October 1, 2008

ALABAMA CDBG INTERGOVERNMENTAL
POLICY LETTER NUMBER 8
(REVISION 3)

TO: Persons Interested in State CDBG Program
FROM: Bill Johnson
Director

POLICY ON LOCAL CONTRIBUTIONS MATCH

Local match, either in cash or man-hours and equipment usage, is both a rating factor and a
contractual requirement of CDBG grant agreements. Unfortunately, grantees sometime fail to
utilize all match contributions pledged toward the accomplishment of program objectives.

In an effort to eliminate such occurrences from happening in the future, unless otherwise waived
by the Director of ADECA, the following match expenditure requirements will apply:

1. All local cash match allocated to a project must be spent on a proportionate basis to the
   expenditure of CDBG funds. This local cash match expenditure requirement will not
   apply to projects with ARC, Rural Development, or other State funds where the
   participating agency’s rules preclude its funds from being spent first.

2. In the case of in-kind contributions, CDBG funds may only be drawn down on a
   proportionate basis to the percentage of in-kind match that has or will be concurrently
   utilized for that particular budgetary line item. An exception will apply in the case of in-
   kind services for street patching at project completion and in-kind services used to
   install or construct CDBG purchased materials (the grantee shall identify such
   circumstances in the “remarks” section of the drawdown form when requesting
   payments).

3. In the case of a cost under-run, the grantee may request an amendment to the project
   budget to reduce the CDBG funds and the local match proportionately so that the
   originally approved grant to match ratio is maintained.

If for some reason the required amount of local match still does not materialize, then the State
reserves the right to re-rate the project and, if appropriate, reduce the required match amount,
disallow any or all of the CDBG monies spent, or impose other sanctions as may be fitting under
the circumstances.

Effective Date: Immediately