

Appendix # 11
FS-2700-4h, Appendix B
Granger-Thye Fee Offset Agreement

Authorization ID FRI303
 Contact ID Smoke Bear Inc.
 Expiration December 31, 2006

**APPENDIX B
 ANNUAL GRANGER THYE FEE OFFSET AGREEMENT
 SPECIAL USE PERMIT
 For Campground and Related Granger-Thye Concessions
 AUTHORITY: Section 7 of the Granger-Thye Act, 16 U.S.C. 580d
 <Reference FSH 2709.11 chapter 50>**

This Annual Granger-Thye (GT) Fee Offset Agreement is made by Smoke Bear, Inc. (the Holder) and the U.S. Department of Agriculture, Forest Service, Friendly National Forest (the Forest Service), under section 7 of the G-T Act, 16 U.S.C. 580d, and clause IV.E of the special-use permit issued to the holder on April 27, 2005 (the permit).

The total estimated annual permit fee is \$52,350. 100 percent of that permit fee may be offset by the cost incurred by the Holder for the Government maintenance, reconditioning, renovation, or improvement (MRRRI) projects listed below in accordance with this agreement. Additionally, 0 percent of that fee may be offset by the cost incurred by the Forest Service for the Government MRRRI projects under a separate collection agreement. Projects to be performed by the Holder shall be completed by the date specified and within the Holder's fiscal year for the year the fee is due. The Forest Service may modify the projects and dates as necessary, after consultation with the Holder.

The actual cost of each project that is satisfactorily completed as determined by the Forest Service may be offset against the holder's permit fee. Due dates and cost estimates for completion of each project are enumerated below. Examples of allowable costs include salaries and wages, materials and supplies, and subcontracts that are direct costs of a G-T fee offset project and indirect costs based on an approved indirect cost rate. The total cost for Government MRRRI projects to be performed under this agreement shall not exceed the annual fee.

Upon a determination by the Forest Service that a project has been satisfactorily completed by the holder, the holder shall submit documentation of its actual cost to the Forest Service and shall certify that the representations in that documentation are accurate and complete. The certification shall be signed and dated, and shall state that failure to sign the certification shall vitiate the fee offset claim. The Forest Service shall verify that documentation before giving any credit against the holder's permit fee, and reserves the right not to grant any fee offset if any of the representations in the documentation is inaccurate or incomplete.

The Holder shall perform the work itemized below under this agreement.

Description of Project	Due Date	Estimated cost	Completion Date	Actual Cost
Emergency replace of campground water distribution pipes - Loop C	12/31/2006	\$44,000		
Animal Control Boxes (Smoke Bear Inc.)	12/31/2006	\$2,800	8/30/2006	\$4,155.54
Pioneer Trail BBQ's (Smoke Bear Inc.)	12/31/2006	\$4,600	7/30/2006	\$3,761.20
Total		\$52,350		

Signed: Mr. Big Bear
 Holder or Holder's Agent

September 1, 2006
 Date

Signed: Ms. Woodsey Owl
 Authorized Officer

September 1, 2006
 Date

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