



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
OFFICE OF ACQUISITION AND GRANTS

July 19, 2012

Mr. Patrick Barringer
GovNET, Inc.
7835 E. McClain Drive
Scottsdale, AZ 85260

Subject: Broadband Technology Opportunities Program (BTOP)
Grant Award No. NT10BIX5570136
GovNET, Inc. (GovNET)
Corrective Action Plan and Questioned and Disallowed Costs

Dear Mr. Barringer:

Thank you for your team's time and effort in preparing for our site visit on June 12-13, 2012. Additionally, thank you for your June 22, 2012 response to the Corrective Action Plan (CAP) issued by the National Oceanic and Atmospheric Administration (NOAA) Grants Office on May 2, 2012 concerning GovNET's noncompliance with the requirements of its Environmental Assessment Special Award Condition (EA SAC), Finding of No Significant Impact (FONSI), and Programmatic Agreement (PA).

The purpose of this letter is to inform you of specific disallowed and questioned costs identified by the National Oceanic and Atmospheric Administration (NOAA) Grants Office in consultation with the National Telecommunications and Information Administration (NTIA) Program Office. This letter also sets forth a consolidated Corrective Action Plan (CAP) that NTIA requests you to complete to ensure proper compliance with the terms and conditions of your award and to allow NOAA to consider lifting the suspension of your award. Included in this consolidated CAP are additional specific concerns resulting from NTIA's review of the response submitted by GovNET on June 22, 2012.

Upon acceptance of a grant from the Department of Commerce, your organization agreed to comply with requirements specified in the terms and conditions of the award. The NOAA Grants Office received notice from NTIA that you have not complied with certain environmental compliance requirements of the award. As a result, on May 2, 2012, NOAA placed your award under a CAP (the "EA CAP") and issued a unilateral stop work amendment requiring you to stop all work at (b) (4) and any other sites where the planned work falls outside the scope of the work described in and assessed by your FONSI.

After issuing the EA CAP, we became aware of additional concerns beyond those addressed in the EA CAP, including unallowable costs, grants management and financial control issues. As a result, on May 22, 2012, based on these concerns, NOAA suspended your award. On June 1, 2012, NOAA sent GovNET a Suspension of Award letter suspending GovNET's award and describing the costs that would be allowable during the suspension. The letter also set out a CAP (the "June 1 CAP"), pursuant to which NOAA and NTIA representatives would visit GovNET's headquarters to evaluate GovNET's expenditures to date and reassess whether the suspension should be lifted. The letter also stated that NOAA and NTIA may request follow up information to assist in the decision and would notify you of our decision regarding the suspension upon completion of our full analysis of the documentation, including any follow up questions.

On June 12-13, 2012, NTIA and NOAA representatives visited GovNET's headquarters, reviewed many of GovNET's invoices and contracts, and interviewed GovNET's employees. The following week, GovNET provided a copy of its general ledger, which NTIA and NOAA reviewed. The site visit and review of documentation allowed NTIA and NOAA to obtain a better understanding of their areas of concern, including:

- Transactions with Telink Networks SW LLC (Telink) that may involve a conflict of interest due to common ownership of GovNET and Telink;
- Certain costs that are unreasonable or unallowable under the applicable cost principles, or outside the terms of the award; and
- Inadequate fiscal control and financial approval processes.

Based upon GovNET's June 22, 2012 CAP response and NOAA and NTIA's site visit, NTIA has recommended that NOAA continue the suspension of GovNET's award and issue a comprehensive CAP to address outstanding areas of concern.

REASON FOR SUSPENSION: NOAA and NTIA have serious concerns regarding GovNET's compliance with the terms and conditions of its award. Areas of concern include (1) match, (2) potential lobbying, (3) allowable costs, (4) environmental compliance, and (5) financial management and procurement.

1. Match

Under the terms and conditions of the award, GovNET is required to provide 24.38% in matching funds. Prior to the suspension of the award, GovNET had not yet secured the requisite matching funds required under its award, nor the statutory minimum requirement of 20 percent.¹ GovNET's May 4, 2012 email response to NTIA's request for updated match information revealed that (1) GovNET's match depends upon about (b) (4) in in-kind operating leases that have not yet been signed; and (2) (b) (4) of the in-kind leases GovNET has received (and intends to count as match) are from community anchor institution sites that have not yet been approved as part of the project. Additionally, a promised (b) (4) has

¹ American Recovery and Reinvestment Act of 2009 § 6001(f), Pub. L. No. 111-5, 123 Stat. 115, 514 (Feb. 17, 2009) (Recovery Act).

not yet been executed and GovNET's projected (b) (4) of program income appears to be at risk.

