

**MEMORANDUM OF UNDERSTANDING BETWEEN  
THE STATE OF ALABAMA DEPARTMENT OF FINANCE AND  
THE ALABAMA FORESTRY COMMISSION  
FOR THE DISTRIBUTION OF CARES ACT CORONAVIRUS RELIEF FUNDS**

This Memorandum of Understanding (“Agreement”) is made by and between the State of Alabama Department of Finance, at 600 Dexter Avenue, Montgomery, Alabama 36130, hereinafter referred to as “DOF” and the Alabama Forestry Commission, at 513 Madison Avenue, Montgomery, Alabama 36104, hereinafter referred to as “AFC.” DOF and AFC are hereinafter collectively referred to as the “parties.” This Agreement becomes effective upon approval of the parties and the Governor.

**1. PURPOSE AND SCOPE**

(a) The federal Coronavirus Aid, Relief, and Economic Security Act, hereinafter referred to as the CARES Act, established the Coronavirus Relief Fund, hereinafter referred to as CRF. The CARES Act appropriated \$150,000,000,000 to the CRF to make payments to state, local, and tribal governments for the purposes enumerated in the CARES Act, namely to respond to and mitigate the coronavirus pandemic. The State of Alabama received approximately \$1,900,000,000 from the CRF. CRF funds may only be used to cover costs that 1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); 2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

(b) Alabama Act 2020-199 divided the State of Alabama’s share of CRF funds into ten categories and charged DOF with the responsibility of administering the funds on behalf of the people of Alabama. One such category provides, “Up to \$300,000,000 to be used to support citizens, businesses, and non-profit and faith-based organizations of the state directly impacted by the coronavirus pandemic.” AFC is requesting, and DOF agrees to provide, \$10,000,000 from this category of CRF funds to support AFC’s program to assist Alabama timber owners impacted by the pandemic. AFC’s timber owners program is hereinafter referred to as the “program,” a detailed description of which is attached hereto as Appendix A.

(c) As the program has been presented to DOF by AFC, DOF has concluded that the program is necessary to respond to and mitigate the coronavirus pandemic in Alabama. Further, DOF concludes that funding the program using the state’s CRF funds is an appropriate use of these funds under both federal and state law. DOF fully supports AFC in its efforts to support and protect the citizens of Alabama.

**2. PARTIES’ RESPONSIBILITIES**

(a) DOF agrees to the following:

(i) To provide written notice to the Legislature at least fourteen days prior to providing funds to AFC under this agreement as required by Act 2020-199;

(ii) To provide \$10,000,000 to AFC from the State's CRF funds as described herein to fund the program described in Appendix A and for no other purpose; and

(iii) To provide AFC with forms required by DOF to be completed by those individuals or entities that receive CRF funding under this agreement.

(b) AFC agrees to the following:

(i) To develop, implement, and administer the program described in Appendix A, reserving the discretion to reject any applications which do not sufficiently satisfy all program eligibility criteria;

(ii) To obtain completed forms required by DOF from program participants and to validate the data provided by program participants prior to distributing funds;

(iii) To provide to the State Finance Director's Office, on the fifteenth of every month, beginning September 15, 2020 until the project concludes by either completion or termination, a report detailing the progress made and an itemized list of expenditures for the program for the preceding month;

(iv) To use the funds provided by DOF under this Agreement in accordance with federal and state law and for the purposes set forth in this Agreement and for no other purpose; and

(v) To spend or return any funds provided by DOF under this Agreement by December 15, 2020.

### 3. AMENDMENT OR TERMINATION OF AGREEMENT

(a) This Agreement may be amended only by a writing signed by each party or representatives of each party and approved by the Governor.

(b) Except as set forth in this section, this Agreement may be terminated only by a writing signed by each party or representatives of each party. If DOF concludes, after a reasonable investigation and in its sole discretion as administrator of the funds under Act 2020-199, that the funds provided hereunder have been used in a manner inconsistent with federal or state law, DOF may terminate this Agreement immediately upon written notice to AFC. In the event that this agreement is terminated under this section, AFC agrees to immediately return to DOF any unspent funds provided to AFC under this agreement.

### 4. MISCELLANEOUS PROVISIONS

(a) The terms and commitments contained herein shall not constitute a debt of the State of Alabama, which is prohibited by Section 213 of the Official Recompilation of the Constitution of Alabama, 1901, as amended by Amendment No. 26.

(b) By signing this contract, the contracting parties affirm, for the duration of this Agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien within the State of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of this Agreement and shall be responsible for all damages resulting therefrom.

(c) In the event of any dispute between the parties, senior officials of both parties shall meet and engage in a good faith attempt to resolve the dispute. Should that effort fail, and the dispute involves the payment of money, a party's sole remedy is the filing of a claim with the Board of Adjustment of the State of Alabama. For any and all other disputes arising under the terms of this contract which are not resolved by negotiation, the parties agree to utilize appropriate forms of non-binding alternative dispute resolution including, but not limited to, mediation. Such dispute resolution shall occur in Montgomery, Alabama, utilizing where appropriate, mediators selected from the roster of mediators maintained by the Center for Dispute Resolution of the Alabama State Bar.

