

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL BUSINESS-COOPERATIVE SERVICE

VALUE-ADDED PRODUCER GRANT AGREEMENT
FY _____
(Insert Year)

This Grant Agreement (Agreement) dated _____, between _____ (Grantee), and the United States of America, acting through the Rural Business-Cooperative Service of the Department of Agriculture (Grantor), for \$_____ in Grant Funds under the Value-Added Agricultural Product Market Development Grant Program (*7 USC 1621 note; Pub. L. 106-224 and Pub. L. 110-246*), hereafter referred to as the Value-Added Producer Grant program (VAPG), delineates the agreement of the parties.

The Grantor has agreed to provide the Grantee the Grant Funds specified, in an amount not to exceed Grant Funds, subject to the terms and conditions established by the Grantor as represented in this Agreement, and provided that any funds not needed or used for eligible grant purposes shall remain with, or be immediately returned to, the Grantor.

WITNESSETH, in consideration of the grant;

The Grantee has determined to enter into or expand its value-added activities relating either to economic planning activities to determine the viability of a potential value-added venture, or the actual production and/or marketing of value-added agricultural products.

The Grantee certifies that its owners or members are Independent Agricultural Producers (IPs) that currently own and produce more than 50 percent of the raw agricultural commodity that will be used to produce the value-added product for the project, and that the value-added product will be owned by the IPs through the marketing and sale of the value-added product during the grant funding period. Grantees awarded Reserved Funds for designated Mid-Tier Value Chain projects only, may relinquish ownership of the raw commodity prior to the marketing and sale of the value-added product, as long as an increase in customer base and an increase in revenue returns to the subject IPs is documented as resulting from the project's marketing and supply chain network.

The Grantee certifies that at least 51 percent of the outstanding interest in the project has membership or is owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence; or that the entity is owned

solely by members of one immediate family, at least one of whom is a citizen or national, as defined above.

The Grantee certifies that the United States Government has not obtained an outstanding judgment against its organization in a Federal Court (other than in the United States Tax Court).

The Grantee certifies that it is in compliance with, and will continue to comply during the course of the Agreement with all applicable laws, regulations, Executive Orders, and other generally applicable requirements, including, but not limited to, those contained in 7 CFR parts 1951, 3015, 3019, 3052, and RD Instruction 4284, Subpart J, which are incorporated into this agreement by reference.

The Grantee certifies that it is in compliance with, and will continue to comply with title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, the Americans with Disabilities Act, Executive Order 12898, and Executive Order 12250. These laws require that the Grantee's operations and services be provided to all persons without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical disability.

The Grantee certifies that the proposed value-added product meets program criteria and will result from one of the eligible value-added production methodologies defined therein.

The Grantee certifies that the project is expected to result in an expansion of customer base for the subject agricultural commodity, and an increase in revenue returns to the Grantee's IPs.

NOW, THEREFORE, the parties do hereby agree as follows:

I. TERMS AND PROVISIONS

The parties agree that all the terms and provisions of the VAPG Notice of Funds Available (NOFA) announcement published in the Federal Register on _____]; the Grantor Letter of Conditions; the application submitted by the Grantee and the project work plan and budget approved by the Grantor, including any attachments or amendments, are incorporated and included as part of this Agreement. Any proposed changes must be approved in writing by the Grantor.

As a condition of the Agreement, the Grantee certifies that it has met the Conditions of the Award outlined in EXHIBIT A of this Agreement.

II. GRANT

A. The total amount of grant funds payable to the Grantee by the Grantor shall not exceed \$ _____ (Grant Funds). Any unexpended Grant Funds remaining at the time of project completion or termination of the Agreement shall be returned to the Grantor within 30 calendar days from the date of project completion or termination of the Agreement.

B. Grantee will match Grant Funds with eligible matching funds in an amount equal to or greater than \$_____. The matching funds will be spent at a rate equal to or in advance of grant funds at a proportional rate equal to the match-to-grant ratio identified in the approved budget, with the expenditure of all grant and matching funds to occur only *during* the grant funding period. All matching funds must be *from* sources and *for* uses without a conflict of interest in the outcome of the project, with certain limited exceptions, as provided in 7 CFR 4284.923 (a) and (b), and any change in the sources or use of funds must receive the prior written approval of the Grantor.

