

EXHIBIT 1-1

MEMORANDUM OF AGREEMENT BETWEEN APPALACHIAN REGIONAL
COMMISSION AND DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1. The Federal Cochairman of the Appalachian Regional Commission and the Secretary of Housing and Urban Development, make this agreement in furtherance of the Appalachian Regional Development Act of 1965, as amended, Executive Order 11386, and the Housing and Community Development Act of 1974.
2. The Federal Cochairman, subject to such conditions and limitations as he may prescribe, will from time to time transfer funds appropriated for Section 214 of the Appalachian Regional Development Act to the Secretary consistent with the provisions of the Community Development Block Grant program, authorized under Title I of the Housing and Community Development Act of 1974, for programs and projects pursuant to Section 223 of the Appalachian Regional Development Act and for the administrative expenses incident thereto.
3. The Federal Cochairman may withdraw the unobligated balances of any funds transferred to the Secretary pursuant to this agreement, or he may direct a transfer of any such balances, in whole or in part, from one program account to another.
4. Payments by the Secretary involving transferred funds will be made in accordance with this agreement and any specific terms, conditions, and limitations prescribed by the Appalachian Regional Commission.
5. The Commission will inform HUD in writing of each Section 214 project to be assisted; the amount approved for each; the costs and funding plan on which it premised its approval; and any specific terms, conditions, and limitations thereupon not otherwise provided for in this agreement.
6. HUD will inform the Commission promptly of any change in such project costs or funding plan, and the Commission may, as a result, approve an appropriate increase or decrease in the amount of transferred funds available for such project.
7. The Commission may revoke or revise its approval of any program or project if the work intended to be undertaken is not started or placed under contract within 18 months after the date of the grant agreement or contract by the Secretary.

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8. HUD may include in its funding approval such conditions as may be necessary to (a) carry out the terms of this agreement; (b) insure compliance with applicable Federal laws; and (c) implement Commission Resolution Number 31 regarding employment of local labor.

9. The environmental review of any programs or projects to be funded in accordance with this agreement shall be conducted by the entity to which HUD makes the grant, in compliance with 24 CFR Part 58. The entity to which HUD makes the grant is authorized to modify or disapprove the project or program to the extent such action is appropriate on the basis of that entity's compliance with 24 CFR Part 58.

10. Each disbursement of funds for a project receiving assistance from more than one Federal source will be deemed to be a proportionate disbursement from each source.

11. HUD will furnish to the Commission (a) a copy of the executed grant agreement, and amendments thereto, for each project involving transferred funds; (b) copies of such information, data, documents, or other materials pertaining to projects as the Commission may require; (c) the costs of each program or projects, in sufficient detail to permit a reasonable review of the expenditures; and (e) progress reports, including the following:

(1) Periodic Report. To be submitted as may be required by the Appalachian Regional Commission to meet its reporting needs to the Office of Management and Budget and the Treasury Department, and indicating for each program or project as applicable (i) the grant contract date; (ii) the construction contract date; and (iii) an indication of work progress.

(2) Annual Reports. (a) SF-220, Statement of Financial Condition, to be submitted by September 20 for previous fiscal year (Treasury Circular 966); and (b) Report on Federal grants-in-aid to States and payments to individuals, by September 20 for previous fiscal year (PTreasury Circular 1014).

/S/ Brinley J. Lewis
Donald W. Whitehead
Federal Cochairman
Appalachian Regional Commission

/S/ Warren Butler
David O. Meeker, Jr.
Assistant Secretary
Community Planning and
Development, HUD
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and Urban Development