(d) In order to comply with federal requirements relating to the administration of grants and other federal assistance funds, DOF provides the following information to AFC: This subaward is provided to AFC through a grant to the State of Alabama in the amount of \$1,901,262,000 from the U.S. Treasury via Section 601(a)(1) of the Social Security Act (42 U.S.C. 301 et seq.), known as the Coronavirus Relief Fund, as created by Section 5001 of the CARES Act, Pub. L. No. 116-136 (March 27, 2020) under Federal Award Identification Number SLT0002 and SLT0223, CFDA #21.019 Coronavirus Relief Fund for the period March 1, 2020 to December 30, 2020. This subaward is provided in accordance with the requirements set forth in the CARES Act and other applicable federal and state law and policy, and AFC affirms that all information it has provided to DOF relating to this subaward is true and accurate. This subaward does not include research and development. The parties acknowledge and understand that each subrecipient of CRF funds will be evaluated in accordance with Code of Federal Regulations, Title 2, § 200.331(b) for risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward. Further, each subrecipients' activities will be monitored as necessary to ensure that the subaward is used for authorized purposes, in compliance with law, and that subaward performance goals are achieved. Other monitoring tools may be implemented depending on the level of risk posed by the subrecipient.

In witness whereof, the parties hereto have caused this Agreement to be executed by those officers, officials, and persons thereunto duly authorized on this 18<sup>th</sup> day of August, 2020.

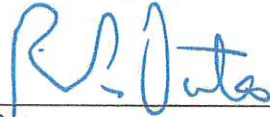
[SIGNATURES APPEAR ON THE NEXT PAGE]

State of Alabama  
Department of Finance



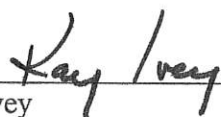
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Kelly Butler  
Finance Director

State of Alabama  
Alabama Forestry Commission



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Rick Oates  
State Forester

APPROVED:



\_\_\_\_\_  
Kay Ivey  
Governor of Alabama

Date: 8/24/2020



# ALABAMA FORESTRY COMMISSION

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**Program Title:** Assisting Alabama Timber Owners Impacted by the COVID-19 Pandemic

**Funding Amount:** \$10,000,000

**Description:** This program will provide payments to qualifying timber owners who harvested timber in Alabama during the months of March through July 2020.

**Eligibility Criteria:**

1. Applicant must be domiciled in Alabama.
2. Applicant may be an individual or business entity that owned the timber at the time of harvest. If a business entity, applicant must be a small business as defined by the Small Business Administration.
3. Applicant must certify that they have not received other federal or state funding for timber or timber related business losses due to the COVID-19 Pandemic.
4. Applicants who receive funding are capped at a maximum payment of \$10,000.00.
5. Applicant must demonstrate to the State of Alabama that timber was harvested during the March 2020 through July 2020 timeframe with scale tickets or other documentation that can verify timber sale volume.
6. Applicant will be required to sign an affidavit of timber harvest confirmation.

**Assumptions:**

1. Recent Alabama Department of Revenue data indicates that approximately 10 million tons of wood are severed each quarter.
2. Timber Mart South\* Second Quarter 2020 data indicate that wood prices are down on average, across all product classes, about one dollar per ton during the first three months of COVID-19 impacts.
3. Thus, the estimated potential loss to landowners is \$10 million for that quarter amounting to an estimated negative impact of \$3.3 million per month. So, for the proposed 5-month program eligibility timeframe the maximum loss is approximately \$17 million.
4. Applicants will be paid \$1/ton for timber harvested during the March 2020 through July 2020 timeframe.
5. Approximately 56% (13 million acres) of the forest land in Alabama is owned by non-industrial private landowners (family forests). There is approximately 23 million acres of forestland in Alabama. This means the maximum payout would be approximately \$10,000,000.



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6. For the capped payment amount, we assumed the average tonnage of wood harvested on an acre of pine plantation is 100 tons and also assumed an average harvest size of 100 acres, thus a maximum payment of \$10,000.00. This methodology to determine the payment caps will apply to any species mix harvested, whether it is softwood or hardwood. A minimum threshold for payments may be set at a later time.
7. This program is applicable state-wide for this time period.
8. The Alabama Forestry Commission will develop the process to verify and determine the amount of payments.

**Disbursement of Funds:** Funding of this program will be provided to qualified applicants on a first-come, first-serve basis until funding is exhausted.

**Program Coordinator:** Will Brantley  
Management Division Director  
Alabama Forestry Commission  
(334) 560-6047  
[william.brantley@forestry.alabama.gov](mailto:william.brantley@forestry.alabama.gov)

\*Timber Mart South is a monthly publication that is the industry standard for timber pricing in the South.