

4. Obtaining legal advice and assistance related to the proposed venture.

For working capital projects, grant and recipient's matching funds may be used to establish a working capital account to fund operations. Funds from this account can be used for, but are not limited to:

1. Hiring an attorney to provide legal advice and to draft articles of incorporation, bylaws, and other legal documents related to the proposed venture;
2. Hiring a Certified Public Accountant or other qualified individuals to design an accounting system for the proposed venture; or
3. Paying salaries, utilities, and other operating costs; financing inventories; purchasing office equipment, computers, and supplies; and financing other related activities necessary to establish alliances or business ventures that allow producers to better compete in domestic or international markets for value-added products.

Ineligible Grant Uses

Grant and matching funds cannot be used to:

1. Plan, repair, rehabilitate, acquire, or construct a building or facility (including a processing facility);
 2. Purchase, rent, or install fixed equipment including mobile and other processing equipment;
 3. Pay for the preparation of the grant application;
 4. Pay expenses not directly related to the funded venture;
 5. Fund political or lobbying activities;
 6. Pay costs incurred prior to receiving this grant;
 7. Fund any activities prohibited by 7 CFR parts 3015 and 3019; and
 8. Fund architectural or engineering design work for a specific physical facility.
9. Grant and Matching funds cannot be used to pay any expenses related to the production of any commodity or product to which value will be added.

Methods for Evaluating and Ranking Applications

State office personnel will initially review applications for eligibility, completeness, and responsiveness to this NOFA. Incomplete or non-responsive applications will be returned to the applicant and not evaluated further. If the submission deadline has not expired and time permits, ineligible applications will be returned to the applicants for possible revision. The State office will then conduct one review of all complete and eligible

applications based on the selection criteria specified in the "Evaluation Criteria" section of this NOFA. The National office will then obtain two additional independent reviews. Points will be assigned based on the evaluation criteria. All scored applications will then be forwarded to the National Office, where the scoring will be reviewed and applications ranked. Applications will be listed in initial rank order and presented, along with funding level recommendations, to the Administrator of RBS, who will award the grants.

Evaluation Criteria

Evaluations of proposals will be based on the following criteria. Failure to address any one of the following criteria will disqualify the application. All proposals must be in compliance with this NOFA and applicable statutes.

Criteria for applications for Planning grants are:

1. *Nature of the Proposed Venture (Maximum 5 points)*. Describe in detail the proposed venture. This must include the value-added activity being proposed, the technology to be used and its availability, and examples of similar ventures. Discuss how the number of end-users for the product will be increased and how more revenue derived from the venture will be available to the producer-owners of the venture. Points will be awarded based on the greatest expansion of markets and increased returns to producers.

2. *Qualifications of Those Doing the Studies (Maximum 5 points)*. Describe the education and experience in performing the requested types of studies, and the success rate for those individuals. Points will be awarded based on demonstrated skills and a successful track record.

3. *Project Leadership (Maximum 5 points)*. Describe the individuals who are the members of the steering committee or the individual who is leading this effort; provide information on education, business experience, financial experience, knowledge of the venture to be undertaken, and other relevant information. Points will be based on demonstrated relevant leadership skills.

4. *Commitment (Maximum 5 points)*. Describe the level of producer commitment including the number of independent producers currently involved, the number of potential producers who could become involved, cash contributions and level of production from the producers. Describe the potential commitment of end-users of the value-added product to be produced including possible markets

identified and potential buyers contacted. Describe the commitment from local and state development organizations, commodity associations, and local political institutions including technical assistance support and financial support. Higher producer commitment, higher end-user commitment, and higher local support will result in more points.

5. *Work Plan/Budget (Maximum 5 points)*. Discuss the specific tasks to be completed using grant and matching funds. Each task must be clearly defined and described in detail. The work plan must present the order the tasks will be undertaken and the estimated time for completing each task. If a group of producers want a feasibility study conducted and a business plan drafted, the details of these two tasks must be presented and discussed. The budget must present a detailed breakdown of estimated costs associated with the project and allocate these costs to each of the tasks to be undertaken. Matching funds as well as grant funds must be accounted for in the budget. It is important that reviewers understand what is being proposed. Logical, realistic, and economically efficient plans and budgets will result in higher scores.

6. *Amount Requested*. One half (1/2) point will be awarded for grant requests between \$450,000 and \$350,001, one (1) point will be awarded for grant requests between \$350,000 and \$250,001, one and one half (1 1/2) points will be awarded to grant requests between \$250,000 and \$150,001, two (2) points will be awarded for grant requests of \$150,000 or less.

7. *Project cost per producer that are owners (Maximum 5 points)*. Calculated by dividing the Federal requested funds by the total number of producers that are owners of the venture. Points will be based on the largest number of producers that are owners benefited for the least cost.

8. For those applications proposing ventures that focus on the Presidential initiative of biomass production, five percent of the total score of the above seven criteria will be added to calculate the final score. For example, if an application is proposing to do a bio-energy project and scores a total of 30 points on criteria one through seven, 1.5 additional points (30 x .05) will be added making the final score 31.5.

Administrator priority points—Up to five (5) additional points may be awarded by the Administrator of RBS to recognize innovative technologies, insure geographic distribution of grants, or encourage value-added projects in under-served areas.