

**Water Quality Improvement Grant Agreement
Terms and Conditions**

1.0 **Definition of Terms**

- 1.1 “**Applicant**” means a person, firm, or other organization that submits or is considering submitting an application.
- 1.2 “**Application**” means a response submitted pursuant to a Request for Grant Applications (RFGA).
- 1.3 “**Days**” means calendar days unless otherwise specified.
- 1.4 “**Department**” means the Arizona Department of Environmental Quality (ADEQ).
- 1.5 “**Director**” means the Director of ADEQ.
- 1.6 “**Equipment**” means tangible, nonexpendable, personal property, including supplies, having useful life of more than one year and an acquisition cost of \$1,000 or more per unit.
- 1.7 “**Grant Agreement**” means the RFGA (including the manual referenced in the RFGA) and the application (including any revisions requested by the Department) and any Grant Agreement Amendments.
- 1.8 “**Grant Agreement Amendment**” means a written document, signed by an authorized representative of both parties for the purpose of making changes to the Grant Agreement.
- 1.9 “**Gratuity**” means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
- 1.10 “**Grantee**” means an applicant that is awarded a Grant Agreement.
- 1.11 “**Manual**” means the Water Quality Improvement Grant Manual.
- 1.12 “**Records**” means all books, accounts, reports, files and other records relating to this Grant Agreement.
- 1.13 “**Request for Grant Applications**” means the document the Department utilizes to request applications.

- 1.14 **"Subcontract"** means any contractual Grant Agreement, express or implied, between the Grantee and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Grant Agreement.
- 2.0 **Grant Agreement Interpretation**
- 2.1 **Arizona Law.** This Grant Agreement shall be interpreted under Arizona law and, if applicable, under federal law. The Department is authorized to enter into Grant Agreements by Arizona Revised Statutes (A.R.S.) Title 49. The Department is soliciting grants using the process given in A.R.S. Title 41, Chapter 24.
- 2.2 **Implied Terms.** Each provision of law and any terms required by law to be in this Grant Agreement are a part of this Grant Agreement as if fully stated in it.
- 2.3 **Language and Marginal Headings.** Language as used in this Grant Agreement shall include the plural as well as the singular and the masculine, feminine and neuter genders. Marginal headings are included for ease of reading only and shall have no effect on the construction or interpretation of this Grant Agreement.
- 2.4 **Relationship of Parties.** Neither party to this Grant Agreement shall be deemed to be the employee or agent of the other party.
- 2.5 **Lobbying.** Grantee shall not engage in lobbying activities, as defined in 40 CFR pt. 34 and ARS 41-1231 et.seq., using monies awarded under a Grant Agreement. Upon award of Grant Agreement, Grantee shall disclose all lobbying activities to ADEQ to the extent they are an actual or potential conflict of interest or where such activities would create an appearance of impropriety. Grantee shall implement and maintain adequate controls to assure that monies awarded under a Grant Agreement shall not be used for lobbying. All proposed subcontractors shall be subject to the same lobbying provisions stated above. Grantee must include anti-lobbying provisions in all contracts with subcontractors.
- 2.6 **Severability.** The provisions of this Grant Agreement are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Grant Agreement.
- 2.7 **No Parol Evidence.** This Grant Agreement is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document.
- 2.8 **No Waiver.** Either party's failure to insist on strict performance of any term or condition of the Grant Agreement shall not be deemed a waiver of that term or condition even if

the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3.0 **Grant Agreement Administration and Operation**

- 3.1 ***Drug-free Workplace.*** Grantees are required to certify that they maintain a drug-free workplace. By signing the Grant Agreement, the Grantee certifies that he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any grant-related activity.
- 3.2 ***Administrative Costs.*** Salaries, overhead, or indirect costs for administrative services provided and charged against activities and programs carried out with the grant shall not exceed 10 percent of the grant award.
- 3.3 ***Project Period.*** The Department agrees to reimburse Grantees for work activities performed during the project period as described in this Grant Agreement. The Department is not required to reimburse Grantee for any work activities initiated prior to execution of this Grant Agreement or after the project period has elapsed. The Grantee understands that the Department may terminate this Grant Agreement (see paragraph 9.5 of this Grant Agreement), if the project is not initiated within 3 months after entering into this Grant Agreement. The Department may extend the project period, if requested by the Grantee by executing a Grant Agreement Amendment (see 5.1, Grant Agreement Amendments).
- 3.4 ***Reports.*** A budget report and a narrative report shall be submitted on a calendar quarterly basis. Reports shall be sent to the Department no later than 30 calendar days after the close of the quarter. Reports shall be in electronic format (disk or e-mail). A paper copy of the reports shall be mailed to the Department in addition to the electronic submittal. The reports shall include, but are not limited to, budget expenditures, in-kind expenditures, and a narrative of the project's progress, as applicable. Grantee must obtain ADEQ Project Manager pre-approval before any funds are relocated from the original/approved budget. The Grantee is responsible for responding to any inquiries from the Department and/or the U.S. Environmental Protection Agency.

