



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: James Reardon, Commissioner of Finance & Management
From: Nathan Lavery, Fiscal Analyst
Date: September 23, 2009
Subject: JFO #2392, #2393, #2394

No Joint Fiscal Committee member has requested that any of the following items be held for review:

JFO #2392 — \$13,070 worth of materials and labor from Ennis Paint, Inc. to the Agency of Transportation. Ennis Paint will supply materials and installation of a road surface treatment designed to reduce winter accidents. The product will be evaluated by the State for effectiveness. The State is under no obligation to purchase or endorse this product.

[JFO received 8/24/09]

JFO #2393 — \$22,500 grant from United States Department of Agriculture (USDA) Rural Development to Agriculture, Food and Markets. This grant will be used to develop a business plan and facilitate additional research into the development of a natural ice cider industry in Vermont.

[JFO received 8/24/09]

JFO #2394 — \$40,000 grant from United States Department of Agriculture (USDA) Rural Development to Agriculture, Food and Markets. These grant funds will be used to conduct a feasibility study on place-based marketing related to Vermont artisan cheese.

[JFO received 8/24/09]

In accordance with 32 V.S.A. §5, the requisite 30 days having elapsed since these items were submitted to the Joint Fiscal Committee, the Governor's approval may now be considered final. We ask that you inform the Secretary of Administration and your staff of this action.

cc: David Dill, Secretary
Roger Allbee, Secretary



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

From: Nathan Lavery, Fiscal Analyst
Date: September 10, 2009
Subject: JFO #2393 – potential conflict of interest

At the request of Rep. Obuchowski, this memo is included in the file of materials related to JFO #2393 to document Rep. Obuchowski's recognition of a potential conflict of interest in performing the duties assigned to members of the Joint Fiscal Committee per 32 V.S.A. §5.

Rep. Obuchowski will determine if it is necessary to recuse himself from expressing an opinion on whether or not to approve the governor's acceptance of this item. If Rep. Obuchowski decides a conflict of interest does exist, a separate memo will be included in the file to record this decision.



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: September 4, 2009
Subject: Grant Requests

Enclosed please find two (2) requests that the Joint Fiscal Office has received from the administration. These requests were previously distributed to Joint Fiscal Committee members, but the submissions were incomplete due to a clerical error during photocopying (missing every other page). As a result of this error, the deadline for raising issues or concerns has been extended to September 18.

JFO #2393 — \$22,500 grant from United States Department of Agriculture (USDA) Rural Development to Agriculture, Food and Markets. This grant will be used to develop a business plan and facilitate additional research into the development of a natural ice cider industry in Vermont.

[JFO received 8/24/09]

JFO #2394 — \$40,000 grant from United States Department of Agriculture (USDA) Rural Development to Agriculture, Food and Markets. These grant funds will be used to conduct a feasibility study on place-based marketing related to Vermont artisan cheese.

[JFO received 8/24/09]

The Joint Fiscal Office has reviewed these submissions and determined that all appropriate forms bearing the necessary approvals are in order. In accordance with the procedures for processing such requests, we ask you to review the enclosed and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for Joint Fiscal Committee review. Unless we hear from you to the contrary by September 18 we will assume that you agree to consider as final the Governor's acceptance of these requests.

JFO 2393



State of Vermont
 Department of Finance & Management
 109 State Street, Pavilion Building
 Montpelier, VT 05620-0401

Agency of Administration

[phone] 802-828-2376
 [fax] 802-828-2428

**STATE OF VERMONT
 FINANCE & MANAGEMENT GRANT REVIEW FORM**

Grant Summary:		W.Charleston, Shoreham, East Dorset, W. Pawlet and Putney. This grant is a Rural Business Enterprise Grant from the USDA. It is for development of natural ice cider industry. Grant is for developing a business plan, investment options and research for product development.			
Date:		7/27/2009			
Department:		Agriculture, Food and Markets			
Legal Title of Grant:		Rural Business Enterprise Grant-Product Development for New Value Added Natural Ice Cider Industry.			
Federal Catalog #:		10.769			
Grant/Donor Name and Address:		United States Department of Agriculture (USDA) Rural Development, City Center 3 rd Floor, 89 Main Street, Montpelier VT 05602			
Grant Period:	From:	7/2/2009	To:	6/30/2010	
Grant/Donation		\$22,500			
	SFY 1	SFY 2	SFY 3	Total	Comments
Grant Amount:	\$22,500	\$	\$	\$22,500	
Position Information:		# Positions	Explanation/Comments		
		0			
Additional Comments:		The 5 rural towns represented in this technical assistance grant are in Rutland, Addison, Bennington, Windham and Orleans Counties.			
Department of Finance & Management		[Signature]		[Initial]	
Secretary of Administration		[Signature]		[Initial]	
Sent To Joint Fiscal Office		[Signature]		[Date]	

RECEIVED
 AUG 24 2009
 JOINT FISCAL OFFICE

STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION					
1. Agency:		Agency of Agriculture, Food & Markets			
2. Department:					
3. Program:		Product Development for New Value Added Natural Ice Cider Industry			
4. Legal Title of Grant:		Rural Business Enterprise Grant			
5. Federal Catalog #:		10.769			
6. Grant/Donor Name and Address: United States Department of Agriculture Rural Development City Center 3 rd Floor, 89 Main Street Montpelier, VT 05602					
7. Grant Period:		From: 7/2/2009	To: 6/30/2010		
8. Purpose of Grant: To develop a business plan, investment modeling and research for product development for new value added natural Ice Cider Industry in rural West Charleston, Shoreham, West Pawlet, Putney, and East Dorset.					
9. Impact on existing program if grant is not Accepted: None.					
10. BUDGET INFORMATION					
	SFY 1	SFY 2	SFY 3	Comments	
Expenditures:	FY 2010	FY	FY		
Personal Services	\$22,500	\$	\$		
Operating Expenses	\$	\$	\$		
Grants	\$	\$	\$		
Total	\$22,500	\$	\$		
Revenues:					
State Funds:	\$	\$	\$		
Cash	\$	\$	\$		
In-Kind	\$	\$	\$		
Federal Funds:	\$	\$	\$		
(Direct Costs)	\$22,500	\$	\$		
(Statewide Indirect)	\$	\$	\$		
(Departmental Indirect)	\$	\$	\$		
Other Funds:	\$	\$	\$		
Grant (source)	\$	\$	\$		
Total	\$22,500	\$	\$		
Appropriation No:	2200030000	Amount:	\$22,500		
			\$		
			\$		
			\$		
			\$		

REC JUL 20 2009

STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE (Form AA-1)

			\$
			\$
		Total	\$

PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? Yes No
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: Roger Allbee Agreed by: RA for RA (initial)

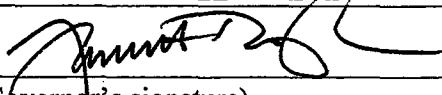
12. Limited Service Position Information:	# Positions	Title
Total Positions		

12a. Equipment and space for these positions: Is presently available. Can be obtained with available funds.


13. AUTHORIZATION AGENCY/DEPARTMENT

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):	Signature: <u>Dave Hill for Roger Allbee</u>	Date: <u>7-16-09</u>
	Title: _____	
	Signature: _____	Date: _____
	Title: _____	

14. ACTION BY GOVERNOR

<input checked="" type="checkbox"/>	Check One Box: Accepted	 (Governor's signature)	Date: <u>8/15/09</u>
<input type="checkbox"/>	Rejected		Date: _____

15. SECRETARY OF ADMINISTRATION

<input checked="" type="checkbox"/>	Check One Box: Request to JFO	 (Secretary's signature or designee)	Date: <u>8.4.09</u>
<input type="checkbox"/>	Information to JFO		Date: _____

16. DOCUMENTATION REQUIRED

Required GRANT Documentation

<input type="checkbox"/> Request Memo <input type="checkbox"/> Dept. project approval (if applicable) <input type="checkbox"/> Notice of Award <input type="checkbox"/> Grant Agreement <input type="checkbox"/> Grant Budget	<input type="checkbox"/> Notice of Donation (if any) <input type="checkbox"/> Grant (Project) Timeline (if applicable) <input type="checkbox"/> Request for Extension (if applicable) <input type="checkbox"/> Form AA-1PN attached (if applicable)
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End Form AA-1



United States Department of Agriculture
Rural Development
Vermont/New Hampshire

July 2, 2009

Dave Lane, Deputy Secretary of Agriculture
State of VT, Agency of Agriculture
116 State Street, Drawer 20
Montpelier, VT 05620-2901

Re: \$22,500 Rural Business Enterprise Grant
Develop a business plan, investment modeling and research for product development for new value added natural Ice Cider (cidre de glace) Industry in rural West Charleston, Shoreham, West Pawlet and East Dorset.

Dear Mr. Lane: *Dave*

Enclosed please find your copy of form 1940-1, Request for Obligation of Funds.

This is your notification that the above grant for your business plan, investment modeling and research for product development for new value added natural Ice Cider (cidre de glace) Industry in rural West Charleston, Shoreham, West Pawlet and East Dorset has been approved subject to the conditions stated in our Letter of Conditions to you dated June 23, 2009. USDA Rural Development is pleased to provide the State of VT, Agency of Agriculture with funds for this project.

If you have any questions, please don't hesitate to contact Sherry Paige of our Montpelier Area Office at 802-828-6034.

Sincerely,

A handwritten signature in black ink, appearing to read "Rhonda L. Shippee".

RHONDA L. SHIPPEE
Acting State Director - VT/NH

Attachment

cc: Montpelier Area Office

City Center, 89 Main Street, 3rd floor • Montpelier, VT 05602
802-828-6080 (voice) 802-828-6018 (fax) rhonda.shippee@vt.usda.gov
<http://www.rurdev.usda.gov/vt>
Committed to the future of rural communities

REQUEST FOR OBLIGATION OF FUNDS

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ()			
Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.			
1. CASE NUMBER ST CO BORROWER ID 53-012-036000264		LOAN NUMBER 00	FISCAL YEAR
2. BORROWER NAME STATE OF VERMONT VT AGENCY OF AG		3. NUMBER NAME FIELDS (1, 2, or 3 from Item 2)	
116 STATE STREET DRAWER 20		4. STATE NAME VERMONT	
MONTPELIER, VT 05620-2901		5. COUNTY NAME WASHINGTON	
GENERAL BORROWER/LOAN INFORMATION			
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 2 - BLACK 3 - AIAN 4 - HISPANIC 5 - A/PI	7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS 7 - NONPROFIT-SECULAR 8 - NONPROFIT-FAITH BASED 9 - OTHER	8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS	9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
10. SEX CODE 1 - MALE 2 - FEMALE	11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 1 - YES 2 - NO	13. CREDIT REPORT 1 - YES 2 - NO
14. DIRECT PAYMENT (See FMI)	15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION 1 - YES 2 - NO	
17. COMMUNITY SIZE 1 - 10,000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		18. USE OF FUNDS CODE (See FMI)	
COMPLETE FOR OBLIGATION OF FUNDS			
19. TYPE OF ASSISTANCE 081 (See FMI)	20. PURPOSE CODE	21. SOURCE OF FUNDS 0	22. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
23. TYPE OF SUBMISSION 1 - INITIAL 2 - SUBSEQUENT 2	24. AMOUNT OF LOAN	25. AMOUNT OF GRANT \$22,500.00	
26. AMOUNT OF IMMEDIATE ADVANCE	27. DATE OF APPROVAL MO DAY YR 06-23--2009	28. INTEREST RATE %	29. REPAYMENT TERMS
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS			
30. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
COMPLETE FOR EM LOANS ONLY		COMPLETE FOR CREDIT SALE-ASSUMPTION	
31. DISASTER DESIGNATION NUMBER (See FMI)		32. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN	
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY	
33. OBLIGATION DATE MO DA YR		34. BEGINNING FARMER/RANCHER (See FMI)	

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

DL
Initial Here

See Attachment "A"

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. _____ YES _____ NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Date ~~xx~~ _____ ~~xxxxxx20xx~~

Dave Lane
Dave Lane (Signature of Applicant)

Date June 23, 2009 ~~xx~~

Deputy Secretary of Agriculture
(Signature of Co-Applicant)

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

David H. Robinson
(Signature of Approving Official)

Typed or Printed Name: DAVID H. ROBINSON

Date Approved: 6/23/09

Title: Business Programs Director

38. TO THE APPLICANT: As of this date 7/2/2009 OTIP Processed via terminal, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

Request For Obligation of Funds

Page # 1
(Attachments)

Borrower: Vermont Agency of Agriculture, Food and Markets

Comments And Requirements of Certifying Official

The Grantee understands the requirements for receipt of funds under the Rural Business Enterprise Grant Program. The Grantee assures and certifies that it is in compliance with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in Part 1942, Subpart G, Attachment 1, "General Requirement for Administration of Rural Business Enterprise and Television Demonstration Grants," 7 CFR, Parts 3015, 3016, 3017, 3018, 3019 and 3052; including revisions through June 23, 2009 ; approved Scope of Work/Work Plan and the Letter of Conditions dated June 23, 2009.

