



United States Department of Agriculture
Rural Development

March 5, 2012

Mr. John Murphy
Vice President for Administration
University of Maine at Fort Kent
23 University Drive
Fort Kent, ME 04743

Dear Mr. Murphy:

On behalf of the Electric Programs, I would like to congratulate you again on the selection of the University of Maine at Fort Kent for a High Energy Cost Grant of \$2,617,569 for your project submitted under the August 9, 2010 Notice of Funds Availability. This letter confirms your selection for the grant award for the Pleasant Street Academy Biomass District Heating System, as described in your application and additional supporting documentation. This letter sets forth the specific conditions for this award.

Our Engineering and Environmental Staff reviewed your proposal and related documents for compliance with Rural Utilities Service (RUS) environmental policies and procedures under 7 CFR part 1794. They determined that the proposed project will not significantly affect the human environment, and therefore has been granted environmental approval. No further environmental review is necessary.

RUS staff reviewed your proposal and have articulated the following conditions in the final Grant Agreement:

1. THIS GRANT AGREEMENT (Agreement) dated , 2012 and effective from , 2012, is an agreement for receipt of High Energy Cost grant funds under section 19 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 918a), between the United States of America, acting through the Administrator of the Rural Utilities Service (RUS), United States Department of Agriculture (USDA), (Grantor) and the University of Maine at Fort Kent (Grantee) for the purposes of satisfactorily performing the Grant Project as described below.
2. The Grantor agrees to award to the Grantee this High Energy Cost Grant (Grant Award) in the amount of \$2,617,569 subject to the terms and conditions as established by the Grantor. Should actual project costs be lower than projected in this agreement, the amount of the grant shall be adjusted to reflect the lower amount.

1400 Independence Avenue, S.W. • Room 5165-S • Mail Stop 1560 • Washington, DC 20250-1560
Phone: (202) 720-9545 • Fax: (202) 690-0717 • Web: <http://www.usda.gov/rus/electric/index.htm>

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Washington, DC 20250-9410 or call (800)785-3272 (voice) or (202) 720-8382 (TDD).

3. The Grant Project described as the Pleasant Street Academy Biomass District Heating System, in the Grantee's application package submitted in response to the Notice of Funding Availability published August 9, 2010 including any subsequent amendments or submissions, is incorporated and included as part of this agreement by reference and is hereby approved by RUS subject to any Special Conditions or Limitations as set forth in section 8 below.
4. In consideration of this Grant Award, the Grantee agrees that it will use the Grant Award only for the Grant Project and only eligible projects and activities defined and set forth in the Notice of Funds Availability (NOFA for FY2010 and 2011 Funds) and section 19 of the Rural Electrification Act (7 U.S.C. 918a), and RUS Assistance to High Energy Cost Rural Communities program regulations at 7 CFR Part 1709.
5. The Grantee agrees that it shall submit, in writing to RUS, and that it shall obtain prior written approval by RUS for any material change to the activities or scope of the Grant Project, including any material change to the project design, project management, budget, or communities to be served as set forth by the Grantee in its Grant Project for this High Energy Cost Grant
6. This Grant Award is governed by and the Grantee agrees that it shall comply with all applicable Federal statutes, regulations, and requirements that govern the application, acceptance, and use of Federal Grant funds for this Grant Project.
7. This Grant Award is governed by and the Grantee agrees to comply with all applicable provisions of the following or their successors: Uniform Federal Assistance Regulations, 7 CFR, Part 3015; Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, 7 CFR, Part 3016; New Restrictions on Lobbying, 7 CFR, Part 3018; Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, 7 CFR, Part 3019; Government-Wide Requirements for Drug-Free Workplace (Financial Assistance), 7 CFR, Part 3021; Audits of States, Local Governments, and Non-Profit Organizations, 7 CFR, Part 3052; Non Procurement Debarment and Suspension, 2 CFR 417; and Office of Management and Budget, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB Circular A-110), 2 CFR, Part 215; Cost Principles for Educational Institutions (OMB Circular A-21), 2 CFR, Part 220; Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87), 2 CFR, Part 225; and Cost Principles for Non-Profit Organizations (OMB Circular A-122), 2 CFR, Part 230.

8. Grantee verifies that the corporation has never been convicted (or had an officer or agent of such corporation acting on behalf of the corporation be convicted) of a felony criminal violation under any Federal or State law within the preceding 24 months. If any falsification is identified, USDA has the right to void this grant agreement and rescind funding.
9. Grantee verifies that the corporation does not have any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability. If any falsification is identified, USDA has the right to void this grant agreement and rescind funding.
10. The Grantee acknowledges and agrees to the following Special Conditions established for this Grant:
 - 10.1. The Grantee shall carry out the project construction activities as described in the Grant Project and environmental assessment and supporting documents with any subsequent amendments or revisions as approved by RUS.
 - 10.2. The Grantee shall obtain all necessary permits and licenses for construction and operation of the Grant and shall incorporate any proposed mitigation into the project to offset potential impacts to the environment or cultural resources. The Grantee shall obtain all necessary easements and rights of way for the project. The Grantee shall contact the RUS Engineering and Environmental staff immediately if there are any changes in the project's application as described in the Grant Project prior to or during construction to determine if further environmental review and approval of the revised project is necessary.
 - 10.3. The Grant term will run for three years from the date of this agreement.
 - 10.4. This Grant Award requires a matching contribution equivalent to 10 percent of total project costs or \$383,164 of proffered match, whichever is less. The Grantee shall report on expenditures of these funds and any other contributions of funds or services. The grant funds will be advanced on a pro rata basis with the expenditure of matching contributions over the life of the project or until the matching contribution is reached.
 - 10.5. The Grant Award may be used for advances and reimbursements of eligible project costs as provided in program regulations at 7 CFR Part 1709 including eligible pre-award project development expenses, construction, and purchase and acquisition costs.
 - 10.6. As articulated in 7 CFR part 1709, the Grantee shall provide periodic reports as required by the Grantor. The Grantee shall report on the expenditure of Grant Funds and any non-Federal project funds in semi-annual financial reports and progress reports during the term of the grant. The Grantee shall attach Form SF 425 "Federal Financial Report" for these reports. Quarterly reports shall be due 30 days from the end of each quarter ending