C. The grant funding period: The grant funding period *start date* will be a specified date within 90 days of the date of award obligation, unless otherwise specified in a notice pursuant to 7 CFR 4284.925. For this project, the grant funding period *start date* is _____. The grant funding period *end date* for this project must not exceed a maximum 36 months in length from the *start date*, be efficiently scaled to the project's complexity, and not extend beyond _____ at the latest. For this project, the grant funding period *end date* is _____. The Grantee may charge to the project only allowable costs resulting from obligations incurred during the grant funding period.

D. Grantee shall use grant funds and matching funds only for the program eligible purposes and activities specified in the NOFA. For this project, the Grantor has approved the eligible purposes and activities that are detailed in EXHIBIT B of this Agreement, which is attached hereto and incorporated herein. Any uses not provided for in EXHIBIT B must be approved in writing by the Grantor in advance of expenditure by the Grantee.

E. Grantee shall submit its final payment request no later than 90 calendar days after the grant funding period end date. Any remaining grant funds that the Grantee has not formally requested in writing by this time will be de-obligated by the Grantor and no longer available to the Grantee.

III. FINANCIAL MANAGEMENT

A. Grantee shall relate financial data to performance data and develop unit cost information whenever practical.

B. Grantee shall maintain a financial management system in accordance with 7 CFR 3019.21.

C. Payment shall be made in accordance with 7 CFR 3019.22. If the Grantee cannot maintain a financial management system in accordance with 7 CFR 3019.21 or if Grantee fails to satisfactorily meet any other conditions set forth in this Agreement, the Grantee may be paid on a reimbursement basis, at the discretion of the Grantor.

- i. If payment is to be made by advance, the Grantee shall request advance payment, but not more frequently than once every 30 days, of grant funds by using Standard Form 270, "Request for Advance or Reimbursement." Receipts, hourly wage rate, personnel payroll records, or other supporting documentation must be provided upon request by the Agency.

- ii. If payment is to be made by reimbursement, the Grantee shall request reimbursement of grant funds, but not more frequently than once every 30 days, by using Standard Form 270, "Request for Advance or Reimbursement." Receipts, hourly wage rate, personnel payroll records, or other supporting documentation, as determined by the Agency, must be provided with the request to justify the amount.
- iii. Regardless of whether payment is made by advance or reimbursement, the Grantee shall commence the project activities not later than 3 months from the *grant funding period start date*, as defined in paragraph II.C. of this Agreement, and request payment within six months of the *grant funding period start date* for an amount not less than 25 percent of grant funds and correlating to the execution of the eligible project activities conducted during this time period. If this payment request is not received by the Grantor, the Grantee, at the request of the Grantor, must provide an acceptable written action plan outlining the Grantee's plan for completing the scope of work by the end of the grant period.. If an acceptable action plan is not received within 30 days of the Grantor's request, the grant shall be suspended or terminated for cause at the Grantor's discretion in accordance with paragraph IX. of this Agreement and 7 CFR 3019.61.

D. If program income is earned during the grant funding period, it is subject to the requirements in 7 CFR 3015, subpart F and 7 CFR 3019.24. Program income earned during the grant funding period may be used to replace other sources of matching funds if prior approval is received from the Grantor. Program income that is not used as matching funds for the grant project must first be added to the total project costs and used to further eligible project or program objectives. Program income earned in excess of funds that can be used for matching funds or eligible expenses must be deducted from the total project or program allowable cost and will result in a reduction of the Federal share. Costs incident to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award.

E. The Grantee shall provide satisfactory evidence to the Grantor that the Grantee has complied with the bonding or insurance requirements specified by EXHIBIT C of this Agreement, which is attached hereto and incorporated herein.

F. The Grantee is subject to the audit requirements specified in EXHIBIT D of this Agreement, which is attached hereto and incorporated herein.

IV. PROPERTY STANDARDS

The Grantee must adhere to the property standards outlined in 7 CFR 3019.31 through 3019.37.

V. PROCUREMENT STANDARDS

The Grantee must adhere to the procurement standards outlined in 7 CFR 3019.41 through 3019.48, including but not limited to: codes of conduct prohibiting transactions that involve a real or apparent conflict of interest for employees, officers, agents, or their immediate family

members having a financial or other interest in the outcome of the project; open and free competition for unrestrained trade; documentation for cost and price analysis for every transaction; maintenance of procurement records for purchases in excess of the small purchase threshold; and contract administration to ensure contractor conformance with the terms, conditions and specifications of any contracts.