To protect federal funds, NOAA and NTIA must have confidence that GovNET can meet its required matching contribution before work may resume on this project.

2. Potential Lobbying

During the June 12-13, 2012 site visit, NOAA and NTIA became concerned that payments to vendor (b) (4) may include lobbying costs, based on interviews with GovNET employees and the nature of (b) (4) business. The use of federal funds for lobbying activities in connection with a covered action is a criminal violation.² Even when not performed in connection with a covered action, most lobbying costs are unallowable under the applicable cost principles.³

3. Disallowed and Questioned Costs

As noted in the June 1, 2012 Suspension of Award letter, under the terms and conditions of GovNET's BTOP award, all costs charged to the award must be reasonable, allocable, and consistent with the required accounting standards, the terms of the award, and the cost principles at 48 C.F.R. subpart 31.2.⁴ GovNET must also maintain and follow written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.⁵

After a thorough review of GovNET's reimbursement requests and invoices during the site visit, NOAA and NTIA have identified (b) (4) (b) (4) in questioned costs charged to the award. These costs and NOAA and NTIA's basis for disallowing or questioning them are listed in Appendix B.

4. Environmental Compliance

NTIA has completed a preliminary review of the response submitted by GovNET on June 22, 2012 in response to the NTIA CAP associated with conformance to the project's Environmental Assessment ("EA") Special Award Conditions ("SACs"), the actions that were assessed in the FONSI, and Programmatic Agreement ("PA"). Although the documentation provided by GovNET addressed some of the Environmental and Historic Preservation team's ("EHP") concerns associated with GovNET's actions, it did not provide all of the information required for a comprehensive review of both the programmatic and EHP impacts of GovNET's deviations from the EA, FONSI, and PA requirements. Specific information that NTIA requires you to provide to address these deficiencies is detailed in Appendix A.

² 31 U.S.C. § 1352; 15 C.F.R. part 28; Department of Commerce Financial Assistance Standard Terms and Conditions § I ("DOC Standard T&C"); CD-511 submitted with application.

³ See 48 C.F.R. § 31.205-22.

⁴ See 48 C.F.R. § 31.201-2(a).

⁵ See 15 C.F.R. § 14.21(b)(6).

In its CAP response, GovNET identified numerous discrepancies within the EA (highlighted in GovNET Exhibit 1) and between the EA and PA (GovNET Exhibit 2.b). Because the EA and PA are incorporated by reference into the FONSI, and since the FONSI was issued based on those underlying documents, these discrepancies call into question the validity of the project's FONSI. Additionally, when considering the number and types of post-FONSI changes described in GovNET's CAP response for which NTIA has not yet received thorough documentation (as described in the CAP attached to this letter), NTIA is forced to conclude that GovNET is more seriously out of compliance with its SACs, FONSI, and PA than originally known. The continued viability of the FONSI cannot be determined until adequate information is provided that would permit NTIA to determine whether the project's completed and planned activities align with the determination issued in the FONSI.

5. Financial and Grants Management

As noted above, under the terms of the award, GovNET must maintain and follow written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.⁶ The terms of the award also require GovNET to maintain a financial management system that ensures effective control over and accountability for all funds, property and other assets.⁷ Recipients must ensure that all such assets are used solely for authorized purposes.⁸ The volume of disallowed and questioned costs that NOAA and NTIA have identified raises serious concerns about the effectiveness of GovNET's procedures and/or GovNET's compliance with those procedures.

The terms of the award also require GovNET to maintain and follow procurement policies and procedures that comply with the standards outlined in the Department of Commerce Uniform Administrative Requirements at 15 C.F.R. §§ 14.40-48. 15 C.F.R § 14.43 requires that all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Although GovNET follows an RFP process for purchases over \$100,000, it does not appear to follow a consistent procedure of obtaining quotes for smaller purchases, or to consider when smaller purchases should be consolidated, as in the case of GovNET's vehicles. During the site visit, GovNET personnel explained that they travel to conferences and visit manufacturers to scout potential bidders for the project's RFPs. Such trips that result in pre-selection of a vendor undermine the competitive process. During the site visit, GovNET also stated that it does not post RFPs to its website due to security concerns. NOAA and NTIA do not understand why this obvious method of distributing a solicitation is a security concern for all types of RFPs associated with the project. Based on some of the questioned costs found during NOAA and NTIA's review, GovNET's procedures do not appear to provide adequate protection against purchasing unnecessary items, as required by 15 C.F.R.