March 31, June 30, September 30, and December 31 of each year. The last quarterly report of each calendar year shall serve as the project annual report. The quarterly report filed after construction has been completed and all project construction expenditures finalized shall serve as the final construction expenditure report. The Grantee shall provide RUS with a final project report detailing project performance, final project expenditures, and one full year of operating data including energy produced, fuel savings, and/or cost savings associated with the project, and community benefits. This final report shall be submitted one year after the filing of the last quarterly report. At the written request of the Grantee, RUS may extend the period for filing quarterly, annual, and final reports.

10.7. The Grantee shall provide bonding and insurance coverage for the project as described in the Grant Project and consistent with its own practices as provided in USDA grant regulations at 7 CFR parts 3015, 3016, 3019, or their successors, as applicable.

10.8. The Grantee shall request advances in writing from RUS using Standard Form 271, "Outlay Report and Request for Reimbursement for Construction Programs" and supporting documentation if purchasing equipment, lands, rights of way and contracting. SF 270 and supporting documentation can be utilized for "Request for Advance or Reimbursement," for non construction activities. RUS will approve the advance or reimbursement for eligible grant activities over the term of the Grant.

10.9. The Grantee shall submit to RUS a copy of its audited Financial Statement and Annual Report prepared in the ordinary course of business for any year in which it expends \$500,000 or more in Federal Grant Funds.

11. This Grant Award and the obligation of RUS to advance this Grant Award or any portion of this Grant Award shall expire three years from the date hereof (Expiration Date). No portion of this Grant Award will be advanced by RUS to the Grantee after the Expiration Date. As stated in the High Energy Cost Regulation 7 CFR part 1709.
12. This Agreement may be terminated if it is determined that the recipient has materially failed to comply with the provisions of the grant award, in accordance with §§3015.123 and 3015.124, any grant in whole, or in part, at any time before the date of completion, or take such other remedies as may be legally available and appropriate. A Grant can be Termination by mutual agreement only when RUS and the Grantee agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated. The Grantee must provide written notification to RUS setting forth the reasons for termination, the effective date, and in the case of partial termination, the portion to be terminated. In the case of a partial termination, if RUS decides that the remaining portion of the grant will not accomplish the purposes for which the grant was made, RUS may terminate the award in its entirety.

13. RUS and the Grantee agree that this Agreement sets forth the entire understandings of the parties and may be modified or amended only by a written instrument duly executed by both RUS and the Grantee.
14. Pursuant to 41 U.S.C. 22, no member of, or delegate to, Congress shall be admitted to any share or part of this Grant Agreement or to any benefit to arise therefrom.
15. By executing this Grant Agreement, the Grantee affirms and ratifies all statements, representations, and written documents that it has submitted to RUS in connection with this Grant Project.
16. RUS or the Grantee may withdraw its obligation to provide this Grant Award if the Grantee does not sign and deliver this Grant Agreement to RUS on or before 180 days from the date of this Grant Agreement.
17. This Grant Agreement may be executed in several counterparts, each of which shall be deemed to be an original.
18. In making this Grant Award, RUS is under no obligation to provide further federal financial assistance or other support to the Grantee.

If you agree to the above conditions, please return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," signed by an authorized representative of your organization. Please fax a copy of the original to us at 202-690-0717 or email to kristi.kubista-hovis@wdc.usda.gov. Please mail the three signed originals to:

Kristi Kubista-Hovis
Senior Policy Advisor
Electric Programs
USDA Rural Development
1400 Independence Avenue, SW, Room 5165-S
Washington, DC 20250-1560

Because of security-related delays in receiving mail in Federal buildings, we recommend that you use express mail or a delivery service.

After receipt of the enclosed signed intent to meet conditions and approval of the award, we will forward to you the final grant agreement for your execution and instructions for advances of funds.

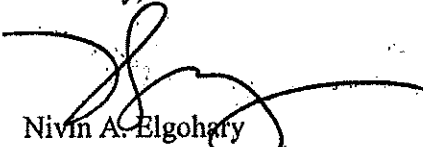
This letter is not an obligation of Federal funds. We will obligate funds under this grant award once we have received your signed intent. No advance of funds will be made until we have

University of Maine at Fort Kent
Pleasant Street Academy Biomass District Heating System
March 5, 2012

received the grant agreement executed by the individual duly authorized authority to enter into agreements with the Federal Government on behalf of the organization.

Once again, congratulations on your selection as a High Energy Cost Grant Award recipient.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nivin A. Elgohary', with a long horizontal flourish extending to the right.

Nivin A. Elgohary
Assistant Administrator
Electric Programs

Enclosures

LETTER OF INTENT TO MEET CONDITIONS

Date _____

TO: United States Department of Agriculture

Rural Utilities Service

(Name of USDA Agency)

Assistant Administrator, Electric Programs
Mail Stop 1560, Room 5165-S
1400 Independence Avenue, SW
Washington, DC 20250-1560

(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated _____ . It is our intent to meet all of them not later than _____ .

(Name of Association)

BY _____

(Title)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