VI. REPORTS

The Grantee shall submit financial and project performance reports satisfactory to the Grantor in accordance with EXHIBIT E of this Agreement, which is attached hereto and incorporated herein.

VII. SITE VISITS

The Grantee will allow the Grantor to conduct site visits as needed for monitoring the Grantee's progress and auditing the Grantee's financial records related to the performance under the Agreement. Failure to allow the Grantor to conduct site visits shall be grounds for terminating the grant.

VIII. RECORDS

The Grantee shall retain and provide access to records as required by 7 CFR 3019.53. All financial and programmatic reports, records, and supporting documentation must be retained for a period of three years from the date of the final expenditure report submission to the Grantor, or three years from the date of final resolution of any litigation, claim, negotiation, audit, or other action involving the records, whichever is later.

IX. TERMINATION

The award that is the subject of this Agreement shall only be terminated in accordance with 7 CFR 3019.61.

X. ENFORCEMENT

The terms and conditions of this award will be enforced using the provisions of 7 CFR 3019.62.

XI. EXTENSIONS

At its sole discretion, the Grantor may allow a one-time, no-cost extension of up to one-year to reasonably accommodate conclusion of the remaining project activities, where significant circumstances *beyond the Grantee's control* prohibited timely performance of the project activities detailed in the approved work plan and budget. Extensions cannot extend the grant funding period beyond 36 months from the original grant funding period start date, as defined in paragraph II.C. Extensions beyond _____ will not be granted for any reason.

The extension must be requested at least 30 days prior to the end of the grant funding period or it will not be considered. The request must be in writing and addressed to the USDA Rural Development State Director in the state where the Grantee is located. It must include the following information: (1) the time period of the extension requested; (2) a revised budget and work plan demonstrating that funds will be completely expended by the end of the extension; (3) the reason(s) why the extension is being requested; and (4) what steps will be taken by the Grantee to ensure that the project is completed by the end of the extension period. The State Director shall make determinations regarding extensions, including applicable terms and conditions. Submission of a request for an extension does not guarantee that the Grantor will approve the extension.

XII. ENVIRONMENTAL REVIEWS

All grants made under the NOFA are subject to the requirements of 7 CFR Part 1940, Subpart G or its successor. Applications for planning purposes or technical assistance are generally excluded from the environmental review process by 7 CFR 1940.333, provided the assistance is not related to the development of a specific site.

IN WITNESS WHEREOF, Grantee has this day authorized and caused this Agreement to be signed in its name and its corporate seal to be hereunto affixed and attested to by its duly authorized officers, and the Grantor has caused this Agreement to be duly executed on its behalf by:

Grantor
UNITED STATES OF AMERICA
RURAL BUSINESS-COOPERATIVE SERVICE

Signature

Date

Print Name of Authorized Official

Title

Grantee

Print Legal Name of Grantee

Signature

Date

Print Name of Authorized Signatory

Title

Grantee

Print Legal Name of Grantee

Signature

Print Name of Authorized Signatory

Date

Title

EXHIBIT A

CONDITIONS OF THE AWARD

Condition	Date Met
Provide information that the applicant is a legally incorporated entity that is eligible for grant funds.	
Execute Form RD 1942-46, "Letter of Intent to Meet Conditions," to certify that your organization understands and intends to comply with all the requirements and conditions of the award.	
Execute Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters-Primary Covered Transactions," to certify that your organization is not debarred or suspended from Government assistance if your project involves a Primary Covered Transaction.	
Execute Form AD-1049, "Certification Regarding a Drug-Free Workplace Requirements (Grants)" to certify you will provide a drug-free awareness program for employees.	
Execute Form RD 400-4, "Assurance Agreement."	
Certify that the United States has not obtained an outstanding judgment against your organization in a Federal Court (other than in the United States Tax Court).	
Obtain certification on Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions," from anyone you do business with as a result of this Government assistance in any case that meets the definition of a Lower Tier Covered Transaction.	
Provide documentation or summary comments obtained through the Intergovernmental Review process for the project; or acknowledge that comments were not received from the process following solicitation; or acknowledge that the state where your organization is located chooses to not participate in the Intergovernmental Review process.	
Provide documentation that the Grantee has complied with the bonding or insurance requirements specified in Exhibit C.	
If the grant will be used for working capital expenses, submit a feasibility study and business plan that meets the approval of the Agency.	
Provide documentation that demonstrates the applicant's total gross sales, as referenced in the application.	
If the Grantee has an "active" but prior VAPG grant with unexpended funds, provide a statement indicating (1) the completion date of that project, (2) that remaining grant funds are no longer needed for that project, and (3) that all remaining grant funds may be immediately released to Grantor for de-obligation.	
If any proposed matching funds will be provided in cash by the applicant, provide an updated bank statement or letter verifying a line of credit dated within 30 calendar days of the expected start date of the grant period.	

