

TRANSALTA CENTRALIA BOARD FUNDING, LLC
[Weatherization] [Economic and Community Development] [Energy
Technology] Fund
GRANT AGREEMENT

This Grant Agreement (the "Grant Agreement") is entered into between TransAlta Centralia Board Funding, LLC, acting through its [Weatherization] [Economic and Community Development] [Energy Technology] Board ("Grantor"), and [Grantee] ("Grantee") to establish the terms and conditions of a grant of funds from Grantor to Grantee for certain [energy efficiency and weatherization] [education, retraining, economic development and community enhancement] [energy technology] purposes. In consideration of the mutual covenants, conditions and agreements that follow, the parties hereby agree:

1. *Grant.* Grantee will receive the sum of \$[grant amount] subject to all the terms and conditions of this Grant Agreement.
2. *Disbursement Schedule.* The grant funds will be paid to Grantee in accordance with the disbursement schedule set forth on Exhibit A to this Grant Agreement, provided that Grantee returns a countersigned original of this Grant Agreement prior the date of the first such disbursement.
3. *Grant Activities; Budget.* Grantor agrees to perform the activities described in its grant proposal as finally accepted, a copy of which is attached to this Grant Agreement as Exhibit B (the "Grant Proposal"). Grantor approves the budget included in the Grantee's Grant Proposal.
4. *General Conditions.* Attached as Exhibit C to this Grant Agreement are the TransAlta Centralia Board Funding, LLC 2013 Grant Terms and Conditions. Grantee acknowledges that it has read the TransAlta 2013 Grant Terms and Conditions and agrees to comply with them.
5. *Grantee Reports.* Grantee agrees to provide to Grantor the narrative reports and financial reports in accordance with paragraph 7 of the 2013 Grant Terms and Conditions. Such reports shall be in the form set forth on Exhibit D to this Grant Agreement.
6. *Special Conditions.* The award of the Grant is subject to the additional conditions and agreements between Grantor and Grantee that are set forth on Exhibit E to this Grant Agreement.
7. *Term; Grant Period.* This Grant Agreement shall be effective upon signature by Grantor and Grantee and shall expire on [end date], unless extended by

mutual consent or terminated earlier in accordance with this Grant Agreement (the "Grant Period"). Any funds not expended as of the end of the Grant Period shall be returned to Grantor unless permission has been obtained from Grantor.

8. *Governing Law.* This Grant Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without reference to its conflict of laws provisions. Grantor and Grantee agree that any disputes or proceedings arising from or concerning this Grant Agreement shall be brought in a federal or state court of competent jurisdiction sitting in the Western District of Washington, in the United States, and hereby consents to the personal jurisdiction and venue of such courts.

9. *Entire Agreement.* Grantee acknowledges and agrees that this Grant Agreement and the exhibits hereto (all of which are incorporated herein by reference and made a part of this Grant Agreement) represent the entire agreement between Grantee and Grantor with respect to the subject matter addressed herein. The terms of this Grant Agreement may be modified only by a writing signed by duly authorized representatives of both parties.

Accepted by:

[GRANTEE]

Program Director

Date

Board Chair

Date

[Weatherization] [Economic and Community Development] [Energy Technology] Board of TransAlta Centralia Board Funding, LLC

Approved by:

Chairperson

Date

EXHIBIT A

DISBURSEMENT SCHEDULE

<u>Date</u>	<u>Disbursement Amount</u>	<u>Conditions (if any)</u>
[•]	\$(•)	[•]
[•]	\$(•)	[•]
[•]	\$(•)	[•]
[•]	\$(•)	[•]
Total	\$(•)	

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EXHIBIT B

ACCEPTED GRANT PROPOSAL

See attached.

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EXHIBIT C

TRANSALTA CENTRALIA BOARD FUNDING, LLC 2013 GRANT TERMS AND CONDITIONS

The following are the general terms and conditions of grants by TransAlta Centralia Board Funding, LLC, acting through its Grant Review Boards (the "Grantor"):