At the end of the project, a final budget report and a final narrative report must be submitted and approved by the Department. The final narrative report shall include at a minimum: a summary of the project goals and objectives, project results or outcomes (including any data or photos), aspects of the project that worked well and things that did not work well, any public involvement and coordination and future activity recommendations for the watershed. An electronic format of the final report is required to close out the project. The Department will not disburse final payment until the final report and all requirements of the Grant Agreement have been fulfilled. All remaining grant funds or outstanding grant funds must be reconciled.

- 3.5 **Records and Audit.** Under A.R.S. § 35-214 and § 35-215, the Grantee shall retain and shall contractually require each subcontractor to retain all Records for a period of five years after the completion of the Grant Agreement. Upon request, the Grantee shall produce a legible copy of any or all such Records. All Records shall be subject to inspection and audit by the Department, and where applicable the Federal Government, at reasonable times.
- 3.6 **Printing Credit.** Items such as brochures, advertisements, videos, maps, and technical reports developed for the project must be approved by the ADEQ Project Manager prior to printing or displaying information. These items shall include the statement "Funded by a grant from the United States Environmental Protection Agency and the Arizona Department of Environmental Quality."
- 3.7 **Recycled Materials.** To the extent possible, printed materials shall be on recycled paper with the statement, "Printed on Recycled Paper," printed on the cover sheet.
- 3.8 **Nondiscrimination.** Code 40 of Federal Regulations (CFR) 7.30 prohibits discrimination under any program or activity receiving U.S. Environmental Protection Agency assistance on the basis of race, color, natural origin, gender, handicap, or age. The Grantee shall comply with State Executive Order No. 99-4 and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.
- 3.9 **Inspection.** The Grantee agrees to permit access to its facilities and subcontractor facilities at reasonable times for inspection of the materials covered under this Grant Agreement.
- 3.10 **Advertising and Promotion of Grant Agreement.** The Grantee shall not advertise or publish information for commercial benefit concerning this Grant Agreement without the prior written approval of the Department.
- 3.11 **Ownership of Information.** Title to all documents, reports and other materials prepared by the Grantee in performance of this Grant Agreement shall rest in the Department, except for copyrighted material prepared in advance of this Grant Agreement by the Grantee at the expense of the Grantee. ADEQ and the U.S. Environmental Protection Agency shall have full and complete rights to reproduce, duplicate, disclose, perform and otherwise use all information prepared under this Grant Agreement, except for copyrighted material as provided in 6.1.2 of this Grant Agreement. The Grantee shall have full and complete rights to reproduce, duplicate, disclose, perform and otherwise use all information prepared under this Grant Agreement.
- 3.12 **Equipment.** Equipment purchased in whole or in part with grant funds should be itemized. Equipment that is purchased with grant funds may remain with the Grantee

upon completion of the project unless the Department determines in writing that it is in the best interest of the State for the equipment to be returned to Department.

- 3.13 ***Disadvantaged Business Requirements.*** The U.S. Environmental Protection Agency mandates Grant Agreements funded by federal money include requirements relating to Minority Business Enterprises (MBE), Women owned Business Enterprises (WBE) and Small Business Concerns (SBE). The Grantee shall comply with these requirements contained in the grant manual.
- 3.14 ***Operation and Maintenance.*** Any management practices (nonpoint source pollution control measures, remediation, etc.) implemented for the project must be properly operated and maintained for the intended purposes or as defined in the special conditions of the Grant Agreement. Operation includes the administration, management, and performance of non-maintenance actions needed to keep the completed practices safe and functioning as intended. Maintenance includes work to prevent deterioration of the practice, repairing damage, or replacement of the practice to its original condition if one or more components fail.