Provide valuation methods for all in-kind matching funds, in accordance with the Agency's guidance.	
Provide a work plan and budget that includes a detailed breakdown of estimated costs (both grant and matching) associated with each task, the personnel assigned to complete each task, and the time frame for each task.	
Provide documentation proving that the number of and individuals identified as owner-producers in the application are correct.	
If the Grantee is receiving Reserved Funds for status as a Beginning Farmer or Rancher or Socially Disadvantaged Farmer or Rancher, provide any outstanding documentation to confirm your organization qualifies, such as one IRS Income Tax form from the owner(s) in the previous 10 years showing non-farm income for Beginning Farmer, or a self-certification statement from the owner(s) evidencing membership in a socially disadvantaged group.	
If the Grantee is receiving Reserved Funds for a Mid-Tier Value Chain proposal, provide any outstanding documentation to <u>identify and confirm the minimum two small- to medium-sized farms that are structured as a Family Farm</u> that are projected to increase their profitability and competitiveness as a result of the project.	
If the Grantee is receiving Reserved Funds for a Mid-Tier Value Chain proposal, provide any outstanding documentation to confirm that the business structure of the <u>partnering but non-applicant</u> Agricultural Producer Group, Farmer or Rancher Cooperative, or Majority-Controlled Producer Based Business Venture meets definition requirements in the NOFA.	

***Note: All documentation verifying that the award conditions have been met is attached to this exhibit except the Work Plan/Budget, which is attached in EXHIBIT B.**

GRANT WORK PLAN AND BUDGET

The Grantor must review for eligibility and approve all work plan and budget activities and sources and use of funds before executing the Grant Agreement with the Grantee.

BOND COVERAGE

The Grantee shall provide satisfactory evidence to the Grantor that the Grantee holds fidelity bond coverage in the amount of \$_____ that covers all officers and employees of the Grantee's organization authorized to receive or disburse Federal funds. The bond coverage shall be obtained from a company or companies holding certificates of authority as acceptable sureties, as prescribed in 31 CFR part 223, "Surety Companies Doing Business with the United States."

AUDIT REQUIREMENTS

All Grantees that expend \$500,000 or more in federal funds in one year, shall have a single or program-specific audit conducted for that year in accordance with 7 CFR 3052 and Generally Accepted Government Auditing Standards (GAGAS) These audits are due within 9 months after the end of the Grantee's fiscal year. The Grantor is to receive a copy of this audit.

Grantees that expend less than \$300,000 a year in Federal awards are exempt from Federal audit requirements for that year in accordance with 7 CFR 3052, but records must be available for review or audit by Agency officials and/or the General Accounting Office (GAO). This audit will focus only on the expenditure of grant and matching funds to assess compliance with applicable laws and regulations and must be completed within 90 days after the funding period.

REPORTING REQUIREMENTS

The Grantee must provide the Grantor with a paper copy original or an electronic copy that includes all required signatures of the following reports. The reports should be submitted to the State Office in the state where the project primarily takes place. Failure to submit satisfactory reports on time may result in suspension or termination of your grant. Both performance reports and financial reports must be in compliance with 7 CFR 3019.51 and 3019.52.

A. Form SF-425, “*Federal Financial Report*.” A Federal financial report must be submitted on a semi-annual basis. Reporting periods end each March 31 and September 30. Reports are due 30 days after the reporting period ends. A final “Federal Financial Report” is due within 90 calendar days of the completion of the project. Reports will be on a cash basis.

B. SEMI-ANNUAL *performance reports*. Reports are due as provided in paragraph A of this exhibit. These reports shall include the following:

- i. A comparison of actual accomplishments to the objectives for that period. Objectives should be reported by specific task breakdown as described in the approved work plan and budget.
- ii. Reasons why established objectives were not met, if applicable.
- iii. Reasons for any problems, delays, or adverse conditions which will affect attainment of overall program objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular objectives during established time periods. This disclosure shall be accomplished by a statement of the action taken or planned to resolve the situation.
- iv. Objectives and timetables established for the next reporting period.
- v. Compliance with any special condition(s) on the use of award funds should be discussed.
- vi. A summary at the end of the report with the following elements to assist in documenting the annual performance goals of the VAPG program for Congress.