§ 14.44(a)(1), or require adequate analysis of appropriate lease alternatives, as required by 15 C.F.R. § 14.44(a)(2).

⁶ See 15 C.F.R. § 14.21(b)(6).

⁷ See 15 C.F.R. § 14.21(b).

⁸ See *id.*

Under 15 C.F.R. § 14.42, the recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent has a financial or other interest in the firm selected for an award.⁹

GovNET's reimbursement requests through April 2012 show a total of (b) (4) (b) (4) Patrick Barringer is the sole owner and CEO of both GovNET and Telink, and GovNET does not have a policy in place to prevent Mr. Barringer from participating in GovNET's decisions to purchase from Telink. NOAA and NTIA are also concerned, based on findings from the site visit and a review of documentation associated with the award, that GovNET may not adequately distinguish the activities and segregate the costs allocable to GovNET and Telink as required under 15 CFR § 14.21.

RESULT: At this time, your award remains suspended until GovNET is able to demonstrate compliance with the terms and conditions of the award. While the award remains suspended, the only allowable costs are those categories of costs described in the June 1, 2012 Suspension of Award letter, as well as:

- Reasonable costs to comply with the reporting requirements of the grant.
- Reasonable costs to respond to the CAP.

REQUIRED CORRECTIVE ACTION: The CAP in Appendix A applies to your BTOP Comprehensive Community Infrastructure grant award. Please submit your complete response to the CAP to NOAA and NTIA by September 4, 2012 (the "CAP Deadline").

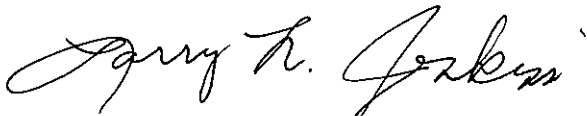
Additionally, as set forth in Appendix A under the "Equipment/Property Security" section of the CAP, while the award remains suspended, GovNET must continue to secure the grant-funded property to protect it against loss, damage, or theft. By August 15, 2012 (the "Inventory Submission Deadline"), GovNET must submit to NOAA and NTIA a detailed inventory of all equipment, materials, real property, and interests in real property purchased under the award.

⁹ See 15 C.F.R. § 14.42.

Failure to provide a sufficient and adequate response to the CAP may result in additional enforcement action, including termination of the award. Please contact Katherine Scott at 202-482-2205 or kscott@ntia.doc.gov should you require further details about this request.

Thank you for your cooperation and assistance.

Sincerely,

A handwritten signature in cursive script that reads "Larry R. Jenkins".

Larry Jenkins, BTOP Grants Officer
NOAA Grants Management Division

CC: William Ball, NOAA
Alan Conway, NOAA
Douglas Kinkoph, NTIA
Karen McCoy, GovNET Inc.
Aimee Meacham, NTIA
Arlene Simpson Porter, NOAA
Craig Reid, NOAA
Katherine Scott, NTIA
Anthony Wilhelm, NTIA

Appendix A
GovNET Corrective Action Plan

The Corrective Action Plan (CAP) below applies to GovNET’s BTOB Comprehensive Community Infrastructure grant award. In your CAP response, please address the match details, lobbying, questioned costs, environmental compliance, and process and procedure issues outlined in the CAP below, as well as the equipment and property security requirements listed at the end of the CAP. Please submit your response to the “Equipment/Property Security” section of the CAP by the Inventory Submission Deadline specified in the letter and the remainder of your completed CAP response by the CAP Deadline specified in the letter.

I. Match Details

1) Please explain fully how and when GovNET will provide the matching funds required under its award. This should include:

a) Rooftop leases

i) An update to the following chart, provided to NTIA on May 4, 2012:

	Total leases	Total appraised value
Signed CAI leases with EA	(b) (4)	(b) (4)
Signed CAI leases needing EA		
Total signed CAI leases		
Pending CAI leases with EA		
Pending CAI leases needing EA		
Total pending CAI leases		
Total signed and pending CAI leases		

ii) An updated table like the one submitted to NTIA on May 4, 2012, showing each site name, whether it is part of the approved project, type of community anchor institution, date the lease was signed (or is anticipated to be signed), number of months to be counted toward in-kind match, value per month, total value, and address.

iii) For sites that are not within the approved project, please provide a programmatic and EA checklist to request approval to include them.

b) For any matching contributions not included in your February 22, 2012 match matrix, an explanation of the contribution, its source, how it was valued, and its purpose in the project.

c) Documentation showing that (b) (4) in previously committed, loan funds to GovNET, or documentation demonstrating (b) (4) has escrowed the funds for that loan.