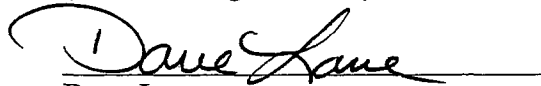
Name of Grantee: VT Agency of Agriculture, Food & Markets

Grant \$22,500 FY 09

ATTACHMENT A

Vermont Agency of Agriculture,
Food and Markets

(Name of Organization)



Dave Lane

Deputy Secretary of Agriculture
Title

Date: June 23, 2009

**Vermont Agency of Agriculture, Food and Markets
(VAAFMM)**

Rural Business Enterprise Grant Program

Grant Agreement

\$22,500.00

June 23, 2009

Section B

III. Responsibilities of the Grantee

This section contains information regarding the responsibilities of the grantee for receipt of monies under the RBE/television demonstration grant program. This section shall become a permanent attachment to Form RD 1940-1 as outlined in Section A, paragraph II. H. of this Attachment. These requirements do not supersede the requirement for receipt of Federal funds as stated in Parts 3015, 3016, and 3019 of the Uniform Federal Assistance Regulations; however, specific areas related to the RBE/television demonstration grant program are cited below. (Revised 07-16-03, PN 361.)

Grantee agrees to:

A. Comply with property management standards established by 7 CFR Parts 3015, 3016, and 3019 for real and personal property. "Personal property" means property of any kind except real property. It may be tangible - having physical existence - or intangible - having no physical existence; such as patents, inventions, and copyrights. "Nonexpendable personal property" means tangible personal property having a useful life of more than 1 year and an acquisition cost of \$300 or more per unit. A grantee may use its own definition of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. "Expendable personal property" refers to all tangible personal property other than nonexpendable property. When real property or nonexpendable property is acquired by a grantee with project funds, title shall not be taken by the Federal Government but shall be vested in the grantee subject to the following conditions: (Revised 07-16-03, PN 361.)

1. Right to transfer title. For items of real or nonexpendable personal property having a unit acquisition cost of \$1,000 or more, the Agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

a. The property shall be appropriately identified in the grant or otherwise made known to the grantee in writing.

b. The Agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Agency fails to issue disposition instructions within the 120 calendar day period, the grantee shall apply the standards of Section B, paragraphs III. A. 2. and 3. of this Attachment.

c. When the Agency exercises its right to take title, the personal property shall be subject to the provisions for federally owned nonexpendable property discussed in Section B, paragraphs III. A. 2. and 3. of this Attachment.

d. When title is transferred either to the Federal Government or to a third party and the grantee is instructed to ship the property elsewhere, the grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

2. Use of other real or nonexpendable personal property for which the grantee has title.

a. The grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the grantee shall use the property in connection with its other federally sponsored activities in the following order of priority:

i. Activities sponsored by Rural Development.

ii. Activities sponsored by other Federal agencies.

b. Shared use. During the time that nonexpendable personal property is held for use on the project or program for which it was acquired, the grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to projects or programs sponsored by Rural Development; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use for other activities not sponsored by the Federal Government shall be permissible if authorized by Rural Development. User charges should be considered, if appropriate.

3. Disposition of real or nonexpendable personal property. When the grantee no longer needs the property as provided in Section B, paragraph III A 2 of this Attachment, the property may be used for other activities in accordance with the following standards:

a. Personal property with a unit acquisition cost of less than \$1,000. The grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

b. Real or nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The grantee may retain the property for other use provided that compensation is made to Rural Development or its successor. The amounts of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to current fair market value of the property. If the grantee has no need for the property and the property has further use value, the grantee shall request disposition instructions from the original grantor agency.

c. Rural Development shall determine whether the property can be used to meet the agency's requirements. If no need exists within Rural Development, the General Services Administration's Federal Property Management Regulations (FPMR) will be used by Rural Development to determine whether a need for the property exists in other Federal agencies. Rural Development shall issue instructions to the grantee no later than 120 days after the grantee request and the following procedures shall govern:

i. If so instructed, or if disposition instructions are not issued within 120 calendar days after the grantee's request, the grantee shall sell the property and reimburse Rural Development an amount computed by applying to the original project or program. However, the grantee shall be permitted to deduct and retain from the Federal share \$100 or 10 percent of the proceeds, whichever is greater, for the grantee's selling and handling expenses.

ii. If the grantee is instructed to dispose of the property other than as described in Section B, paragraphs III A 2 and 3 of this Attachment, the grantee shall be reimbursed by Rural Development for such costs incurred in its disposition.

iii. Property management standards for nonexpendable personal property. The grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:1111

a. Property records shall be maintained accurately and shall include:

i. A description of the property.

ii. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

iii. Sources of the property including grant or other a agreement number.

iv. Whether title vests in the grantee or the Federal Government.

v. Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

vi. Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).

vii. Location, use, and condition of the property and the date the information was reported.

viii. Unit acquisition cost.

ix. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a grantee compensates the Federal agency for its share.

b. Property owned by the Federal Government must be marked to indicate Federal ownership.

c. A physical inventory of property shall be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The grantee shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

d. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or the theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the grantee shall promptly notify Rural Development.

e. Adequate maintenance procedures shall be implemented to keep the property in good condition.

f. Where the grantee is authorized or required to sell the property, proper sales procedures shall be established which would provide for completion to the extent practicable and result in the highest possible return.

g. Expendable personal property shall vest in the grantee upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the grantee shall retain the property for use on non-federally sponsored activities, or sell it, but must, in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

This Attachment covers the following described personal property and any additional property acquired wholly or in part with grant funds (use continuation sheets as necessary):

Grant proceeds will not be disbursed to acquire personal property. DEJ

When real property is no longer needed as provided above, return all real property, furnished or purchased wholly with Federal grant funds to the grantor. In the case of property purchased in part with Federal grant funds, the grantee may be permitted to take title to the Federal interest therein upon compensating the Federal Government for its fair share of the property. The Federal share of the property shall be the amount computed by applying the percentage of the Federal participation in the total cost of the grant program for which the property was acquired to the current fair market value of the property.

This Attachment covers the following described real property purchased/to be purchased wholly or in part with grant funds (use continuation sheets as necessary):

Grant proceeds will not be disbursed to acquire real estate property. DEJ

B. Cause said program to be completed within the total sums available to it, including said grant, in accordance with the program plan and any necessary modifications thereof prepared by grantee and approved by grantor.

C. Permit periodic inspection of the program operations by a representative of grantor.

D. Make the program available to all persons in grantee's service area without regard to race, color, national origin, religion, sex, marital status, age, physical or mental handicap who have also received Rural Development related assistance from the grantee.

E. Not use grant funds to replace any financial support previously provided or assured from any other source. The grantee agrees that the general level of expenditure by the grantee for the benefit of program area and/or program covered by this attachment shall be maintained and not reduced as a result of the Federal share of funds received under this grant.

F. No nonexpendable personal property to be owned or used by the borrower or its affiliate(s) for use other than the grant purposes will be acquired wholly or in part with grant funds.

G. Use of the property including land, land improvement, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed. The grantee shall obtain approval of the grantor before using the real property for other purposes when the grantee determines that the property is no longer needed for the original grant purposes.

H. Provide financial management systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supporting activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over, and accountability for, all funds. Grantees shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

I. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after grant closing except that the records shall be retained beyond the 3-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee governments which are pertinent to the specific grant program for the purpose of making audit, examination, excerpts, and transcripts.

J. Provide information as requested by the grantor to determine the need for and complete any necessary environmental assessments or Environmental Impact Statements.

- K. Grantees expending \$300,000 or more of Federal assistance in the year(s) that Agency grant funds are expended shall submit an audit in accordance with OMB Circular A-133 as codified in 7 CFR 3052. Grantees that expend less than \$300,000 a year in Federal award are exempt from Federal audit requirements for that year except as noted in 7 CFR 3052.215(a), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and General Accounting Office. (Revised 07-17-02, PN 348.)
- L. Provide grantor with such periodic reports as it may require and permit periodic inspection of its operations by a designated representative of the grantor.
- M. Not to encumber, transfer, or dispose of the property or any part thereof, furnished by the grantor or acquired wholly or in part with grantor funds without the written consent of the grantor except as provided in Section B, paragraph III. A. of this Attachment.
- N. Execute Form RD 400-1, Form RD 400-4, and any other agreements required by grantor to implement the civil rights requirements. If any such form has been executed by grantee as a result of a loan being made to grantee by grantor contemporaneously with the making of this grant, another form of the same type need not be executed in connection with this grant.
- O. In contracts in excess of \$2,000 and in other contracts in excess of \$2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5). Applies only where Davis Bacon requirements apply.
- P. Include in all contracts in excess of \$100,000 a provision for compliance with all applicable standards, orders, or regulations issued pursuant to the Clear Air Act of 1970. Violations shall be reported to the grantor and the Regional Office of the Environmental Protection Agency.
- Q. Upon any default under its representations or agreements set forth in this instrument, grantee, at the option and the demand of grantor, will, to the extent legally permissible, repay to grantor forthwith the original principal amount of the grant stated hereinabove, with interest equal to the rate of interest paid on U.S. 26-week Treasury Bills adjusted quarterly from the date of the default. The provisions of this Attachment may be enforced by grantor at its option and without regard to prior waivers by it of previous defaults of grantee, by judicial proceedings to require specific performance of the terms of this Attachment or by such other proceedings in law or equity, in either Federal or State courts as may be deemed necessary by grantor to ensure compliance

with the provisions of this Attachment and the laws and regulations under which this grant is made.

R. That no member of Congress shall be admitted to any share or part of this grant or any benefit that may rise therefrom; but this provision shall not be construed to bar as a contractor under the grant a publicly held corporation whose ownership might include a member of Congress.

S. That all non-confidential information resulting from its activities shall be made available to the general public on an equal basis.

T. That the purpose and Scope of Work for which this grant is made shall not duplicate programs for which monies have been received, are committed, or are applied to from other sources, public or private.

