers, Inc.**



Date: June 17, 2019

Michael A. Abrazcinskas, SESARM Chair  
North Carolina Department of  
Environmental Quality  
Division of Air Quality  
Raleigh, North Carolina