4.0 **Grant Funding**

- 4.1 ***Use of Grant Funds.*** Awarded grant funds shall be used solely for eligible purposes as approved by the Department. Line item funding is considered estimates of costs, however, the total project cost are considered exact and shall not be exceeded by the Grantee unless otherwise amended.
- 4.2 ***Payment Processes.*** The Department's payments for Grantees' contractors (excluding overhead) is limited to a maximum daily rate of \$513.60 and a maximum hourly rate of \$64.20. This amount does not include transportation and subsistence costs, in accordance with normal travel reimbursement practices. Grantees may pay consultants more than this amount, but the excess amount may not be paid with grant funds.
- 4.3 ***Funding Disbursement.***
- 4.3.1 Transferred grant funds shall be deposited by the Grantee in a separate project account carrying the name and number of the project and the funds shall be expended from the account only as authorized under the terms of this Grant Agreement.
- 4.3.2 All matching fund contributions or expenditures must occur within the effective dates of the Grant Agreement.
- 4.3.3 All requests for reimbursement shall be accompanied by reasonable assurance (documentation, receipts, invoices, etc.) that the goods and services for which payment is

requested were actually received and performed. The Department has the right to disallow contributions determined inappropriate or unreasonable.

4.3.4 Payments will be made upon approval by the Department.

4.4 ***Applicable Taxes.***

4.4.1 The Department shall reimburse only the rate and/or amount of taxes identified in the grant application and included in the costs within the approved budget or in any resulting Grant Agreement.

4.4.2 The Department is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the Grantee to remit. Failure to collect taxes from the buyer does not relieve the seller from the obligation to remit taxes.

4.4.3 Grantee and all subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Grantee. The Grantee shall, and require all subcontractors to hold the Department harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.

4.4.4 In order to receive payment under any resulting Grant Agreement, the Grantee shall have a current IRS-W9 Form on file with the Department.

4.5 ***Non-Availability of Funds.*** Every payment obligation of the Department under this Grant Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not appropriated, allocated, or available for the continuance of this Grant Agreement, this Grant Agreement may be terminated by the Department at the end of the period for which funds are available. No liability shall accrue to the Department in the event this provision is exercised, and the Department shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

5.0 **Grant Agreement Changes**

5.1 ***Grant Agreement Amendments.*** The Grant Agreement shall be modified only through a Grant Agreement Amendment. Unauthorized changes to this Grant Agreement shall be void and without effect, and the Grantee shall not be entitled to any claim under this Grant Agreement based on those changes.

- 5.2 **Subcontracts.** The Grantee shall not enter into any Subcontract under this Grant Agreement without consideration for impact on the project. Grantee shall report any Subcontract awards or changes as part of that calendar quarter's narrative report (see 3.4, Reports). The Subcontract shall incorporate by reference the terms and conditions of this Grant Agreement.
- 5.3 **Competition.** Pursuant to 40 CFR 31.36, the Grantee shall conduct all procurement transactions in a way that provides open and free competition. Purchases for projects must be made on a competitive basis to ensure that fair and reasonable prices are obtained for goods and services. Grantee shall document cost or price analysis in connection with every procurement action regardless of amount.
- 5.4 **Assignment and Delegation.** The Grantee shall not assign any right nor delegate any duty under this Grant Agreement without the prior written consent of the Department. The State shall not unreasonably withhold consent. Both parties agree that it is reasonable to withhold consent where the Department determines that an assignment or delegation would not be advantageous to the State of Arizona or would be contrary to the purposes of the Water Quality Improvement Grant Program.

6.0 **Indemnification and Insurance**

- 6.1 **Indemnification Clause.** The Grantee shall indemnify, defend, save, and hold harmless the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the Grantee or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of the Grantee to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by the Grantee from and against any and all claims. It is agreed that the Grantee will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this Grant Agreement, the Grantee agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents and employees for losses arising from the work performed by the Grantee for the Department.

This indemnity shall not apply if the Grantee or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

The United States Federal Government, acting as a Grantee, does not have the authority to indemnify and hold harmless the State of Arizona from any and all claims, liabilities, losses damages, charges, etc. The State of Arizona does not have the authority to indemnify and hold harmless the United States Federal Government from any and all claims, liability, losses, damages, charges, etc. The State of Arizona will be responsible for errors, omission and negligence of its employees. The United States Federal Government will be responsible for the errors, omission and negligence of its employees to the extent provided by Congress under the Federal Tort Claims Act [28 U.S.C. 1346(b), 2401(b), 2671-2680, as amended by P.L. 89-506, 80-Stat.306].