U. That grantee shall relinquish any and all copyrights and/or privileges to the materials developed under this grant, such material being the sole property of the Federal Government. In the event anything developed under this grant is published in whole or in part, the material shall contain notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable. It may be freely reprinted with the customary crediting of the source."

V. That the grantee shall abide by the policies promulgated in 7 CFR Parts 3015, 3016, and 3019 which provides standards for use by grantees in establishing procedures for the procurement of supplies, equipment, and other services with Federal grant funds. (Revised 07-16-03, PN 361.)

W. To the following termination provisions:

1. Termination for cause: The grantor agency may terminate any grant in whole, or in part, at any time before the date of completion, whenever it is determined that the grantee has failed to comply with the conditions of the grant. The grantor agency shall promptly notify the grantee in writing of the determination and the reasons for termination, together with the effective date.

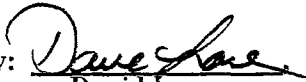
2. Termination for convenience: The grantor agency or grantee may terminate grants in whole, or in part, when both parties agree that the continuation of the program would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date, and in the case of partial terminations, the portion to be terminated. The grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The

grantor agency shall allow full credit to the grantee for the Federal share of the non-cancelable obligations, properly incurred by the grantee prior to termination.

X. That grantee will remit interest earned on grant funds deposited in an interest bearing account in accordance with 7 CFR Parts 3015, 3016, and 3019. (Revised 07-16-03, PN 361.)


This Scope of Work is submitted by the grantee. Upon approval by the grantor, the grantee agrees that no changes will be made to the Scope of Work without prior written approval by the grantor.

Vermont Agency of Agriculture, Food & Markets (VAAFMM) (GRANTEE)

By:  Deputy Secretary of Agriculture June 23, 2009
David Lane (Title) (Date)

This Scope of Work is hereby approved by USDA - Rural Development.

USDA - RURAL DEVELOPMENT

By:  Business Program Specialist June 23, 2009
Sherry L. Paige (Title) (Date)



Introduction & Background

Recent history of Vermont apple production

Apples have been an important part of Vermont's history for over 200 years. An important part of each nearly self-sufficient farm established by the first European settlers, by the late 1900's, production of apples had shifted to relatively large commercial orchards across the state. With increasing globalization of the world's apple production, since the early 1990's, the state's apple producers have become more focused on the importance of developing direct-to-consumer markets and production of value-added goods.

The apple industry is still an important part of Vermont agriculture, adding over \$20 million annually to the state's economy. Apples are also an important part of the state's \$1.57 billion tourism and agritourism industries.

The development of Ice Cider in Quebec, Canada

Just across the Canadian border in Southern Quebec, apple producers have created and developed a high-value apple product, ice cider, or *cidre de glace* in French. From its conception in the late 1990s, the ice cider industry in Quebec has grown to over 50 producers with annual production of more than 1 million bottles having a retail value of over \$20 million.

Ice cider is a sweet dessert wine made using natural cold temperatures to concentrate the sugars and flavors of apples. This concentrate is then partially fermented, yielding a wine with between 9 – 12 percent alcohol, and between 12 – 20 percent residual sugar. Ice cider is sold in small bottles of 125 to 375 milliliters in volume, with retail prices ranging from \$19 to \$45, depending on the process and quality of the wine. The product is delicious, and as a result the industry has grown. In addition to its popularity in Canada, ice cider producers in Quebec have found significant export markets in Europe and Asia.

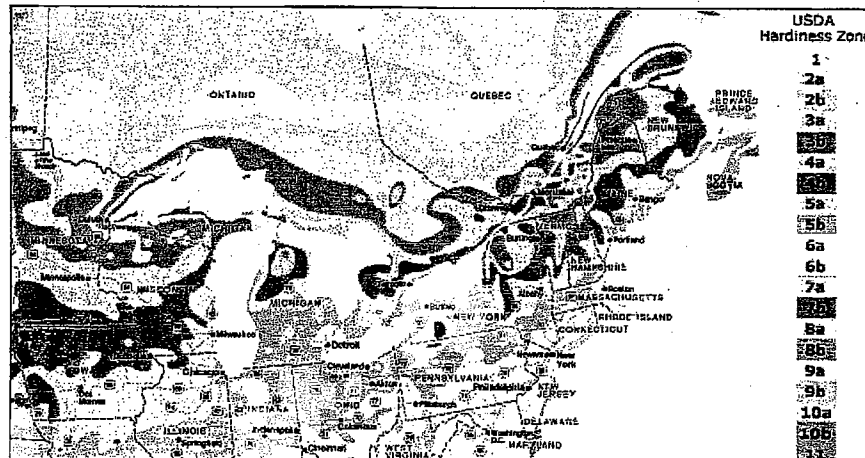
There are several methods used to create the concentrate for ice cider. *Cryoconcentration* involves pressing fresh cider from stored apples and using natural cold to freeze the cider. The first 20 to 25 percent that melts is the concentrate. *Cryoextraction* relies on natural cold to freeze apples. The frozen apples are then pressed in a special basket press to express the concentrate. In rare instances, frozen apples remaining on the tree are picked and pressed. Only a few varieties of apples are suitable for this process.

The government of Quebec recently published regulations permitting only natural cryoconcentration or cryoextraction as allowed processes in the production of ice cider. Use of artificial refrigeration as the primary means of concentration is strictly prohibited. The Alcohol and Tobacco Tax and Trade Bureau of the U.S.

government is adopting the Quebec rules for labeling of ice cider for commercial sale in the United States.

The opportunity for ice cider production in Vermont

Like Southern Quebec, Vermont is ideally situated to develop a successful ice cider industry. A large part of the state is in the few climate zones (3b and 4a) that are warm enough for apple culture yet cold enough to reliably produce ice cider in the winter using naturally freezing temperatures. (See USDA climate map, below.) An ice cider climate zone analysis is provided in the attachments.



Ice cider provides a potentially excellent opportunity for Vermont apple growers and winemakers for the following reasons:

- It provides a high potential value for utility quality apples;
- It can be profitable at on-farm scale;
- It is a great complementary product for other Vermont specialties, especially artisanal cheeses;
- Capital investment requirements are relatively low (starting around \$35,000); and
- It fits well with plans for developing culinary and farm tourism in Vermont.

Ice cider may provide an opportunity for growers to obtain higher value for utility grade apples than most other uses. The retail on-farm price for ice cider is typically 8- to 10-times the product value of the apples used to make it, compared to 1.0 to 1.5 times for fresh sweet cider.

Because ice cider is an artisanal product, it can be produced and sold profitably on-farm and at local farmers' markets, restaurants and wine retailers.

Ice cider is an additional enhancement to Vermont's growing culinary economy, offering restaurants, farmers' markets and festivals a new local specialty to highlight.

Early success of Eden Ice Cider Company

Currently, Vermont is home to the only federally licensed producer of ice cider in the U.S., Eden Ice Cider Company. The business was started in 2007 by Albert and Eleanor Léger. Their first vintage of Eden Ice Cider won a gold medal at the Northeast Gold Wine Competition at the Eastern States Exposition (The Big "E"), and was sold out within 3 months of being introduced to the market. The Légers are enthusiastic supporters of the growth of the industry in Vermont. They are willing to commit their time and acquired experience to help others in Vermont get into production.

1. Proposed Scope of Work

Services to be Provided

If successful in its application for funding assistance, the Agency will work with members of the Vermont Tree Fruit Growers Association, the Vermont Grape and Wine Council, Eden Ice Cider Company and outside experts to provide technical assistance in the following areas:

- a) Production method training,
 - b) Business planning and investment modeling, and
 - c) Apple variety research for product development
- a) Production method training

The basic knowledge and training for production of ice cider are not readily available, due to the relatively recent emergence of the product and the small number of producers. Resources have been identified to assist interested Vermont entities, including cider-making workshops provided by Peter Mitchell of the U.K., and visits to ice cider producers in Quebec¹.

The Agency will work with its partners to schedule and offer a cider course to its members and other prospective Vermont producers. Mr. Mitchell is recognized as a leading hard cider expert and has partnered with other U.S. agricultural organizations (most notably Cornell University) to provide workshops for farm and commercial hard cider producers. The budget allows for two 3-day workshops to be delivered. The first workshop will cover the basics of alcoholic cider production, while the second will cover more in-depth production issues.

The Agency will work with ice cider contacts to arrange special visits and tours with Quebec producers. These visits will enable prospective Vermont producers to see ice cider production and engage in in-depth question and answer sessions with experienced producers.

¹ Mr. Mitchell has been consulted for fees and availability, but any hiring of technical assistance will be subject to State of Vermont Contract Procedures

b) Business planning and investment modelling

Prospective producers of ice cider also need assistance in business planning and wine licensing regulations at the Federal and State level.

The Agency will identify and select a contractor to develop a model investment plan for start-up ice cider production. The model investment plan will include:

- Facility requirements
- Recommended equipment and costs
- Variable cost components, including raw materials, production supplies, and packaging
- Marketing cost assessments
- Pricing
- Alcohol taxes and permit costs
- Timing of expenses and revenues and pro-forma economics

The Vermont Agency of Liquor Control will also be engaged in providing licensing support and education.

c) Apple variety research for product development

Ice cider flavor and product quality depend on achieving a successful blend of apples to provide balanced sweetness, acidity and natural tannins.

Technical assistance would focus on research into key characteristics of apple varieties and their influence on ice cider taste and product quality. This research will help ice cider producers and their Vermont apple growers develop a supply of apple varieties that will help to differentiate Vermont ice cider from that produced in other regions, and further support a unique opportunity for Vermont apple growers.

The Agency will identify and hire a contractor to conduct literature and field research into specialized apple varieties, including the traditional English, Normandy and Basque apple varieties used in the hard cider for which those regions are famous.

Areas to be Served/ Specific Benefiting Businesses

Technical assistance provided by this grant will target individuals and existing businesses in the following Vermont towns²:

<u>Town</u>	<u>Business</u>	<u>Town Population</u>	<u>Percent Unemployment</u>	<u>New or Saved Jobs³</u>
<u>W. Charleston</u>	Eden Ice Cider	871	12	1
<u>Shoreham</u>	Champlain Orchards	1,295	3.9	1
East Dorset	Mad Tom Orchard	2,103	5.5	1
<u>W. Pawlet</u>	Andy Farmer	1,425	5.8	1
<u>Putney</u>	Putney Mt. Winery	2,606	7.5	1

Please Note:

Two of the participating towns (**emboldened**) have unemployment exceeding the statewide average rate of 6.0 for December 2008. Four of the participating towns (underlined) have Median Household Incomes below the state average.

Evidence of Need for Technical Assistance

Since September 2008, the Agency has met with the Vermont Grape & Wine Council, the Vermont Tree Fruit Growers Association and numerous individuals from Vermont's apple and wine industries.

On February 2, Eden Ice Cider Company held an "open house" event at their facility in W. Charleston, where prospective producers had the opportunity to learn more about producing the specialty wine.

² The applicant believes that additional individuals and/or businesses will participate in the technical assistance program when information on workshops and other assistance is publicized. The grant will accommodate a minimum of 15 participants.

³ The applicant anticipates that the technical assistance program will yield two new jobs within 12 months, and save (or maintain) three jobs within 24 months.

At the Vermont Tree Fruit Growers Association's annual meeting on February 10, Steve Justis (Vermont Agency of Agriculture), Eleanor Léger (Eden Ice Cider Co.), Bill Suhr (Champlain Orchards) and Brian Norder (Vermont Food Venture Center) lead discussions of opportunities for the production of ice cider and other value-added apple products for Vermont.