- d) An updated and detailed projection of program income for the award period.
- 2) Please confirm that for each tower lease that will be contributed as in-kind match, the tower was not funded by a Department of Homeland Security grant or any other federal source. Match cannot be paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.¹⁰

II. Potential Lobbying

Reimbursement request 12 includes 8 line items, totaling (b) (4) paid to vendor (b) (4) (b) (4)

- A. Please provide a detailed explanation of the services that (b) (4) for GovNET, including (b) (4) who provided these services and whether any of them are registered lobbyists. Note that to be allowable, the services must also comply with 48 C.F.R. § 31.205-33(c) and be documented in accordance with the requirements of 48 C.F.R. § 31.205-33(f).
- B. Please clarify whether any of the services performed by (b) (4) constituted unallowable lobbying costs under 48 C.F.R. § 31.205-22. In answering this request, you should explain whether any of these services constituted attempts to influence the outcome of an election; the introduction or enactment of legislation or the signature or veto of enrolled legislation; or legislative liaison activities in support or knowing preparation for unallowable activities.
- C. Please state whether any of the services were lobbying services in connection with a covered action as defined under 31 U.S.C. § 1352.

III. Questioned Costs

Attached as Appendix B are the costs that NTIA and NOAA are disallowing and questioning and reasons to support this determination. In its response to the CAP, GovNET should indicate whether it agrees or disagrees with the allowability of each of the costs listed in Appendix B. If GovNET agrees that the costs are not allowable, these costs should be removed from GovNET's BTOP budget and associated funds returned via the Automated Standard Application for Payment (ASAP) system by September 4, 2012. Also, by September 4, 2012, GovNET must provide an explanation and supporting documentation to support the allowability of any other disallowed or questioned costs. NOAA and NTIA will review GovNET's responses and make a final determination.

¹⁰ See 15 C.F.R. § 14.23(a)(2).

IV. Nonconformance with the Requirements of the Environmental Assessment Special Award Conditions, Finding of No Significant Impact, and Programmatic Agreement

GovNET must submit a revised EA CAP response to address the deficiencies described below.

A. Mischaracterization of requirements associated with post-FONSI tower, node, and CAI changes:

- i. In its response letter GovNET made a statement that “The following sites have minor changes to the project scope but require no further FONSI consideration:”, and then provided a list of certain post-FONSI changes (summarized below) to which they believe this statement applies. Further, based on this statement, GovNET did not provide further information on post-FONSI changes/activities associated with sites that met those classifications.
 - (A.1) Tower sites located on federally-designated communications sites administered by UDSA-FS, NPA, and BLM when the planned actions are the same as described in the FONSI (new towers or collocation on existing towers), despite GovNET’s intent to change or adjust the specific location of tower sites, so long as GovNET obtains Section 106 documentation from the applicable Federal Agency;
 - (A.2) Addition, modification, or removal of Node/CAI sites that are exempt from Section 106 review per the FCC Collocation PA or Arizona SHPO;
 - (A.4) Temporary wireless ‘Sites on Wheels’ (SOWs and COWs); and
 - (A.5) Towers that have been removed from the project.
- ii. Unfortunately, while GovNET’s statement may be correct for certain sites with respect to Section 106 review, the overall statement is incorrect and the additional requested information must be provided to NTIA as described in the NTIA CAP for the following reasons:
 - All post-FONSI project changes must be reviewed at three levels. First, they must be reviewed by the NTIA program office to evaluate their programmatic, budget, and schedule impacts. All post-FONSI project changes must also be reviewed by the NTIA EHP team to ensure ongoing compliance with applicable environmental or cultural resource regulatory requirements. To acquire approval for any changes made to these sites and remain in compliance with the EA SAC, GovNET must submit the EHP information specified in the route mod checklist. Finally, such changes must also subsequently be approved by the NOAA Grants Officer. To acquire approval for changes made to these sites, GovNET must submit the programmatic information specified in the route modification checklists to gain approval for any post-FONSI project

modification (include the addition, deletion, or modification of any tower, node, CAI, or temporary wireless site).