If funds were awarded for working capital, the Grantee must discuss the following:

- Number of jobs created as a result of the project;
- Any increase in producer revenues as a result of the project;
- Any increase in customer base as a result of the project; and
- Projects with significant energy components must report expected or actual capacity (e.g. gallons of ethanol produced annually, megawatt hours produced annually) and any emissions reductions incurred during the project.

C. FINAL project performance reports. Reports are due as provided in paragraph A of this exhibit. These reports shall include the following:

- i. A comparison of actual accomplishments to the objectives for that period. Objectives should be reported by specific task breakdown as described in the approved work plan and budget.
- ii. Reasons why established objectives were not met, if applicable.
- iii. Reasons for any problems, delays, or adverse conditions which will affect attainment of overall program objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular objectives during established time periods. This disclosure shall be accomplished by a statement of the action taken or planned to resolve the situation.
- iv. Objectives and timetables established for the next reporting period.
- v. Compliance with any special condition(s) on the use of award funds should be discussed.
- vi. Responses to the following:
 - a. What have been the most challenging or unexpected aspects of your project?
 - b. What advice would you give to other organizations planning a similar project? These should include identified strengths and limitations of the project or program. If you had the opportunity, what would you have done differently?
 - c. If an innovative approach was used successfully, the Grantee should describe their project in detail so that other organizations might consider replication in their areas.
- vii. A summary at the end of the report with the following elements to assist in documenting the annual performance goals of the VAPG program for Congress.

If funds were awarded for planning activities, the Grantee must discuss the following:

- Number of expected jobs created as a result of continuing the project;
- Any expected increase in producer revenues as a result of continuing the project;
- Any expected increase in customer base as a result of continuing the project;
- Any other relevant economic indicators expected to be generated by continuing the project into its operational phase; and
- Projects with significant energy components must report expected capacity (e.g. gallons of ethanol produced annually, megawatt hours produced annually) and any emissions reductions expected as a result of continuing the project.

If funds were awarded for working capital, the Grantee must discuss the following:

- Number of jobs created as a result of the project;

- Any increase in producer revenues as a result of the project;
- Any increase in customer base as a result of the project;
- Any other relevant economic indicators generated by the project; and
- Projects with significant energy components must report expected or actual capacity (e.g. gallons of ethanol produced annually, megawatt hours produced annually) and any emissions reductions incurred during the project.

If Reserved Funds were awarded for a Beginning Farmer, the Grantee must discuss the following:

- Whether grant funds were adequate to nurture and develop an emerging farm operation for long-term viability. What was the advantage gained from the project?
- Whether the farm operation was sufficiently advanced to maximize the use of the influx of cash from the grant award; or whether a later stage of development would prove more optimal.
- The number of years the Beginning Farmer had been in operation prior to the award.
- Recommendations for other Beginning Farmers.

If Reserved Funds were awarded for a Socially Disadvantaged Farmer, the Grantee must discuss the following:

- Whether grant funds were adequate to develop long-term viability for the farm operation. What was the advantage gained from the project?
- Recommendations for other Socially Disadvantaged Farmers.

If Reserved Funds were awarded for a Mid-Tier Value Chain project, the Grantee must discuss the following:

- The nature of the supply chain arrangements for ownership and transfer of the raw agricultural commodity and the final value-added product, with identification of any advantages or disadvantages resulting from these arrangements.
- Whether or not the relationships within the supply chain were mutually beneficial to all partners in the network.
- The ease or difficulty of tracking, documenting, and realizing an equitable distribution of increased customer base and increased profits for the IPs providing the raw agricultural commodity to the project, when the raw commodity is sold to non-IP supply chain partners before the marketing and sale of the final value-added product.
- The geographic territory in which the Local or Regional Supply Network operated.
- Recommendations for other Mid-Tier Value Chain projects.

viii. The Grantee must submit supporting documentation for completed tasks, which *may* include, but is not limited to, feasibility studies, marketing plans, business plans, success stories, best practices, legal and/or governance documents, market demand studies or service reports, tradeshow impact reports, data or outreach materials developed, distribution network studies, and an accounting of how working capital funds were spent.