When compared to capital investment requirements for other value-added products, and Vermont's potential to produce a product that is naturally limited in its production range (similar to Vermont's maple industry), ice cider was identified as having a unique position. Many Vermont entrepreneurs recognize that while ice cider is a very successful product in Quebec, they do not know how to get started. The effort to find and contract with experts is beyond the capability of most producers today. The assistance provided by this grant will be the most efficient and effective way for new producers to get started, and is expected to jump-start the industry in Vermont.

While interest is expected to grow, to date, eight individuals or organizations have expressed interest in participating in this proposed program with letters of support.

Implementation Timetable

The table on page 10 provides a timetable for implementation for "A Plan to Develop an Ice Cider Industry in Vermont". This plan insures that the full grant amount will be used within a 12-month timeframe.

As previously noted, Peter Mitchell is holding dates in August 2009 for delivery of the first cider course, and the ideal time to visit Quebec producers is in December 2009 and January 2010, when production of ice cider is in process.

A prospective Vermont producer could take the initial cider workshop and use the model business plan in time to make an initial production batch of ice cider in the winter of 2009/2010. During that time, the prospective producer would be able to visit Quebec producers and then follow-up with the more advanced cider workshop in the spring that will help him improve production planning for the following year.

Implementation Timetable

Phase 1 (Months 1-2)
<ul style="list-style-type: none">• Contact apple growers, cider makers & partner organizations;• Review and update implementation strategy;• Contract for cider courses and Quebec tour• Contract for business plan development and apple variety research
Phase 2 (Months 3-8)
<ul style="list-style-type: none">• Deliver initial cider course• Monitor contractors' activities• Assure delivery of model business plan• Assure delivery of apple variety research• Maintain regular contact with growers, associations and other partners.
Phase 3 (Months 9-12)
<ul style="list-style-type: none">• Deliver second cider course• Maintain regular contact with growers, associations and other partners.• Evaluate effectiveness of activity• Prepare and submit preliminary and final reports on activity.

Evaluating the Effectiveness of Services Delivered

The Agency will work with its project partners to develop a request for proposals (RFP) and will provide guidance on contractors' performance. Minimally, the review team will require monthly progress reports from contractors.

The grant administrator and/or review team will periodically contact processors for feedback on the effectiveness of services rendered to date.

Minimally, the Agency will contact participating businesses at the beginning of the activity and again at the project's conclusion. The initial survey will be used to determine specific needs of individual processors to guide the RFP development process and direct the technical assistance contractors. The final evaluation will be used to judge effectiveness of the services delivered.

Initial surveys and evaluations will be e-mailed. Non-respondents will be contacted subsequently by telephone to assure a minimum response rate of 80 percent.

Local Planning Impact

Based on the project manager's over 30 years experience with Vermont farmers, food processors and beverage producers in the wine, beer and distilled spirits industries, as well as with the Agency's work with Act 250, Accepted Agricultural Practices, and interactions with the Vermont Department of Liquor Control, the applicant believes that this proposed activity will present no conflict with local planning.

Final Results of Grant Assistance/ Feasibility

The anticipated short-term (12-24 months) results of this proposed program will be the creation of a minimum of four new ice cider producers in Vermont and the creation of a minimum of four new jobs. The Agency has been closely involved with the Vermont Grape & Wine Council, formed in 2007, which has already grown from eight to sixteen member businesses with an economic impact of approximately \$5 million.

As previously indicated, like Southern Quebec, Vermont is ideally situated to develop a successful ice cider industry. A large part of the state is within climate zones (3b and 4a) that are warm enough for apple culture yet cold enough to reliably produce ice cider in the winter using naturally freezing temperatures.

Besides direct benefits to actual producers, the successful development of an ice cider industry in Vermont has the potential to directly benefit many aspects of the state's burgeoning *culinary tourism* industry, including many of Vermont's farm-to-chef initiatives, including the Vermont Fresh Network.

At the conclusion of the project, the Agency will contract with a third party auditor to evaluate participant satisfaction, number of jobs created, and projected growth (in dollars and in jobs) within five years.

Experience in Providing Technical Assistance

The activity manager for this proposed program, Steven F. Justis, has over 30 years of successful experience in administering the delivery of technical assistance to Vermont agricultural businesses. Over his career with the Agency, Mr. Justis has developed a network of contacts and resources from local Vermont communities to many countries around the world. The Agency offers numerous levels of support, including clerical, accounting (including management of USDA RBEG and other federal grants), Act 250/zoning, and other technical and marketing assistance.

The Agency also works closely with the Vermont Department of Liquor Control, which has been very helpful in supporting Vermont's breweries, wineries and distilleries.

Key Personnel and Qualifications

Steven F. Justis, Vermont Agency of Agriculture

The Senior Agricultural Development Specialist with the Agricultural Development Division will serve as the grant administrator. Mr. Justis has over 32 years experience with the Agency, both in agricultural development and regulatory roles. He has administered numerous USDA grants offered through Rural Development, the Agricultural Marketing Service and the Foreign Agricultural Service.

Mary Morrison, Administrative Services Manager

Ms. Morrison, the Agency's business office manager, will administer all contracts and financial transactions related to administration of this grant.

Peter Mitchell, Mitchell Food & Drink (please see footnote on page 6)

With 25 years of practical experience, Peter Mitchell is a highly regarded, qualified and internationally recognized authority in cider & perry making and tasting. He is a professional trainer and presenter, acts as an adviser to clients across the world, is a UK and USA competition judge, an author and an award-winning producer in his own right.

Mr. Mitchell runs his own specialist training and consultancy business - *Mitchell F&D Limited*, which includes the highly regarded Cider Academy. Through Taste & Explore, the company also operates expert-led cider tours within the UK and organizes workshops, short courses, events, tutored tastings and other activities for all those (professional and amateurs alike) who have an interest in, or want to find out more about cider and perry.

Currently Mr. Mitchell is Chairman of the Three Counties Cider and Perry Association and serves on the Training Group of the National Association of Cider Makers (NACM), where he recently took a lead role in developing and establishing the acclaimed *NACM Foundation Certificate in Cider & Perry Appreciation*. He now acts as lead tutor and examiner for this industry qualification.

Eleanor Léger, Co-Owner, Eden Ice Cider Company

Ms. Léger left a successful 25-year business career to start Eden Ice Cider Company with her husband Albert Léger in April of 2007. Her experience includes senior product, marketing and strategy positions at Intuit, Inc., CNA Insurance, and Alexander & Alexander Services. She was Chief Product Officer and then Chief Operating Officer of Employee Matters, a start-up online payroll business that was acquired by Intuit in 2000. Ms. Léger spent the first part of her career as a management consultant with Bain & Company in Boston and then

Mercer Management Consulting, where she was a Principal in the New York office. Ms. Léger earned a B.A. cum laude in Economics from Harvard and an MBA with Distinction from The Wharton School.

During the start-up of Eden Ice Cider Company, Ms. Léger has gained first-hand knowledge of the production processes, market opportunities and economics of the ice cider business. She is willing to share her knowledge and experience with other Vermont producers in order to expand awareness and market acceptance for the industry as a whole.

Relationship to Existing Technical Assistance Programs

While the Agency has a longstanding relationship with Vermont's apple industry, and has worked with the state's wine industry since the first modern winery was established in 1985, it does not see this proposed activity as a duplication of any existing technical assistance delivery program.

2. Proposed Project Budget Narrative

Activity	RBEG funds	Industry funds	State funds	Totals
Technical Assistance: Production methods training	\$11,500.00			\$11,500.00
Technical Assistance: Business planning and investment model development, including licensing support	\$5,000.00			\$5,000.00
Technical Assistance: Cider apple variety research; literature review and field study in UK, France and Spain	\$6,000.00			\$6,000.00
Initiate Vermont cider apple variety trials: VTFGA, VGWC		\$5,000.00		\$5,000.00
Administrative assistance from Vermont Agency of Agriculture (in-kind contributions)			\$3,000.00	\$3,000.00
Totals	\$22,500.00	\$5,000.00	\$3,000.00	\$30,500.00

The proposed budget can accommodate at least 15 individuals or organizations.

a) Production method training

Estimated budget: \$11,500

- Two 3-day workshops provided by Peter Mitchell at a Vermont site to be determined. The first workshop is tentatively planned for August

2009. The second workshop date is to be determined. Estimated expenses are \$4,500 per course.

- Tour of Quebec ice cider operations, including charter bus costs, meals and tour fees: \$2,500

b) Business planning and investment modeling

Estimated budget: \$5,000

- Budget based on contracted consultant fees @ \$500 per day.

c) Apple variety research for product development

Estimated budget: \$6,000

- Budget based on contractual consultant fees and travel costs

d) Initiate Vermont cider apple variety trials based on c) above

Estimated budget: \$5,000.

- Includes costs of nursery stock, scion materials for varieties selected (and available) from variety research indicated in c) above.

3. Written Commitment from Benefiting Businesses

See attached correspondence indicating program support from:

- Eden Ice Cider Company
- Champlain Orchards
- Mad Tom Orchard
- Andy and India Farmer
- Putney Mountain Winery

4. Statement of Small Business Qualification

Each of the businesses listed meets the current U.S. Small Business Administration definition of a small business. The applicant believes that the technical assistance provided through this project will provide participants with the necessary knowledge and skills to begin production of ice cider, including eligible private businesses that will employ 50 or fewer new employees; has less than \$1 million in annual projected gross revenues, and are at least 51 percent owned by U.S. Citizens or resident aliens.

5. Documentation of Other Funds

See attached letters of funding commitment from:

- Vermont Tree Fruit Growers' Association (\$2,500)
- Vermont Grape and Wine Council (\$2,500)

6. Federal Integrity Act

The applicant is unaware of any relationships or associations of Vermont Agency of Agriculture staff with members of USDA Rural Development staff other than professional relationships within their respective roles having to do with their respective longstanding support of Vermont agriculture.

7. Program Accessibility

Before offering the technical assistances described in this grant request, the Agency will determine if any accessibility issues are present. If issues are brought forth, the Agency will address them appropriately.

8. Copies of Organizational Documents

The applicant is a government agency within the State of Vermont.