- 6.1.1 **No Obligation in Excess of Appropriations.** Nothing in this Grant Agreement shall be construed as obligating the Department in the expenditure of funds or as involving the Department in any contract or other obligation of the future payment of money in excess of appropriations authorized by law and budgeted and approved by the Department.
- 6.1.2 **Patent and Copyright.** The Grantee shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Grant Agreement performance or use by the State of materials furnished or work performed under this Grant Agreement. The State shall reasonably notify the Grantee of any claim for which it may be liable under this paragraph.
- 6.1.3 **Third Party Antitrust Violations.** The Grantee assigns to the State of Arizona any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Grantee, toward fulfillment of this Grant Agreement.
- 6.2 **Insurance Requirements.** The Grantee and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under his Grant Agreement, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Grantee, his agents, representatives, employees or subcontractors.

The *insurance requirements* herein are minimum requirements for this Grant Agreement and in no way limit the indemnity covenants contained in this Grant Agreement. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Grantee from liabilities that might arise out of the performance of the work under this Grant Agreement by the Grantee, its agents, representatives, employees or subcontractors, and the Grantee is free to purchase additional insurance.

- 6.2.1 The Grantee shall provide coverage with limits of liability not less than those stated below.

6.2.1.1 **Commercial General Liability – Occurrence Form**

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability.

• General Aggregate	\$2,000,000
• Products – Completed Operations Aggregate	\$1,000,000
• Personal and Advertising Injury	\$1,000,000
• Blanket Contractual Liability – Written and Oral	\$1,000,000
• Fire Legal Liability	\$ 50,000
• Each Occurrence	\$1,000,000

The policy shall be endorsed to include the following additional insured language: *“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.”*

Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Grantee.

6.2.1.2 **Worker's Compensation and Employers' Liability**

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Grantee.

This requirement shall not apply to: Separately, each Grantee or subcontractor exempt under A.R.S. 23-901, and when such Grantee or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

6.2.2 The policies shall include, or be endorsed to include, the following provisions:

- The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees wherever additional insured status is required such additional insured shall be covered to the full limits of liability purchased by the Grantee, even if those limits of liability are in excess of those required by this Grant Agreement.

- The Grantee's insurance coverage shall be primary insurance with respect to all other available sources.
- Coverage provided by the Grantee shall not be limited to the liability assumed under the indemnification provisions of this Grant Agreement.

6.2.3 **Notice of Cancellation.** Each insurance policy required by the insurance provisions of this Grant Agreement shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the Department. Such notice shall be sent directly to the Department and shall be sent by certified mail, return receipt requested.

6.2.4 **Acceptability of Insurers.** Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A-VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Grantee from potential insurer insolvency.

6.2.5 **Verification of Coverage.** The Grantee shall furnish the Department with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Grant Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the Department before work commences. Each insurance policy required by this Grant Agreement must be in effect at or prior to commencement of work under this Grant Agreement and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Grant Agreement, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Grant Agreement shall be sent directly to the Department. The ADEQ grant/project number and project description shall be noted on the certificate of insurance. The Department reserves the right to require complete, certified copies of all insurance policies required by this Grant Agreement at any time.

6.2.6 **Subcontractor.** Grantees' certificate(s) shall include all subcontractors as insureds under its policies or Grantee shall furnish to the Department separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

6.2.7 **Approval.** Any modification or variation from the *insurance requirements* in this Grant Agreement shall be made by the Arizona Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal Grant Agreement amendment, but may be made by administrative action.

6.2.8 **Exceptions.** In the event the Grantee or subcontractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance. If the Grantee or subcontractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

7.0 **Warranties**

7.1 **Key Personnel.** It is essential that the Grantee provide an adequate staff of experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this Grant Agreement. The Grantee must assign specific individuals to the key positions. Once assigned to work under the Grant Agreement, Grantees shall not remove or replace key personnel without consideration for impact on the project.

7.2 **Compliance with Applicable Laws.** The materials and services supplies under this Grant Agreement shall comply with all applicable Federal, state and local laws. Grantee shall maintain and comply with all applicable licenses and permit requirements.