- The FONSI and PA for this project specify the location of each tower, node, and CAI (refer to PA Appendix D) and thus require amendment when a site is added, removed, or modified – this requirement is clearly defined in PA Stipulation I.D. As a result, GovNET’s decisions to add, remove, or modify sites cannot be taken unilaterally. Any change to the project as described in the PA requires NTIA concurrence, modification of the PA, and notification of other signatories to the PA. Further, because the PA provides a mechanism to implement the FONSI, NTIA must determine whether or not the PA can be modified to approve such an action without a possible impact to the FONSI (which may require the FONSI to be amended, reissued, or invalidated). NTIA can only make that determination when presented with the facts and an opportunity to respond to each case.
- iii. Because GovNET has not provided the information described above for all sites, the project continues to have undocumented changes – some completed, others planned – that have not been evaluated and approved by the NTIA program office and EHP staff.
- iv. NOAA and NTIA specifically note that for EA CAP Item 3a, GovNET did not include documentation to confirm the “exempt” status (b) (4) (b) (4)

B. Numerous discrepancies between the EA, PA and FONSI may have resulted in an invalid FONSI:

- i. In its CAP response, GovNET identified numerous discrepancies within the EA (highlighted in GovNET Exhibit 1) and between the EA and PA (GovNET Exhibit 2.b). Because the EA and PA are incorporated by reference into the FONSI, and since the FONSI was issued based on those underlying documents, these discrepancies call into question the validity of the project’s FONSI.
- ii. When considering the number and types of post-FONSI changes described in GovNET’s CAP response for which NTIA has not yet received thorough documentation (refer to section IV.A of this letter), NTIA is forced to conclude that GovNET is more seriously out of compliance with its SACs, FONSI, and PA than originally known. These changes also call into question the FONSI’s validity, until a determination can be made whether or not the project’s completed and planned activities align with the determination issued in the FONSI.
- iii. As the FONSI is the document relied upon by NTIA to evidence compliance with the National Environmental Policy Act and the EA SAC, and to authorize project

implementation activities,¹¹ it is NTIA's determination that all project implementation activities must stop until NTIA determines the FONSI sufficiently accounts for project modifications or (if appropriate) revises and reissues the FONSI to properly account for and analyze the environmental or cultural resources impacts of the project modifications.

- iv. NTIA will not consider revising and reissuing the project's FONSI until GovNET fully complies with the requirements of the original CAP and delivers the detailed information on all project sites, as described in this CAP.
- v. Revision and reissuance of the FONSI may not be an option. There may be scenarios in which GovNET's past non-approved actions or planned actions that have not yet been approved may necessitate an environmental impact statement.

V. Processes and Procedures

GovNET must also develop and submit to NOAA and NTIA documentation that includes:

- A. Written policies and procedures to prevent, detect, and manage conflicts of interest involving GovNET, its officers, and its employees, in compliance with 15 CFR 14.42 and the requirement under 15 CFR § 14.43 that the recipient shall be alert to organizational conflicts of interest that may restrict or eliminate competition or otherwise restrain trade. Given that Patrick Barringer is the sole owner and CEO, the conflict of interest policy must include provisions that prohibit conflicts of interest with Mr. Barringer, his family, and any other business interests (*i.e.*, Telink).
- B. Detailed procurement policies and procedures that comply with the standards outlined in the Uniform Administrative Requirements, 15 C.F.R. §§ 14.40-48. In particular, these procurement policies and procedures must consider:
 - 15 CFR § 14.43, which requires that all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. As noted above, trips that result in pre-selection of a vendor undermine the competitive process.
 - 15 CFR § 14.44(a)(1), which requires recipients to avoid purchasing unnecessary items.
 - 15 CFR § 14.44(a)(2), which requires that where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government.
 - 15 CFR § 14.45, which requires that some form of cost or price analysis shall be made and documented in the procurement files in connection with every procurement action.

¹¹ Project Implementation Activities include: site preparation; demolition; construction, ground disturbance; or any other project implementation activities.

These procurement procedures should discuss processes for purchasing goods and services under \$100,000 as well as contracts of \$100,000 or greater.

C. A written policy that will ensure separate accounting of GovNET grant-funded, GovNET non-grant-funded, and/or Telink expenses and property.