9. Other Letters of Support

Letters of support and commitments to provide technical assistance to the activity are provided by:

- Dr. Lorraine Berkett, Professor and Apple IPM Specialist, University of Vermont; and
- Michael J. Hogan, Commissioner, Vermont Department of Liquor Control

JFO 2393



State of Vermont
 Department of Finance & Management
 109 State Street, Pavilion Building
 Montpelier, VT 05620-0401

Agency of Administration

[phone] 802-828-2376
 [fax] 802-828-2428

**STATE OF VERMONT
 FINANCE & MANAGEMENT GRANT REVIEW FORM**

Grant Summary:		W.Charleston, Shoreham, East Dorset, W. Pawlet and Putney. This grant is a Rural Business Enterprise Grant from the USDA. It is for development of natural ice cider industry. Grant is for developing a business plan, investment options and research for product development.			
Date:		7/27/2009			
Department:		Agriculture, Food and Markets			
Legal Title of Grant:		Rural Business Enterprise Grant-Product Development for New Value Added Natural Ice Cider Industry.			
Federal Catalog #:		10.769			
Grant/Donor Name and Address:		United States Department of Agriculture (USDA) Rural Development, City Center 3 rd Floor, 89 Main Street, Montpelier VT 05602			
Grant Period:		From:	To:		
		7/2/2009	6/30/2010		
Grant/Donation		\$22,500			
	SFY 1	SFY 2	SFY 3	Total	Comments
Grant Amount:	\$22,500	\$	\$	\$22,500	
Position Information:		# Positions	Explanation/Comments		
		0			
Additional Comments:		The 5 rural towns represented in this technical assistance grant are in Rutland, Addison, Bennington, Windham and Orleans Counties.			
Department of Finance & Management		[Signature]		(Initial)	
Secretary of Administration		[Signature]		(Initial)	
Sent To Joint Fiscal Office		8/18/09		Date	

RECEIVED
 AUG 24 2009
JOINT FISCAL OFFICE

STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION				
1. Agency:	Agency of Agriculture, Food & Markets			
2. Department:				
3. Program:	Product Development for New Value Added Natural Ice Cider Industry			
4. Legal Title of Grant:	Rural Business Enterprise Grant			
5. Federal Catalog #:	10.769			
6. Grant/Donor Name and Address:	United States Department of Agriculture Rural Development City Center 3 rd Floor, 89 Main Street Montpelier, VT 05602			
7. Grant Period:	From:	7/2/2009	To:	6/30/2010
8. Purpose of Grant:	To develop a business plan, investment modeling and research for product development for new value added natural Ice Cider Industry in rural West Charleston, Shoreham, West Pawlet, Putney, and East Dorset.			
9. Impact on existing program if grant is not Accepted:	None.			
10. BUDGET INFORMATION				
	SFY 1	SFY 2	SFY 3	Comments
Expenditures:	FY 2010	FY	FY	
Personal Services	\$22,500	\$	\$	
Operating Expenses	\$	\$	\$	
Grants	\$	\$	\$	
Total	\$22,500	\$	\$	
Revenues:				
State Funds:				
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:				
(Direct Costs)	\$22,500	\$	\$	
(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$	\$	\$	
Other Funds:				
Grant (source)	\$	\$	\$	
Total	\$22,500	\$	\$	
Appropriation No:	2200030000	Amount:	\$22,500	
			\$	
			\$	
			\$	
			\$	

REC'D JUL 20 2009

STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE (Form AA-1)

			\$
			\$
		Total	\$

PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? Yes No
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: Roger Allbee Agreed by: RA for RA (initial)

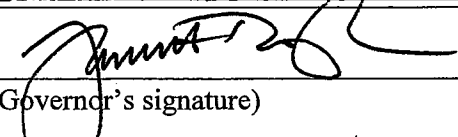
12. Limited Service Position Information:	# Positions	Title
Total Positions		

12a. Equipment and space for these positions: Is presently available. Can be obtained with available funds.

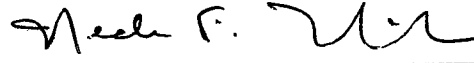
13. AUTHORIZATION AGENCY/DEPARTMENT

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):	Signature: <u>Dave Lee for Roger Allbee</u>	Date: <u>7-16-09</u>
	Title: _____	
	Signature: _____	Date: _____
	Title: _____	

14. ACTION BY GOVERNOR

<input checked="" type="checkbox"/>	Check One Box: Accepted	 (Governor's signature)	Date: <u>8/15/09</u>
<input type="checkbox"/>	Rejected		

15. SECRETARY OF ADMINISTRATION

<input checked="" type="checkbox"/>	Check One Box: Request to JFO	 (Secretary's signature or designee)	Date: <u>8.4.09</u>
<input type="checkbox"/>	Information to JFO		

16. DOCUMENTATION REQUIRED

Required GRANT Documentation

<input type="checkbox"/> Request Memo <input type="checkbox"/> Dept. project approval (if applicable) <input type="checkbox"/> Notice of Award <input type="checkbox"/> Grant Agreement <input type="checkbox"/> Grant Budget	<input type="checkbox"/> Notice of Donation (if any) <input type="checkbox"/> Grant (Project) Timeline (if applicable) <input type="checkbox"/> Request for Extension (if applicable) <input type="checkbox"/> Form AA-1PN attached (if applicable)
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End Form AA-1



United States Department of Agriculture
Rural Development
Vermont/New Hampshire

July 2, 2009

Dave Lane, Deputy Secretary of Agriculture
State of VT, Agency of Agriculture
116 State Street, Drawer 20
Montpelier, VT 05620-2901

Re: \$22,500 Rural Business Enterprise Grant
Develop a business plan, investment modeling and research for product development for new value added natural Ice Cider (cidre de glace) Industry in rural West Charleston, Shoreham, West Pawlet and East Dorset.

Dear Mr. Lane: *Dave*

Enclosed please find your copy of form 1940-1, Request for Obligation of Funds.

This is your notification that the above grant for your business plan, investment modeling and research for product development for new value added natural Ice Cider (cidre de glace) Industry in rural West Charleston, Shoreham, West Pawlet and East Dorset has been approved subject to the conditions stated in our Letter of Conditions to you dated June 23, 2009. USDA Rural Development is pleased to provide the State of VT, Agency of Agriculture with funds for this project.

If you have any questions, please don't hesitate to contact Sherry Paige of our Montpelier Area Office at 802-828-6034.

Sincerely,

A handwritten signature in black ink, appearing to read "Rhonda L. Shippee".

RHONDA L. SHIPPEE
Acting State Director – VT/NH

Attachment

cc: Montpelier Area Office

City Center, 89 Main Street, 3rd floor • Montpelier, VT 05602
802-828-6080 (voice) 802-828-6018 (fax) rhonda.shippee@vt.usda.gov
<http://www.rurdev.usda.gov/vt>
Committed to the future of rural communities

REQUEST FOR OBLIGATION OF FUNDS

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED () Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.			
1. CASE NUMBER ST CO BORROWER ID 53-012-036000264		LOAN NUMBER 00	FISCAL YEAR
2. BORROWER NAME STATE OF VERMONT VT AGENCY OF AG 116 STATE STREET DRAWER 20 MONTPELIER, VT 05620-2901		3. NUMBER NAME FIELDS (1, 2, or 3 from Item 2)	
		4. STATE NAME VERMONT	5. COUNTY NAME WASHINGTON
GENERAL BORROWER/LOAN INFORMATION			
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 2 - BLACK 3 - AI/AN 4 - HISPANIC 5 - API	7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS 7 - NONPROFIT-SECULAR 8 - NONPROFIT-FAITH BASED 9 - OTHER	8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS	9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
10. SEX CODE 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY	11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 1 - YES 2 - NO	13. CREDIT REPORT 1 - YES 2 - NO
14. DIRECT PAYMENT (See FMI)	15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION 1 - YES 2 - NO	
17. COMMUNITY SIZE 1 - 10 000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		18. USE OF FUNDS CODE (See FMI)	
COMPLETE FOR OBLIGATION OF FUNDS			
19. TYPE OF ASSISTANCE 081 (See FMI)	20. PURPOSE CODE	21. SOURCE OF FUNDS 0	22. TYPE OF ACTION 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
23. TYPE OF SUBMISSION 1 - INITIAL 2 - SUBSEQUENT	24. AMOUNT OF LOAN	25. AMOUNT OF GRANT \$22,500.00	
26. AMOUNT OF IMMEDIATE ADVANCE	27. DATE OF APPROVAL MO DAY YR 06-23--2009	28. INTEREST RATE %	29. REPAYMENT TERMS
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS			
30. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
COMPLETE FOR EM LOANS ONLY		COMPLETE FOR CREDIT SALE-ASSUMPTION	
31. DISASTER DESIGNATION NUMBER (See FMI)	32. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN		
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY	
33. OBLIGATION DATE MO DA YR	34. BEGINNING FARMER/RANCHER (See FMI)		

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

CERTIFICATION APPROVAL


For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL


Initial Here

See Attachment "A"

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. YES NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

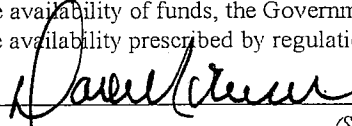
Date ~~xx~~ _____ ~~xxxxxx20xx~~


Dave Lane (Signature of Applicant)

Date June 23, 2009 ~~xxx~~

Deputy Secretary of Agriculture
(Signature of Co-Applicant)

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.


(Signature of Approving Official)

Typed or Printed Name: DAVID H. ROBINSON

Date Approved: 6/23/09

Title: Business Programs Director

38. TO THE APPLICANT: As of this date 7/2/2009 *OTP Processed via terminal*, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

Request For Obligation of Funds

Page # 1
(Attachments)

Borrower: Vermont Agency of Agriculture, Food and Markets

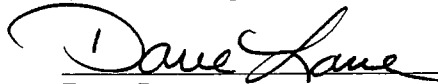
Comments And Requirements of Certifying Official

The Grantee understands the requirements for receipt of funds under the Rural Business Enterprise Grant Program. The Grantee assures and certifies that it is in compliance with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in Part 1942, Subpart G, Attachment 1, "General Requirement for Administration of Rural Business Enterprise and Television Demonstration Grants," 7 CFR, Parts 3015, 3016, 3017, 3018, 3019 and 3052; including revisions through June 23, 2009 ; approved Scope of Work/Work Plan and the Letter of Conditions dated June 23, 2009.

Name of Grantee: VT Agency of Agriculture, Food & Markets Grant \$22,500 FY 09

ATTACHMENT A

Vermont Agency of Agriculture,
Food and Markets
(Name of Organization)


Dave Lane

Deputy Secretary of Agriculture
Title

Date: June 23, 2009

**Vermont Agency of Agriculture, Food and Markets
(VAAFMM)**

Rural Business Enterprise Grant Program

Grant Agreement

\$22,500.00

June 23, 2009

Section B

III. Responsibilities of the Grantee

This section contains information regarding the responsibilities of the grantee for receipt of monies under the RBE/television demonstration grant program. This section shall become a permanent attachment to Form RD 1940-1 as outlined in Section A, paragraph II. H. of this Attachment. These requirements do not supersede the requirement for receipt of Federal funds as stated in Parts 3015, 3016, and 3019 of the Uniform Federal Assistance Regulations; however, specific areas related to the RBE/television demonstration grant program are cited below. (Revised 07-16-03, PN 361.)

Grantee agrees to:

A. Comply with property management standards established by 7 CFR Parts 3015, 3016, and 3019 for real and personal property. "Personal property" means property of any kind except real property. It may be tangible - having physical existence - or intangible - having no physical existence; such as patents, inventions, and copyrights. "Nonexpendable personal property" means tangible personal property having a useful life of more than 1 year and an acquisition cost of \$300 or more per unit. A grantee may use its own definition of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. "Expendable personal property" refers to all tangible personal property other than nonexpendable property. When real property or nonexpendable property is acquired by a grantee with project funds, title shall not be taken by the Federal Government but shall be vested in the grantee subject to the following conditions: (Revised 07-16-03, PN 361.)

1. Right to transfer title. For items of real or nonexpendable personal property having a unit acquisition cost of \$1,000 or more, the Agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

a. The property shall be appropriately identified in the grant or otherwise made known to the grantee in writing.

b. The Agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Agency fails to issue disposition instructions within the 120 calendar day period, the grantee shall apply the standards of Section B, paragraphs III. A. 2. and 3. of this Attachment.

c. When the Agency exercises its right to take title, the personal property shall be subject to the provisions for federally owned nonexpendable property discussed in Section B, paragraphs III. A. 2. and 3. of this Attachment.

d. When title is transferred either to the Federal Government or to a third party and the grantee is instructed to ship the property elsewhere, the grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

2. Use of other real or nonexpendable personal property for which the grantee has title.

a. The grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the grantee shall use the property in connection with its other federally sponsored activities in the following order of priority:

i. Activities sponsored by Rural Development.

ii. Activities sponsored by other Federal agencies.

b. Shared use. During the time that nonexpendable personal property is held for use on the project or program for which it was acquired, the grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to projects or programs sponsored by Rural Development; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use for other activities not sponsored by the Federal Government shall be permissible if authorized by Rural Development. User charges should be considered, if appropriate.