7.3 **Grantee's Representations and Warranties.** All representations and warranties made by the Grantee under this Grant Agreement and within the application shall survive the expiration or termination of the Grant Agreement. In addition, the parties acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, chapter 5.

8.0 **Department's Contractual Remedies**

8.1 **Right to Assurance.** If the Department in good faith has reason to believe that the Grantee does not intend to, or is unable to perform or continue performing under this Grant Agreement, the Department may demand in writing that the Grantee give a written assurance of intent to perform. Failure by the Grantee to provide written assurance within the number of days specified in the demand may, at the Department's option, be the basis for terminating the Grant Agreement.

8.2 **Non-exclusive Remedies.** The rights and the remedies of the State under this Grant Agreement are not exclusive.

9.0 **Grant Agreement Termination**

9.1 **Conflict of Interest.** The Grantee shall comply with standards of conduct pursuant to 40 CFR 31.36 to avoid conflict of interest. Recipients of federal funds may not participate in the selection, award, or administration of a contract if real or apparent conflict of interest would result.

- 9.2 **Cancellation for Conflict of Interest.** Pursuant to A.R.S. § 38-511, the State may cancel this Grant Agreement within 3 years after Grant Agreement execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Grant Agreement on behalf of the State is or becomes at any time while the Grant Agreement or an extension of the Grant Agreement is in effect an employee of or a consultant to any other party to this Grant Agreement with respect to the subject matter of the Grant Agreement. The cancellation shall be effective when the Grantee receives written notice of the cancellation unless the notice specifies a later time. If the Grantee is a political subdivision of the State of Arizona, it may also cancel this Grant Agreement as provided in A.R.S. § 38-511.
- 9.3 **Gratuities.** The Department may, by written notice, terminate this Grant Agreement, in whole or in part, if the Department determines the Grantee or a representative of the Grantee offered employment or a Gratuity to any officer or employee of the State of Arizona for the purpose of receiving favorable treatment, including the making of any determination or decision, concerning this Grant Agreement. The Department, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by the Grantee.
- 9.4 **Suspension or Debarment.** The State may, by written notice to the Grantee, immediately terminate this Grant Agreement if the State determines that the Grantee has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body. Execution of a Grant Agreement shall attest that the Grantee is not currently suspended or debarred. If the Grantee becomes suspended or debarred, the Grantee shall immediately notify the Department.
- 9.5 **Termination for Convenience.** The Department reserves the right to terminate the Grant Agreement in whole or in part at any time, when in the best interests of the State of Arizona without penalty or recourse. Upon receipt of written notice of termination, the Grantee shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the Department. In the event of termination under this paragraph, all documents, data and reports prepared by the Grantee under the Grant Agreement shall become the property of and be delivered to the Department. The Grantee shall be entitled to receive reimbursement for work completed and materials accepted before notification of termination. The Department is under no obligation to continue reimbursement for any work activities undertaken after notification of termination.
- 9.6 **Termination for Default.** The Department reserves the right to terminate the Grant Agreement in whole or in part due to the failure of the Grantee to comply with any term or condition of the Grant Agreement or to acquire and maintain all required insurance

policies, bonds, licenses and permits. The Department shall provide written notice of the termination and the reasons for it to the Grantee.

- 9.7 ***Continuation of Work Activities After Termination.*** Termination of this Grant Agreement does not prohibit the Grantee from independently continuing work on the project, but any such independent continuation is solely the responsibility of the Grantee.
- 9.8 ***Disputes.*** The parties to this Grant Agreement agree to resolve all disputes arising out of or relating to this Grant Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518 except as may be required by other applicable state or federal statutes and law.
- 9.9 ***Offshore Performance of Work Prohibited.*** Due to security and identity protection concerns, all services under this Grant Agreement shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision applies to work performed by subcontractors at all tiers.
- 9.10 ***Federal Immigration and Nationality Act.*** The Grantee shall remain in compliance with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the Grant Agreement. Further, the Grantee shall flow down this requirement to all subcontractors utilized during the term of the Grant Agreement. The State shall retain the right to perform random audits of Grantee and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the Grantee and/or any subcontractor(s) be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, cancellation of the Grant Agreement and suspension and/or debarment of the Grantee.