1. REPRESENTATIONS AND WARRANTIES OF GRANTEE. By executing and delivering the Grant Agreement, Grantee represents and warrants to Grantor as follows:
 - a. Grantee has the requisite legal authority and power to execute and deliver and to carry out the terms of the Grant Agreement.
 - b. To the knowledge of Grantee, the statements made by Grantee in the Grant Proposal (other than forward-looking statements related to the proposed project and application of grant proceeds) are true and correct in all material respects.
 - c. Grantee understands that there is no correlation or connection between Grantor's award of grants and Grantee's business relationship or potential business relationship with Grantor or its affiliates. Participation in Grantor's grant program does not require or impose any *quid pro quo* condition. If Grantee believes that a *quid pro quo* condition exists or may exist, it shall contact [] to report the condition.
2. REPRESENTATIONS AND WARRANTIES OF GRANTOR. By executing and delivering the Grant Agreement, Grantor represents and warrants to Grantee as follows:
 - a. Grantor has the requisite legal authority and power to execute and deliver and to carry out the terms of the Grant Agreement.
 - b. There is no correlation or connection between Grantor's award of grants and the Grantee's business relationship or potential business relationship with Grantor or its affiliates. Participation in Grantor's grant program does not require or impose any *quid pro quo* condition.
3. FUND DISTRIBUTION. Funds awarded will be distributed in accordance with the disbursement schedule attached as Exhibit A to the Grant Agreement.
4. BUDGET REVISION. Grant funds shall be used as set forth in the budget included in the final grant proposal, attached as Exhibit B to the Grant Agreement (the "Grant

Proposal”). Any transfer of funds from one budget item to another that exceeds 10% of the approved budget item requires Grantor’s prior written consent.

5. NO COST EXTENSION. If needed, Grantee may submit a request for a no-cost extension to Grantor before the end of the Grant Period. The request should contain the reason for the extension, any unexpended funds identified and how the funds will be used, and the length of time requested for the extension. Grantor may in its sole discretion approve or deny such request for an extension, and if such extension is approved, then the Grant Period (as such term is defined in the Grant Agreement) shall be accordingly extended.
6. ANNUAL FINANCIAL INFORMATION. Within six (6) months of the close of the fiscal year in which Grantor funds are received, Grantee must provide one of the following:
 - a. an audit and management letter (for grantees receiving greater than \$500,000 in funds in the aggregate from Grantor);
 - b. a financial review (for grantees receiving between \$50,000 and \$499,999 in funds in the aggregate from Grantor); or
 - c. a copy of the completed IRS Form 990 (including schedule A), copies of the quarterly IRS Form 941, and a year-end financial statement that conforms to generally accepted accounting principles and is certified under oath by the president and treasurer of Grantee’s board of directors (for grantees receiving less than \$50,000 in funds in the aggregate from Grantor).

If for any reason a Grantee funded by Grantor obtains an audit or financial review during a fiscal year, that audit or review shall be provided to Grantor, regardless of the amount of funding Grantee received. Additionally, Grantor may require that any Grantee submit an audit or financial review to Grantor upon 90 days’ notice.

7. GRANTEE REPORTS. Grantees must submit periodic reports to Grantor.
 - a. Narrative Report. An annual narrative report concerning the nature and use of funds awarded pursuant to this grant is to be submitted in the format set forth on Exhibit D to the Grant Agreement, unless otherwise specified in the Grant Agreement. The narrative report is due ninety (90) days following the end of Grantee’s fiscal year. A final narrative report is to be submitted in the format set forth on Exhibit D to the Grant Agreement within ninety (90) days following the end of the Grant Period.
 - b. Financial Reports. [Quarterly] financial reports consisting of an unaudited balance sheet and unaudited statements of income and cash flows for the quarter then ended; provided, that the financial statements must be

audited if the grant amount is equal to or greater than \$[___]]. These must be submitted by Grantee in the format set forth on Exhibit D to the Grant Agreement.

8. REPORTING REQUIREMENT; WAIVER. Failure to submit reports required under paragraphs 7 or 8 of these Grant Terms and Conditions in a manner satisfactory to Grantor on a timely basis may result in delay or loss of funds. Under exceptional circumstances, a waiver of Grantor's obligation to submit such may be available. A written request to waive this requirement must be made to Grantor on or before the end of the period covered by such reporting requirement.
9. GRANT EVALUATION. Grant performance will be evaluated during the year for which the grant is made. The information received in the reports described in paragraphs 7 or 8 of these Grant Terms and Conditions and any Special Conditions required in the Grant Agreement, and, at the discretion of Grantor, from other sources, will form the basis for the report. Grantees must provide further information if requested by Grantor.
10. RECORDS; RIGHT TO INSPECT. Original receipts and invoices must be maintained by Grantee. Grantee agrees to maintain adequate financial records consistent with generally accepted accounting practices, and to retain such records for at least five years after the conclusion of the Grant Period. Grantor staff and trustees may review Grantee's data, records or materials relating to the administration and performance of a grant at any time on five (5) business days notice. Grantee will not be required to produce data, records or materials that would be confidential information under the attorney-client privilege or work product doctrine.
11. TERMINATION. Grantor has the right terminate the Grant Agreement at any time that it determines that any of the following events has occurred:
 - a. such funds have not been or will not be expended reasonably or prudently for the purposes specified in the Grant Agreement;
 - b. Grantee has violated any federal, state or local law or regulation;
 - c. Grantee has failed to fully comply with these Grant Terms and Conditions and the Grant Agreement, including an unapproved deviation from the Grant Proposal, in either case only if such breach has not been cured within 30 days of Grantor providing Grantee written notice of such breach; or
 - d. Grantor has insufficient funds available for distribution.