3. Disposition of real or nonexpendable personal property. When the grantee no longer needs the property as provided in Section B, paragraph III A 2 of this Attachment, the property may be used for other activities in accordance with the following standards:

a. Personal property with a unit acquisition cost of less than \$1,000. The grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

b. Real or nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The grantee may retain the property for other use provided that compensation is made to Rural Development or its successor. The amounts of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to current fair market value of the property. If the grantee has no need for the property and the property has further use value, the grantee shall request disposition instructions from the original grantor agency.

c. Rural Development shall determine whether the property can be used to meet the agency's requirements. If no need exists within Rural Development, the General Services Administration's Federal Property Management Regulations (FPMR) will be used by Rural Development to determine whether a need for the property exists in other Federal agencies. Rural Development shall issue instructions to the grantee no later than 120 days after the grantee request and the following procedures shall govern:

i. If so instructed, or if disposition instructions are not issued within 120 calendar days after the grantee's request, the grantee shall sell the property and reimburse Rural Development an amount computed by applying to the original project or program. However, the grantee shall be permitted to deduct and retain from the Federal share \$100 or 10 percent of the proceeds, whichever is greater, for the grantee's selling and handling expenses.

ii. If the grantee is instructed to dispose of the property other than as described in Section B, paragraphs III A 2 and 3 of this Attachment, the grantee shall be reimbursed by Rural Development for such costs incurred in its disposition.

iii. Property management standards for nonexpendable personal property. The grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:1111

a. Property records shall be maintained accurately and shall include:

i. A description of the property.

ii. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

iii. Sources of the property including grant or other a agreement number.

iv. Whether title vests in the grantee or the Federal Government.

v. Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

vi. Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).

vii. Location, use, and condition of the property and the date the information was reported.

viii. Unit acquisition cost.

ix. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a grantee compensates the Federal agency for its share.

b. Property owned by the Federal Government must be marked to indicate Federal ownership.

c. A physical inventory of property shall be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The grantee shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

d. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or the theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the grantee shall promptly notify Rural Development.

e. Adequate maintenance procedures shall be implemented to keep the property in good condition.

f. Where the grantee is authorized or required to sell the property, proper sales procedures shall be established which would provide for completion to the extent practicable and result in the highest possible return.

g. Expendable personal property shall vest in the grantee upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the grantee shall retain the property for use on non-federally sponsored activities, or sell it, but must, in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

This Attachment covers the following described personal property and any additional property acquired wholly or in part with grant funds (use continuation sheets as necessary):

Grant proceeds will not be disbursed to acquire personal property. DEG

When real property is no longer needed as provided above, return all real property, furnished or purchased wholly with Federal grant funds to the grantor. In the case of property purchased in part with Federal grant funds, the grantee may be permitted to take title to the Federal interest therein upon compensating the Federal Government for its fair share of the property. The Federal share of the property shall be the amount computed by applying the percentage of the Federal participation in the total cost of the grant program for which the property was acquired to the current fair market value of the property.

This Attachment covers the following described real property purchased/to be purchased wholly or in part with grant funds (use continuation sheets as necessary):

Grant proceeds will not be disbursed to acquire real estate property. DEG

B. Cause said program to be completed within the total sums available to it, including said grant, in accordance with the program plan and any necessary modifications thereof prepared by grantee and approved by grantor.

C. Permit periodic inspection of the program operations by a representative of grantor.

D. Make the program available to all persons in grantee's service area without regard to race, color, national origin, religion, sex, marital status, age, physical or mental handicap who have also received Rural Development related assistance from the grantee.

E. Not use grant funds to replace any financial support previously provided or assured from any other source. The grantee agrees that the general level of expenditure by the grantee for the benefit of program area and/or program covered by this attachment shall be maintained and not reduced as a result of the Federal share of funds received under this grant.

F. No nonexpendable personal property to be owned or used by the borrower or its affiliate(s) for use other than the grant purposes will be acquired wholly or in part with grant funds.

G. Use of the property including land, land improvement, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed. The grantee shall obtain approval of the grantor before using the real property for other purposes when the grantee determines that the property is no longer needed for the original grant purposes.

H. Provide financial management systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supporting activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over, and accountability for, all funds. Grantees shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

I. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after grant closing except that the records shall be retained beyond the 3-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee governments which are pertinent to the specific grant program for the purpose of making audit, examination, excerpts, and transcripts.

J. Provide information as requested by the grantor to determine the need for and complete any necessary environmental assessments or Environmental Impact Statements.

K. Grantees expending \$300,000 or more of Federal assistance in the year(s) that Agency grant funds are expended shall submit an audit in accordance with OMB Circular A-133 as codified in 7 CFR 3052. Grantees that expend less than \$300,000 a year in Federal award are exempt from Federal audit requirements for that year except as noted in 7 CFR 3052.215(a), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and General Accounting Office. (Revised 07-17-02, PN 348.)

L. Provide grantor with such periodic reports as it may require and permit periodic inspection of its operations by a designated representative of the grantor.

M. Not to encumber, transfer, or dispose of the property or any part thereof, furnished by the grantor or acquired wholly or in part with grantor funds without the written consent of the grantor except as provided in Section B, paragraph III. A. of this Attachment.

N. Execute Form RD 400-1, Form RD 400-4, and any other agreements required by grantor to implement the civil rights requirements. If any such form has been executed by grantee as a result of a loan being made to grantee by grantor contemporaneously with the making of this grant, another form of the same type need not be executed in connection with this grant.

O. In contracts in excess of \$2,000 and in other contracts in excess of \$2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5). Applies only where Davis Bacon requirements apply.

P. Include in all contracts in excess of \$100,000 a provision for compliance with all applicable standards, orders, or regulations issued pursuant to the Clear Air Act of 1970. Violations shall be reported to the grantor and the Regional Office of the Environmental Protection Agency.

Q. Upon any default under its representations or agreements set forth in this instrument, grantee, at the option and the demand of grantor, will, to the extent legally permissible, repay to grantor forthwith the original principal amount of the grant stated hereinabove, with interest equal to the rate of interest paid on U.S. 26-week Treasury Bills adjusted quarterly from the date of the default. The provisions of this Attachment may be enforced by grantor at its option and without regard to prior waivers by it of previous defaults of grantee, by judicial proceedings to require specific performance of the terms of this Attachment or by such other proceedings in law or equity, in either Federal or State courts as may be deemed necessary by grantor to ensure compliance

with the provisions of this Attachment and the laws and regulations under which this grant is made.

R. That no member of Congress shall be admitted to any share or part of this grant or any benefit that may rise therefrom; but this provision shall not be construed to bar as a contractor under the grant a publicly held corporation whose ownership might include a member of Congress.

S. That all non-confidential information resulting from its activities shall be made available to the general public on an equal basis.

T. That the purpose and Scope of Work for which this grant is made shall not duplicate programs for which monies have been received, are committed, or are applied to from other sources, public or private.

U. That grantee shall relinquish any and all copyrights and/or privileges to the materials developed under this grant, such material being the sole property of the Federal Government. In the event anything developed under this grant is published in whole or in part, the material shall contain notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable. It may be freely reprinted with the customary crediting of the source."

V. That the grantee shall abide by the policies promulgated in 7 CFR Parts 3015, 3016, and 3019 which provides standards for use by grantees in establishing procedures for the procurement of supplies, equipment, and other services with Federal grant funds. (Revised 07-16-03, PN 361.)

W. To the following termination provisions:

1. Termination for cause: The grantor agency may terminate any grant in whole, or in part, at any time before the date of completion, whenever it is determined that the grantee has failed to comply with the conditions of the grant. The grantor agency shall promptly notify the grantee in writing of the determination and the reasons for termination, together with the effective date.

2. Termination for convenience: The grantor agency or grantee may terminate grants in whole, or in part, when both parties agree that the continuation of the program would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date, and in the case of partial terminations, the portion to be terminated. The grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The

grantor agency shall allow full credit to the grantee for the Federal share of the non-cancelable obligations, properly incurred by the grantee prior to termination.

X. That grantee will remit interest earned on grant funds deposited in an interest bearing account in accordance with 7 CFR Parts 3015, 3016, and 3019. (Revised 07-16-03, PN 361.)

This Scope of Work is submitted by the grantee. Upon approval by the grantor, the grantee agrees that no changes will be made to the Scope of Work without prior written approval by the grantor.

Vermont Agency of Agriculture, Food & Markets (VAAFMM) (GRANTEE)

By: David Lane Deputy Secretary of Agriculture June 23, 2009
David Lane (Title) (Date)

This Scope of Work is hereby approved by USDA - Rural Development.

USDA - RURAL DEVELOPMENT

By: Sherry L. Paige Business Program Specialist June 23, 2009
Sherry L. Paige (Title) (Date)

Introduction & Background

Recent history of Vermont apple production

Apples have been an important part of Vermont's history for over 200 years. An important part of each nearly self-sufficient farm established by the first European settlers, by the late 1900's, production of apples had shifted to relatively large commercial orchards across the state. With increasing globalization of the world's apple production, since the early 1990's, the state's apple producers have become more focused on the importance of developing direct-to-consumer markets and production of value-added goods.

The apple industry is still an important part of Vermont agriculture, adding over \$20 million annually to the state's economy. Apples are also an important part of the state's \$1.57 billion tourism and agritourism industries.

The development of Ice Cider in Quebec, Canada

Just across the Canadian border in Southern Quebec, apple producers have created and developed a high-value apple product, ice cider, or *cidre de glace* in French. From its conception in the late 1990s, the ice cider industry in Quebec has grown to over 50 producers with annual production of more than 1 million bottles having a retail value of over \$20 million.

Ice cider is a sweet dessert wine made using natural cold temperatures to concentrate the sugars and flavors of apples. This concentrate is then partially fermented, yielding a wine with between 9 – 12 percent alcohol, and between 12 – 20 percent residual sugar. Ice cider is sold in small bottles of 125 to 375 milliliters in volume, with retail prices ranging from \$19 to \$45, depending on the process and quality of the wine. The product is delicious, and as a result the industry has grown. In addition to its popularity in Canada, ice cider producers in Quebec have found significant export markets in Europe and Asia.

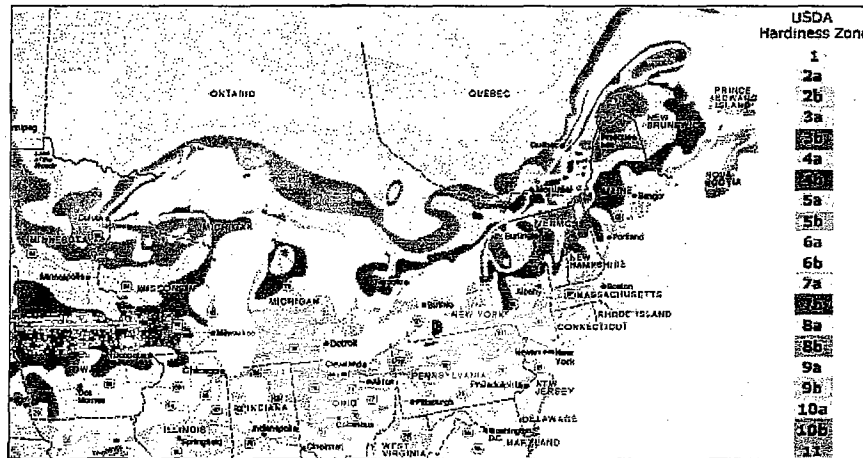
There are several methods used to create the concentrate for ice cider. *Cryoconcentration* involves pressing fresh cider from stored apples and using natural cold to freeze the cider. The first 20 to 25 percent that melts is the concentrate. *Cryoextraction* relies on natural cold to freeze apples. The frozen apples are then pressed in a special basket press to express the concentrate. In rare instances, frozen apples remaining on the tree are picked and pressed. Only a few varieties of apples are suitable for this process.

