

Criteria for applications for Working Capital are:

1. *Business Viability (Maximum 5 points)*. Describe in detail the technical and economic feasibility of the venture. This includes the organizational structure and operational aspects of the venture. Discuss how the venture will operate efficiently and be sustainable. More points will be awarded to those proposals demonstrating the venture will be efficient and sustainable.

2. *Customer Base/Increased Returns (Maximum 5 points)*. Describe in detail how the customer base for the product being produced will expand because of the value-added venture. Provide documented estimates of this expansion. Describe in detail how a greater portion of the revenue derived from the venture will be returned to the producers that are owners of the venture. Provide 3 years of pro forma financial statements, including an explanation of all assumptions such as input prices, finished product prices, and other economic factors used to generate the financial statements. The financial statements must include cash flow statements, income statements, and balance sheets. Income statements and cash flow statements must be monthly for the first year, then annual for the next two years. The balance sheet should be annual for all three years. The financial statements will not count as part of the 35 page limit for the narrative section of the proposal. More points will be awarded to those proposals that demonstrate the greatest expansion of the customer base and increased returns to producers.

3. *Commitment (Maximum 5 points)*. Describe in detail producer commitment to the venture including the number of independent agricultural producers who will participate in the venture and their total level of production; financial resources invested in the venture; and any contracts used between the producer that are owners and the venture. Discuss the amount of funds raised from the independent producer that are owners and the use of those funds. Also describe who will purchase the output of the venture; the amount of output to be purchased; markets that have been identified and any completed marketing studies; and any letters of intent or contracts from the potential end-users. Describe the commitment from local and state development organizations, commodity associations, and local political institutions including technical assistance support and financial support. Do not submit specific contracts, letters of intent, or other supporting documents at this time. However, be sure to cite their

existence when addressing this criterion. Points will be awarded based on the greatest level of documented commitment.

4. *Management Team/Work Force (Maximum 5 points)*. Describe in detail the qualifications of the individuals who will manage and operate the venture. Discuss the education and experience of the management team, especially their experience in managing similar ventures. Describe in detail the availability and quality of the labor force needed to operate the value-added venture. Points will be awarded based on the greatest demonstrated level of relevant skills and experience.

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. 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 (½) 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 (1½) 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 independent 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 added making the final score 31.5.

Administrator priority points—Up to five (5) points may be awarded by the Administrator of RBS to recognize innovative technologies, to insure

geographic distribution of grants, or to encourage value-added projects in under-served areas.

Copies of the score sheets will be posted on the VADG program's Web site.

What and Where To Submit

The Agency is strongly encouraging the electronic submission of proposals to the appropriate USDA Rural Development State Office. Electronic submissions must be in Microsoft Word, WordPerfect, Rich Text Format (RTF), or Portable Document Format (PDF). If proposals are electronically submitted, signed paper copies of the three required forms, SF-424 "Application for Federal Assistance," SF-424A "Budget Information—Non-Construction Programs," and SF-424B "Assurances—Non-Construction Programs," need to be mailed to the state office. For strictly a paper submission, an original and two copies of the proposal, with all required forms, must be submitted in one package to the appropriate USDA Rural Development State Office. Do not submit any feasibility studies, marketing plans, or business plans at this time. Please refer to the list above for the address and e-mail of your State Office. Applications sent by facsimile will not be accepted.

When To Submit

The deadline for receipt of all applications is [Insert 45 days after publication in the **Federal Register**]. The Agency will not consider any application received after the deadline.

Grantee Requirements

Grantees will be required to do the following:

1. Sign a Value-Added Agricultural Product Market Development Grant Agreement similar to the one published at the end of this NOFA.

2. Sign required Federal grant-making forms including Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transactions;" Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions;" Form AD-1949, "Certification Regarding a Drug-Free Workplace Requirements (Grants);" and Form RD 400-4, "Assurance Agreement (Civil Rights)."

3. If the grant and matching funds are to be used as working capital, submit a feasibility study and business plan demonstrating the new venture is feasible and likely to be economically sustainable. These documents are to be