In the event the Grant Agreement is terminated under clauses (a), (b) or (c) of these Grant Terms and Conditions, Grantor reserves the right to require Grantee

to refund any and all grant funds awarded to Grantee under the Grant Agreement, and Grantee agrees to refund Grantor all such funds upon request.

12. UNUSED FUNDS. At the conclusion of the Grant Period, Grantee agrees to return any unexpended or unaccounted for funds to Grantor, or to submit a written request for an extension of the Grant Period. Grantee agrees to return all disbursed funds (1) if grant funds have not been used for their intended purpose, or (2) if grant funds have been used inconsistently with the terms of the Grant Agreement or these Grant Terms and Conditions, or (3) if the activities or outputs set forth in the Grant Proposal are materially incomplete by the end of the Grant Period, as determined by Grantor in its sole discretion.
13. NO LOBBYING. Grantee confirms that the grant funds will not be used for the purposes of lobbying, carrying on propaganda or otherwise attempting to influence legislation. If Grantee is in doubt about whether its proposed activities may constitute lobbying, Grantee must consult with Grantor prior to undertaking them.
14. LIABILITY INSURANCE. Grantee shall maintain commercial liability insurance that protects Grantee and its officers, agents and employees from any and all claims, demands, actions and suits for damage to property or personal injury, including death, arising from Grantee's work under the Grant Agreement. The insurance shall provide coverage for not less than \$2,000,000 per occurrence. If the insurance is canceled or terminated prior to completion of the Grant Agreement, Grantee shall provide a new policy with the same terms. Grantee agrees to maintain continuous, uninterrupted coverage for the Grant Period. The insurance shall include coverage for any damages or injuries arising out of the use of automobiles or other motor vehicles by Grantee.
15. USE OF NAME. Grantee shall acquire prior written consent from Grantor for any use of the TransAlta name or logo in association with its project or the grant.
16. PUBLICITY. Grantee will notify Grantor of any publications or other materials resulting from the grant no later than five (5) days in advance of distribution or publication. Grantee will acknowledge Grantor's support in the beginning of any publication (including film and electronic publications) referring to or resulting from this grant, as follows: "Supported [in part] by a grant from TransAlta Centralia Generation LLC." Grantee agrees that Grantor may include information about Grantee and its activities in its own annual reports and may distribute such information to third parties.
17. FUTURE FUNDING. This grant of funds implies no agreement of any kind by Grantor to grant additional or future funds to Grantee.
18. NO GRANTOR RESPONSIBILITY FOR GRANTEE OBLIGATIONS. Nothing in the Grant Agreement shall be deemed to authorize Grantee to enter into any contract, lease

or other agreement on behalf of Grantor. All obligations undertaken by Grantee pursuant to the Grant Agreement shall be on its own behalf. Grantor shall have no responsibility to third parties in connection with the Grant Agreement.

19. INDEMNITY. Grantee shall and hereby does indemnify and hold Grantor, TransAlta Centralia Generation LLC, their affiliates, and their respective employees, officers, agents and representatives (together, the "Indemnitees") free and harmless from liability from any and all suits, claims, demands, losses, damages, actions or judgments of every kind and description (including attorneys' fees and other costs of defense) arising out of the funds granted hereunder, including Grantee's use or administration of the funds, or suffered by the Indemnitees, directly or indirectly, on account of actions or omissions by Grantee in the performance of its obligations hereunder or otherwise.
20. LIMITATION OF LIABILITY. IN NO EVENT SHALL GRANTOR BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR EXPENSES FOR ANY NEGLIGENCE, BREACH OF CONTRACT OR ANY OTHER ACT ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIVITIES COVERED HEREIN.
21. AMENDMENTS; WAIVERS. Amendments to the Grant Agreement must be in writing and signed by both parties. No waiver by either party or any breach, default, or series of breaches or defaults, and no failure, refusal, or neglect of either party to exercise any right, power, or option given to it under the Grant Agreement or to insist upon strict compliance with the terms of the Grant Agreement shall constitute a waiver of these provisions with respect to any subsequent breach or waiver by either party or its right at any time thereafter to require exact and strict compliance with provisions of the Grant Agreement.
22. NO ASSIGNMENT. Grantee may not assign the Grant Agreement or delegate performance of the terms of the Grant Agreement or of the project to any other person or entity without Grantor's prior written consent.

EXHIBIT D

FORMS OF GRANTEE REPORTS

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EXHIBIT E

SPECIAL CONDITIONS AND AGREEMENTS

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