

# **GUIDELINES**

## **STREDC Rural Initiative Re-Investment Fund**

**SOUTHERN TIER REGION ECONOMIC  
DEVELOPMENT CORPORATION**

**RURAL INITIATIVE RE-INVESTMENT FUND**

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**SECTION 1: PURPOSE AND PROGRAM DESCRIPTION**

New York's Southern Tier has the opportunity to grow and diversify its agricultural industry in a variety of ways ranging from implementation of new technology to extending the growing season, promotion of regional products, creation of value-added products to support for renewable energy, enhancing other regional industries such as agri-tourism and more. In addition, there are numerous resources available to support this initiative, including the Cornell College of Agriculture and Life Sciences with its nationally recognized research and technology, effective relationships with farm cooperatives and marketing associations, and Cornell Cooperative Extension. And there is the national movement to consume locally made products and fresh foods that is providing a new and powerful driver for growing our value-added regional agricultural sector.

Loans made through the Rural Initiative Re-Investment Fund will accelerate diversification, new product development, efficiency improvements through application of modern technology and more. Access to such capital will allow the farmers to leverage other sources of funding for capital investment and reduce the risk for traditional financing sources.

**Program Description**

The Rural Initiative Re-Investment Fund is a regional loan program designed to reduce financial risk and increase sustainability of agriculture and forestry ventures through:

- Product development and promotion.
- Business infrastructure development.
- Utilization of new technology.
- New farm start-ups and transfers to the next generation of farmers.

The Rural Initiative Re-Investment Fund will provide start-up and expansion capital through a low-interest loan. Examples of projects to be funded include:

- Processing facilities for value-added agricultural products including facilities that could accommodate multiple producers such as commercial kitchens and mobile USDA certified meat processing facility.
- Regional farmer's markets.
- Regional marketing initiatives, including wholesale markets and distribution businesses.
- New farm start-ups and transfers to the next generation of farmers.
- Investment in new technologies.
- Renewable energy including biomass production and processing.
- Production of sustainably certified forest products.

**Submission of Applications**

Complete applications with supporting documentation are being accepted on a rolling basis.

### **Leveraging Resources and Economic Impact**

It is expected that loan recipients will leverage numerous resources such as:

- Funding available through programs such as USDA programs, NYSERDA programs, U.S. Department of Energy programs, and the Southern Tier Opportunity Coalition (STOC).
- Ready availability of agricultural land and biomass in support of energy programs and initiatives.
- Training and technical resources available through entities such as Stronger Economies Together (SET) and the Cornell Cooperative Extension offices throughout the region.
- Technology development and agricultural outreach (e.g., FarmNet, Pro-Dairy, Milk Quality Improvement Program, Farmworkers' Program, the Small Farms Program, and more) at Cornell University's College of Agriculture and Life Sciences.

## **SECTION 2. APPLICANT AND PROJECT ELIGIBILITY**

### **Applicant Eligibility**

The Rural Initiative Re-Investment Fund is available to new and existing agricultural and forest-based businesses located and registered in *Delaware, Broome, Chenango, Tompkins, Tioga, Chemung, Schuyler, and Steuben Counties* by the time of loan award.

### **Eligible Uses of Funding**

The funding may be used for projects and activities related to the growing, storage, processing, purchasing, promotion, and distribution of agricultural and forest-based goods. Funding also may be used to support intergenerational farm transfer and new farm establishment, as well as renewable energy related projects. Program funding **may not** be used for working capital.

## **SECTION 3. FUNDING PRIORITIES AND STRUCTURE**

### **Funding Priorities**

The Rural Initiative Re-Investment Fund will provide capital through loan funds. Priority will be given to projects that demonstrate:

- New agriculture and forest-based jobs created and maintained.
- Development and promotion of value-added agriculture and forestry-based products.
- Development of new farm markets.
- Support of renewable energy initiatives.
- Increase agricultural, grass or forest land in productive use.
- Growth in net revenue for agriculture and forestry business.
- Private investment in application of new technology.
- Leveraging other sources of funding such as the Farmers Market Initiative.