The government of Quebec recently published regulations permitting only natural cryoconcentration or cryoextraction as allowed processes in the production of ice cider. Use of artificial refrigeration as the primary means of concentration is strictly prohibited. The Alcohol and Tobacco Tax and Trade Bureau of the U.S.

government is adopting the Quebec rules for labeling of ice cider for commercial sale in the United States.

The opportunity for ice cider production in Vermont

Like Southern Quebec, Vermont is ideally situated to develop a successful ice cider industry. A large part of the state is in the few climate zones (3b and 4a) that are warm enough for apple culture yet cold enough to reliably produce ice cider in the winter using naturally freezing temperatures. (See USDA climate map, below.) An ice cider climate zone analysis is provided in the attachments.



Ice cider provides a potentially excellent opportunity for Vermont apple growers and winemakers for the following reasons:

- It provides a high potential value for utility quality apples;
- It can be profitable at on-farm scale;
- It is a great complementary product for other Vermont specialties, especially artisanal cheeses;
- Capital investment requirements are relatively low (starting around \$35,000); and
- It fits well with plans for developing culinary and farm tourism in Vermont.

Ice cider may provide an opportunity for growers to obtain higher value for utility grade apples than most other uses. The retail on-farm price for ice cider is typically 8- to 10-times the product value of the apples used to make it, compared to 1.0 to 1.5 times for fresh sweet cider.

Because ice cider is an artisanal product, it can be produced and sold profitably on-farm and at local farmers' markets, restaurants and wine retailers.

Ice cider is an additional enhancement to Vermont's growing culinary economy, offering restaurants, farmers' markets and festivals a new local specialty to highlight.

Early success of Eden Ice Cider Company

Currently, Vermont is home to the only federally licensed producer of ice cider in the U.S., Eden Ice Cider Company. The business was started in 2007 by Albert and Eleanor Léger. Their first vintage of Eden Ice Cider won a gold medal at the Northeast Gold Wine Competition at the Eastern States Exposition (The Big "E"), and was sold out within 3 months of being introduced to the market. The Légers are enthusiastic supporters of the growth of the industry in Vermont. They are willing to commit their time and acquired experience to help others in Vermont get into production.

1. Proposed Scope of Work

Services to be Provided

If successful in its application for funding assistance, the Agency will work with members of the Vermont Tree Fruit Growers Association, the Vermont Grape and Wine Council, Eden Ice Cider Company and outside experts to provide technical assistance in the following areas:

- a) Production method training,
- b) Business planning and investment modeling, and
- c) Apple variety research for product development

a) Production method training

The basic knowledge and training for production of ice cider are not readily available, due to the relatively recent emergence of the product and the small number of producers. Resources have been identified to assist interested Vermont entities, including cider-making workshops provided by Peter Mitchell of the U.K., and visits to ice cider producers in Quebec¹.

The Agency will work with its partners to schedule and offer a cider course to its members and other prospective Vermont producers. Mr. Mitchell is recognized as a leading hard cider expert and has partnered with other U.S. agricultural organizations (most notably Cornell University) to provide workshops for farm and commercial hard cider producers. The budget allows for two 3-day workshops to be delivered. The first workshop will cover the basics of alcoholic cider production, while the second will cover more in-depth production issues.

The Agency will work with ice cider contacts to arrange special visits and tours with Quebec producers. These visits will enable prospective Vermont producers to see ice cider production and engage in in-depth question and answer sessions with experienced producers.

¹ Mr. Mitchell has been consulted for fees and availability, but any hiring of technical assistance will be subject to State of Vermont Contract Procedures

b) Business planning and investment modelling

Prospective producers of ice cider also need assistance in business planning and wine licensing regulations at the Federal and State level.

The Agency will identify and select a contractor to develop a model investment plan for start-up ice cider production. The model investment plan will include:

- Facility requirements
- Recommended equipment and costs
- Variable cost components, including raw materials, production supplies, and packaging
- Marketing cost assessments
- Pricing
- Alcohol taxes and permit costs
- Timing of expenses and revenues and pro-forma economics

The Vermont Agency of Liquor Control will also be engaged in providing licensing support and education.

c) Apple variety research for product development

Ice cider flavor and product quality depend on achieving a successful blend of apples to provide balanced sweetness, acidity and natural tannins.

Technical assistance would focus on research into key characteristics of apple varieties and their influence on ice cider taste and product quality. This research will help ice cider producers and their Vermont apple growers develop a supply of apple varieties that will help to differentiate Vermont ice cider from that produced in other regions, and further support a unique opportunity for Vermont apple growers.

The Agency will identify and hire a contractor to conduct literature and field research into specialized apple varieties, including the traditional English, Normandy and Basque apple varieties used in the hard cider for which those regions are famous.

Areas to be Served/ Specific Benefiting Businesses

Technical assistance provided by this grant will target individuals and existing businesses in the following Vermont towns²:

<u>Town</u>	<u>Business</u>	<u>Town Population</u>	<u>Percent Unemployment</u>	<u>New or Saved Jobs³</u>
<u>W. Charleston</u>	Eden Ice Cider	871	12	1
<u>Shoreham</u>	Champlain Orchards	1,295	3.9	1
East Dorset	Mad Tom Orchard	2,103	5.5	1
<u>W. Pawlet</u>	Andy Farmer	1,425	5.8	1
<u>Putney</u>	Putney Mt. Winery	2,606	7.5	1

Please Note:

Two of the participating towns (**emboldened**) have unemployment exceeding the statewide average rate of 6.0 for December 2008. Four of the participating towns (underlined) have Median Household Incomes below the state average.

Evidence of Need for Technical Assistance

Since September 2008, the Agency has met with the Vermont Grape & Wine Council, the Vermont Tree Fruit Growers Association and numerous individuals from Vermont's apple and wine industries.

On February 2, Eden Ice Cider Company held an "open house" event at their facility in W. Charleston, where prospective producers had the opportunity to learn more about producing the specialty wine.

² The applicant believes that additional individuals and/or businesses will participate in the technical assistance program when information on workshops and other assistance is publicized. The grant will accommodate a minimum of 15 participants.

³ The applicant anticipates that the technical assistance program will yield two new jobs within 12 months, and save (or maintain) three jobs within 24 months.

At the Vermont Tree Fruit Growers Association's annual meeting on February 10, Steve Justis (Vermont Agency of Agriculture), Eleanor Léger (Eden Ice Cider Co.), Bill Suhr (Champlain Orchards) and Brian Norder (Vermont Food Venture Center) lead discussions of opportunities for the production of ice cider and other value-added apple products for Vermont.

When compared to capital investment requirements for other value-added products, and Vermont's potential to produce a product that is naturally limited in its production range (similar to Vermont's maple industry), ice cider was identified as having a unique position. Many Vermont entrepreneurs recognize that while ice cider is a very successful product in Quebec, they do not know how to get started. The effort to find and contract with experts is beyond the capability of most producers today. The assistance provided by this grant will be the most efficient and effective way for new producers to get started, and is expected to jump-start the industry in Vermont.

While interest is expected to grow, to date, eight individuals or organizations have expressed interest in participating in this proposed program with letters of support.

Implementation Timetable

The table on page 10 provides a timetable for implementation for "A Plan to Develop an Ice Cider Industry in Vermont". This plan insures that the full grant amount will be used within a 12-month timeframe.

As previously noted, Peter Mitchell is holding dates in August 2009 for delivery of the first cider course, and the ideal time to visit Quebec producers is in December 2009 and January 2010, when production of ice cider is in process.

A prospective Vermont producer could take the initial cider workshop and use the model business plan in time to make an initial production batch of ice cider in the winter of 2009/2010. During that time, the prospective producer would be able to visit Quebec producers and then follow-up with the more advanced cider workshop in the spring that will help him improve production planning for the following year.

Implementation Timetable

Phase 1 (Months 1-2)
<ul style="list-style-type: none">• Contact apple growers, cider makers & partner organizations;• Review and update implementation strategy;• Contract for cider courses and Quebec tour• Contract for business plan development and apple variety research
Phase 2 (Months 3-8)
<ul style="list-style-type: none">• Deliver initial cider course• Monitor contractors' activities• Assure delivery of model business plan• Assure delivery of apple variety research• Maintain regular contact with growers, associations and other partners.
Phase 3 (Months 9-12)
<ul style="list-style-type: none">• Deliver second cider course• Maintain regular contact with growers, associations and other partners.• Evaluate effectiveness of activity• Prepare and submit preliminary and final reports on activity.

Evaluating the Effectiveness of Services Delivered

The Agency will work with its project partners to develop a request for proposals (RFP) and will provide guidance on contractors' performance. Minimally, the review team will require monthly progress reports from contractors.

The grant administrator and/or review team will periodically contact processors for feedback on the effectiveness of services rendered to date.

Minimally, the Agency will contact participating businesses at the beginning of the activity and again at the project's conclusion. The initial survey will be used to determine specific needs of individual processors to guide the RFP development process and direct the technical assistance contractors. The final evaluation will be used to judge effectiveness of the services delivered.

Initial surveys and evaluations will be e-mailed. Non-respondents will be contacted subsequently by telephone to assure a minimum response rate of 80 percent.

Local Planning Impact

Based on the project manager's over 30 years experience with Vermont farmers, food processors and beverage producers in the wine, beer and distilled spirits industries, as well as with the Agency's work with Act 250, Accepted Agricultural Practices, and interactions with the Vermont Department of Liquor Control, the applicant believes that this proposed activity will present no conflict with local planning.

Final Results of Grant Assistance/ Feasibility

The anticipated short-term (12-24 months) results of this proposed program will be the creation of a minimum of four new ice cider producers in Vermont and the creation of a minimum of four new jobs. The Agency has been closely involved with the Vermont Grape & Wine Council, formed in 2007, which has already grown from eight to sixteen member businesses with an economic impact of approximately \$5 million.

As previously indicated, like Southern Quebec, Vermont is ideally situated to develop a successful ice cider industry. A large part of the state is within climate zones (3b and 4a) that are warm enough for apple culture yet cold enough to reliably produce ice cider in the winter using naturally freezing temperatures.

Besides direct benefits to actual producers, the successful development of an ice cider industry in Vermont has the potential to directly benefit many aspects of the state's burgeoning *culinary tourism* industry, including many of Vermont's farm-to-chef initiatives, including the Vermont Fresh Network.

At the conclusion of the project, the Agency will contract with a third party auditor to evaluate participant satisfaction, number of jobs created, and projected growth (in dollars and in jobs) within five years.

Experience in Providing Technical Assistance

The activity manager for this proposed program, Steven F. Justis, has over 30 years of successful experience in administering the delivery of technical assistance to Vermont agricultural businesses. Over his career with the Agency, Mr. Justis has developed a network of contacts and resources from local Vermont communities to many countries around the world. The Agency offers numerous levels of support, including clerical, accounting (including management of USDA RBEG and other federal grants), Act 250/zoning, and other technical and marketing assistance.

The Agency also works closely with the Vermont Department of Liquor Control, which has been very helpful in supporting Vermont's breweries, wineries and distilleries.