- Where GovNET personnel work on activities allocable to more than one of the above categories, GovNET must have:
 - A method of allocating all personnel compensation and benefits to the different activities and documenting the allocation.
 - A method of allocating all facilities and administrative costs related to these personnel to the different activities and documenting the allocation.
 - A process for ensuring that grant funds are used only to pay the portion of costs allocable to grant-funded activities.
- If property belonging to GovNET or Telink is used for activities in more than one of the above categories, GovNET must have:
 - A clearly-defined policy for identifying which company owns which assets.
 - A method of allocating costs between GovNET and Telink.
 - A written policy for ensuring that the grant is appropriately reimbursed for Telink's use of GovNET's assets, and not inappropriately charged for GovNET's use of Telink's assets.

D. Written policies that include methods to ensure effective control over and accountability for grant funds. These should include:

- A process for ensuring that all expenditures for goods, real property, and services are:
 - Reasonable – *i.e.*, in their nature and amount, they do not exceed that which would be incurred by a prudent person in the conduct of competitive business;
 - Allowable under the terms of the award, including the NOFA and cost principles; and
 - Allocable to the award.
- A process for approval and payment of expenses that provides for separation of fiscal duties, with checks and balances on all parties, including Mr. Barringer.

- E. Documentation of the procedures that GovNET and its contractor will use to produce progress and financial reports, including gathering of necessary data. If data-gathering will involve interviews with employees, GovNET must have a procedure for maintaining documentation of those interviews.
- F. Along with this documentation, GovNET must submit a plan as to how it will educate its staff on the importance of adherence to these documented policies and procedures as they pertain to GovNET's compliance with its BTOP award.
- G. Documentation that GovNET has put all employees on notice of the requirements to obtain NTIA approval of any change in project plans that may include activities not covered under the FONSI.

VI. Equipment/Property Security

As provided in 15 C.F.R. part 14 and the terms and conditions of your award, NTIA retains a federal interest in all grant-acquired equipment and real property. On or before the Inventory Submission Deadline listed in the letter from NOAA, GovNET must submit a detailed inventory of all equipment and materials purchased under the award, including specifications, model numbers, serial numbers, VIN numbers, cost, and current secured storage location (e.g., address). By that date, GovNET also must submit a detailed list of real property and interests in real property purchased under the award. A sample format is provided below:

SAMPLE GovNET BTOP Project Inventory as of July XX, 2012

Item Description	Manufacturer	Make/Model/Specifics	Serial Number/VIN Number	Quantity	Purchase Date	Purchase Price (total)	Grant-funded improvements	Location
Tower Equipment								
Tower	(b) (4)	(b) (4)	XXXXXXXXXX	1	3/3/2012	(b) (4)	n/a	(b) (4)
Roof mount tower	(b) (4)	Roof mount [model?]	XXXXXXXXXX	1	3/29/2012	(b) (4)	n/a	(b) (4)
(b) (4)	(b) (4)	[model?]	XXXXXXXXXX	2	3/26/2012	(b) (4)	n/a	(b) (4)
Construction Tools and Equipment								
Vehicle	(b) (4)		VINXXX	1	12/22/2011	(b) (4)		(b) (4)
Electronics								
(b) (4)	(b) (4)		XXXXXXXXXX	1	8/31/201	(b) (4)	n/a	(b) (4)

Real Property Location	Description	Seller	Purchase Date	Purchase Price
(b) (4)	XX acres of land for (b) (4)	(b) (4)	8/11/2011	(b) (4)

GovNET is also required under 15 C.F.R. part 14 and the terms and conditions of its award to ensure adequate safeguards are in place to maintain and to prevent loss, damage, or theft of grant-acquired equipment. Specifically, 15 C.F.R. § 14.31 requires your organization to maintain equivalent (or better) insurance coverage for the eligible grant-funded equipment as it maintains on property it owns outside of the award. In addition, your organization is hereby directed to secure the facility at (b) (4) with 24-hour security in order to safeguard the high-value and other grant-acquired equipment stored there. Other equipment acquired under the grant, such as vehicles and electronics, may require different action to ensure that they are adequately safeguarded.

NOAA also requires that, by the Inventory Submission Deadline, you provide written confirmation that you have secured all grant-funded property. Please contact your Grants Specialist for further details. If your organization fails to safeguard the grant-acquired equipment subject to the Federal Interest, it will be responsible for reimbursing the Department of Commerce for the Federal share of the current fair market value of acquiring replacement property.

Appendix B - GovNET Questioned and Disallowed Costs

Reimbursement No.	Invoice Date	Vendor	ARRA Funding	GovNET Description	Category	Questioned or Disallowed	Reason for Questioning or Disallowance
(b) (4)							

10 Pages

Withheld in their entirety
pursuant to FOIA Exemption 4
(5 U.S.C. § 552 (b)(4))