### Funding Structure

The funding will be made available through a fixed rate loan with the following conditions.

- Amount of loan: Maximum of 50% of the total project cost, up to \$250,000
- Interest rate on loan: 75% of Prime Lending rate at time of Commitment by STREDC
- Term of loan: Fixed based on use of fund, with a maximum of 15 years

\* The STREDC reserves the right to modify the above conditions.

## SECTION 4. EVALUATION CRITERIA

### Evaluation Criteria

The STREDC will evaluate and rank loan applications using the following criteria to assess the economic impact of the proposed project.

Maximum Points	Criteria
30	Project Readiness
20	New jobs created/jobs retained
20	Absolute and percentage increase in agricultural, grass or forest land in productive use
20	Leveraging other funding sources
10	Utilization of Minority/Women Owned Enterprises

## SECTION 5. APPLICATION AND APPROVAL PROCESS

Incomplete applications will not be considered.

***All applicants must contact the respective county economic development agency prior to application. A list of the economic development agencies is included as Attachment A.***

The application package consists of:

- 1 hard copy
- All materials must be on 8.5 x 11 paper.
- When possible, an additional electronic copy of the application with attachments should also be provided.
- All applications must be accompanied by a \$250 application fee to be paid by the prospective borrower and loan recipient. This application fee is payable to STREDC.

Note that a personal financial statement must be completed and submitted at the time of application by each proprietor, partner or stockholder with 20% or more ownership of the business concern, and if different, of each owner with 20% or more ownership of alter ego is required. Attachment B. contains a Personal Financial Statement Form and Attachment C. contains a Personal Guarantee Form.

Upon receipt, applications will be reviewed by STREDC staff for both completeness and credit worthiness. STREDC reserves the right to request additional information as determined necessary to complete an evaluation of the proposed project and credit worthiness of the applicant.

STREDC staff will forward to the STREDC Board of Directors the complete application together with an assessment of the strengths and weaknesses of the proposed project, including an evaluation of the credit risk. Final approval of a loan must be made by STREDC's Board of Directors.

All inquiries and questions regarding the application process should be directed to STREDC at (607) 962-3021.

Applicant will submit all documents listed on the Application Checklist to:

STREDC  
8 Denison Parkway, E.  
2<sup>nd</sup> Floor Suite 305  
Corning, NY 14830

## SECTION 6. APPLICATION CHECKLIST

The following information **must** be submitted at the time of application. REDEC reserves the right to seek additional information or decline an application because it is incomplete.

	Item	Yes	N/A
1	Based on the business' form of organizational structure, provide the following: Sole Proprietorship – filing receipt; Partnership – partnership agreement and filing receipt; Corporation – articles of incorporation or filing from New York State Secretary of State; Franchise – copy of franchise agreement and FTS Disclosure Statement; Limited Liability Company or Limited Liability Partnership – copy of operating agreement		
2	Evidence of property ownership or pending acquisition (i.e., assigned option, sales contract, or purchase agreement for all properties)		
3	If applicable, a copy of any existing or proposed lease agreement.		
4	The names of affiliated (through ownership or management control) or subsidiary businesses as well as the last two fiscal year-end financial statements and /or federal income tax returns for the last two years.		
5	Statement of personal history and a personal financial statement current within 90 days for each proprietor, partner or stockholder with 20% or more ownership of business concern, and if different, each owner with 20% or more ownership of alter ego.		
6	A balance sheet and income/expense statement as well federal income tax returns for the past three years. If a new business, provide a pro forma balance sheet with a description of assumptions attached.		
7	A balance sheet and income/expense statement dated within 120 days of the application, together with an aging of the accounts receivable and accounts payable listed.		
8	A projected, annualized income and expense statement for the first two years after the loan with a description of assumptions attached.		
9	For a new business, a monthly cash flow projection for the first two years, including significant assumptions.		
10	A schedule of debts which includes the original date and amount, monthly payment, interest rate, balance owed, maturity date, to who payable, and identification of collateral securing the loans. Please indicate whether the loan is current or delinquent.		
11	Written business plan, which includes a history and description of the business and project; analysis of management ability and description of the qualifications and background of the principals involved in day-to-day management; and description of the business/product, market, customer base and competition.		
12	Documentation to verify use of funds including, but not limited to: real estate purchase agreements; contractor cost estimates; quotes for machinery and equipment; breakdown of uses for working capital.		