Key Personnel and Qualifications

Steven F. Justis, Vermont Agency of Agriculture

The Senior Agricultural Development Specialist with the Agricultural Development Division will serve as the grant administrator. Mr. Justis has over 32 years experience with the Agency, both in agricultural development and regulatory roles. He has administered numerous USDA grants offered through Rural Development, the Agricultural Marketing Service and the Foreign Agricultural Service.

Mary Morrison, Administrative Services Manager

Ms. Morrison, the Agency's business office manager, will administer all contracts and financial transactions related to administration of this grant.

Peter Mitchell, Mitchell Food & Drink (please see footnote on page 6)

With 25 years of practical experience, Peter Mitchell is a highly regarded, qualified and internationally recognized authority in cider & perry making and tasting. He is a professional trainer and presenter, acts as an adviser to clients across the world, is a UK and USA competition judge, an author and an award-winning producer in his own right.

Mr. Mitchell runs his own specialist training and consultancy business - *Mitchell F&D Limited*, which includes the highly regarded Cider Academy. Through Taste & Explore, the company also operates expert-led cider tours within the UK and organizes workshops, short courses, events, tutored tastings and other activities for all those (professional and amateurs alike) who have an interest in, or want to find out more about cider and perry.

Currently Mr. Mitchell is Chairman of the Three Counties Cider and Perry Association and serves on the Training Group of the National Association of Cider Makers (NACM), where he recently took a lead role in developing and establishing the acclaimed *NACM Foundation Certificate in Cider & Perry Appreciation*. He now acts as lead tutor and examiner for this industry qualification.

Eleanor Léger, Co-Owner, Eden Ice Cider Company

Ms. Léger left a successful 25-year business career to start Eden Ice Cider Company with her husband Albert Léger in April of 2007. Her experience includes senior product, marketing and strategy positions at Intuit, Inc., CNA Insurance, and Alexander & Alexander Services. She was Chief Product Officer and then Chief Operating Officer of Employee Matters, a start-up online payroll business that was acquired by Intuit in 2000. Ms. Léger spent the first part of her career as a management consultant with Bain & Company in Boston and then

Mercer Management Consulting, where she was a Principal in the New York office. Ms. Léger earned a B.A. cum laude in Economics from Harvard and an MBA with Distinction from The Wharton School.

During the start-up of Eden Ice Cider Company, Ms. Léger has gained first-hand knowledge of the production processes, market opportunities and economics of the ice cider business. She is willing to share her knowledge and experience with other Vermont producers in order to expand awareness and market acceptance for the industry as a whole.

Relationship to Existing Technical Assistance Programs

While the Agency has a longstanding relationship with Vermont's apple industry, and has worked with the state's wine industry since the first modern winery was established in 1985, it does not see this proposed activity as a duplication of any existing technical assistance delivery program.

2. Proposed Project Budget Narrative

Activity	RBEG funds	Industry funds	State funds	Totals
Technical Assistance: Production methods training	\$11,500.00			\$11,500.00
Technical Assistance: Business planning and investment model development, including licensing support	\$5,000.00			\$5,000.00
Technical Assistance: Cider apple variety research; literature review and field study in UK, France and Spain	\$6,000.00			\$6,000.00
Initiate Vermont cider apple variety trials: VTFGA, VGWC		\$5,000.00		\$5,000.00
Administrative assistance from Vermont Agency of Agriculture (in-kind contributions)			\$3,000.00	\$3,000.00
Totals	\$22,500.00	\$5,000.00	\$3,000.00	\$30,500.00

The proposed budget can accommodate at least 15 individuals or organizations.

a) Production method training

Estimated budget: \$11,500

- Two 3-day workshops provided by Peter Mitchell at a Vermont site to be determined. The first workshop is tentatively planned for August

2009. The second workshop date is to be determined. Estimated expenses are \$4,500 per course.

- Tour of Quebec ice cider operations, including charter bus costs, meals and tour fees: \$2,500

b) Business planning and investment modeling

Estimated budget: \$5,000

- Budget based on contracted consultant fees @ \$500 per day.

c) Apple variety research for product development

Estimated budget: \$6,000

- Budget based on contractual consultant fees and travel costs

d) Initiate Vermont cider apple variety trials based on c) above

Estimated budget: \$5,000.

- Includes costs of nursery stock, scion materials for varieties selected (and available) from variety research indicated in c) above.

3. Written Commitment from Benefiting Businesses

See attached correspondence indicating program support from:

- Eden Ice Cider Company
- Champlain Orchards
- Mad Tom Orchard
- Andy and India Farmer
- Putney Mountain Winery

4. Statement of Small Business Qualification

Each of the businesses listed meets the current U.S. Small Business Administration definition of a small business. The applicant believes that the technical assistance provided through this project will provide participants with the necessary knowledge and skills to begin production of ice cider, including eligible private businesses that will employ 50 or fewer new employees; has less than \$1 million in annual projected gross revenues, and are at least 51 percent owned by U.S. Citizens or resident aliens.

5. Documentation of Other Funds

See attached letters of funding commitment from:

- Vermont Tree Fruit Growers' Association (\$2,500)
- Vermont Grape and Wine Council (\$2,500)

6. Federal Integrity Act

The applicant is unaware of any relationships or associations of Vermont Agency of Agriculture staff with members of USDA Rural Development staff other than professional relationships within their respective roles having to do with their respective longstanding support of Vermont agriculture.

7. Program Accessibility

Before offering the technical assistances described in this grant request, the Agency will determine if any accessibility issues are present. If issues are brought forth, the Agency will address them appropriately.

8. Copies of Organizational Documents

The applicant is a government agency within the State of Vermont.

9. Other Letters of Support

Letters of support and commitments to provide technical assistance to the activity are provided by:

- Dr. Lorraine Berkett, Professor and Apple IPM Specialist, University of Vermont; and
- Michael J. Hogan, Commissioner, Vermont Department of Liquor Control

STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: August 31, 2009
Subject: Grant Requests

Enclosed please find four (4) requests that the Joint Fiscal Office has received from the administration:

JFO #2392 — \$13,070 worth of materials and labor from Ennis Paint, Inc. to the Agency of Transportation. Ennis Paint will supply materials and installation of a road surface treatment designed to reduce winter accidents. The product will be evaluated by the State for effectiveness. The State is under no obligation to purchase or endorse this product.

[JFO received 8/24/09]

JFO #2393 — \$22,500 grant from United States Department of Agriculture (USDA) Rural Development to Agriculture, Food and Markets. This grant will be used to develop a business plan and facilitate additional research into the development of a natural ice cider industry in Vermont.

[JFO received 8/24/09]

JFO #2394 — \$40,000 grant from United States Department of Agriculture (USDA) Rural Development to Agriculture, Food and Markets. These grant funds will be used to conduct a feasibility study on place-based marketing related to Vermont artisan cheese.

[JFO received 8/24/09]

JFO #2395 — \$17,500 grant from the Federal Emergency Management Agency to the Department of Public Safety. These grant funds will be used to purchase two underwater camera systems as part of an effort to monitor Vermont's waterways.

[JFO received 8/31/09]

The Joint Fiscal Office has reviewed these submissions and determined that all appropriate forms bearing the necessary approvals are in order. In accordance with the procedures for processing such requests, we ask you to review the enclosed and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for Joint Fiscal Committee review. Unless we hear from you to the contrary by September 16 we will assume that you agree to consider as final the Governor's acceptance of these requests.

cc: James Reardon, Commissioner
David Dill, Secretary
Roger Allbee, Secretary
Thomas Tremblay, Commissioner



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Representative Carolyn Partridge

From: Nathan Lavery, Fiscal Analyst

Date: August 31, 2009

Subject: JFO #2393 & #2394

Representative Michael Obuchowski asked that I forward to you a copy of the enclosed grant materials and cover memo. He requests your observations regarding the enclosed item.

cc: Rep. Michael Obuchowski
Stephen Klein

STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE (Form AA-1)

BASIC GRANT INFORMATION				
1. Agency:		Agency of Agriculture, Food & Markets		
2. Department:				
3. Program:		Product Development for New Value Added Natural Ice Cider Industry		
4. Legal Title of Grant:		Rural Business Enterprise Grant		
5. Federal Catalog #:		10.769		
6. Grant/Donor Name and Address: United States Department of Agriculture Rural Development City Center 3 rd Floor, 89 Main Street Montpelier, VT 05602				
7. Grant Period:		From:	7/2/2009	To: 6/30/2010
8. Purpose of Grant: To develop a business plan, investment modeling and research for product development for new value added natural Ice Cider Industry in rural West Charleston, Shoreham, West Pawlet, Putney, and East Dorset.				
9. Impact on existing program if grant is not Accepted: None.				
10. BUDGET INFORMATION				
	SFY 1	SFY 2	SFY 3	Comments
Expenditures:	FY 2010	FY	FY	
Personal Services	\$22,500	\$	\$	
Operating Expenses	\$	\$	\$	
Grants	\$	\$	\$	
Total	\$22,500	\$	\$	
Revenues:				
State Funds:	\$	\$	\$	
Cash	\$	\$	\$	
In-Kind	\$	\$	\$	
Federal Funds:	\$	\$	\$	
(Direct Costs)	\$22,500	\$	\$	
(Statewide Indirect)	\$	\$	\$	
(Departmental Indirect)	\$	\$	\$	
Other Funds:	\$	\$	\$	
Grant (source)	\$	\$	\$	
Total	\$22,500	\$	\$	
Appropriation No:	2200030000	Amount:	\$22,500	
			\$	
			\$	
			\$	
			\$	

REC'D JUL 20 2009

STATE OF VERMONT REQUEST FOR GRANT ACCEPTANCE (Form AA-1)

			\$
			\$
	Total		\$

PERSONAL SERVICE INFORMATION

11. Will monies from this grant be used to fund one or more Personal Service Contracts? Yes No
 If "Yes", appointing authority must initial here to indicate intent to follow current competitive bidding process/policy.

Appointing Authority Name: Roger Allbee Agreed by: RA for RA (initial)

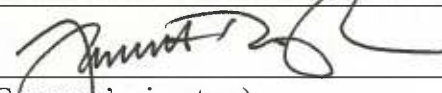
12. Limited Service Position Information:	# Positions	Title
Total Positions		

12a. Equipment and space for these positions: Is presently available. Can be obtained with available funds.


13. AUTHORIZATION AGENCY/DEPARTMENT

I/we certify that no funds beyond basic application preparation and filing costs have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant, unless previous notification was made on Form AA-1PN (if applicable):	Signature: <u>Dave Gere for Roger Allbee</u>	Date: <u>7-16-09</u>
	Title:	
	Signature:	Date:
	Title:	

14. ACTION BY GOVERNOR

<input checked="" type="checkbox"/>	Check One Box: Accepted	 (Governor's signature)	Date: <u>8/15/09</u>
<input type="checkbox"/>	Rejected		

15. SECRETARY OF ADMINISTRATION

<input checked="" type="checkbox"/>	Check One Box: Request to JFO	 (Secretary's signature or designee)	Date: <u>8.4.09</u>
<input type="checkbox"/>	Information to JFO		

16. DOCUMENTATION REQUIRED

Required GRANT Documentation

<input type="checkbox"/> Request Memo <input type="checkbox"/> Dept. project approval (if applicable) <input type="checkbox"/> Notice of Award <input type="checkbox"/> Grant Agreement <input type="checkbox"/> Grant Budget	<input type="checkbox"/> Notice of Donation (if any) <input type="checkbox"/> Grant (Project) Timeline (if applicable) <input type="checkbox"/> Request for Extension (if applicable) <input type="checkbox"/> Form AA-1PN attached (if applicable)
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End Form AA-1