13	Written commitments from all participating funding sources including private investors, lenders and funding agencies/institutions. The commitments should state the terms and conditions of participation and why it will not finance the entire project. A letter of interest does not constitute a firm commitment.		
14	Environmental assessment if applicable.		
16	Board Resolution which authorizes the business to borrow. (if applicable)		
17	Resumes of key management and stockholders with 20% or more ownership.		
18	Contacted the respective county economic development agency representative to discuss the project and receive their endorsement prior to making application		
19	Two (2) copies of the entire application, including attachments. If possible, an additional electronic copy of the application with attachments should also be provided.		
20	\$250 application fee payable to REDEC (Regional Economic Development and Energy Corporation), The fee is non-refundable.		

## SECTION 7. TERMS AND CONDITIONS

### Property Ownership

The applicant must provide documentations of property ownership, a contract for sale or option on the property at the time of application. Evidence of ownership by the applicant(s) must be presented at the time of application, and no later than at time of a funding award.

### Personal Guarantee

A personal guarantee by each proprietor, partner or stockholder with 20% or more ownership of the business concern, and if different, of each owner with 20% or more ownership of alter ego is required. A personal financial statement and a personal history statement must be completed and submitted at the time of application by each person as it applies. Each personal financial statement must be current within 90 days.

### Matching Contributions

Matching contributions may be cash, qualified loans, equity in project property(s), or funds from federal, state (other than Rural Initiative Program funds) and local government sources and funds from private contributions. Match amounts must be "firmly committed" to support the proposed project. "Firmly committed" shall mean there must be a signed, written agreement from each funding source.

If the cash match includes bank financing, then a written commitment from all financing institutions must be included with the application. ***A letter of interest does not constitute a firm commitment.*** The written commitment may be contingent upon an applicant receiving a Rural Initiative Program award.

### Approvals and Awards

Each application for a loan will be evaluated on a case-by-case basis to assess the request for loan funding. Careful and individual consideration will be given to each application, and the final funding award will be based on project feasibility, measurable impact, project readiness, leveraging of funds, and availability of funds in the Rural Initiative Re-Investment Fund.

STREDC reserves the right to offer project awards to sponsors in different amounts and under different terms than requested. STREDC reserves the right to review and reconsider project and property selections in the event of material changes in the project plans or circumstances.

### Expenditures Incurred Prior to Application Date

Expenditures incurred prior to the application date are not eligible for reimbursement by loan funds.

**Project Agreement and Fees**

Upon final approvals, the project award recipient will enter into a project agreement with STREDC. The loan will be administered by STREDC. A loan commitment fee of 1% will be paid by the borrower at time of loan commitment. The borrower will be responsible for all loan closing costs. A lien will be placed on the property in the amount of the loan for a period of not less than five years.

**Implementation**

It is expected the project will proceed in the time frame set forth by the applicant. If the implementation of a project fails to proceed as planned and is delayed for a significant period of time and there is, in the exclusive judgment of STREDC, doubt as to its viability, STREDC reserves the right to cancel its funding commitment to such project.

**SECTION 10. COMPLIANCE WITH OTHER APPLICABLE LAWS**

All procurement and project development activity associated with the Rural Initiative Re-Investment Fund must be in conformance with applicable Federal, State and local laws. Applicants will be informed of the relevant requirements at the time of project award.