

GUIDELINES

Southern Tier Region Rural Initiative Fund

2012

**Southern Tier Region
Economic Development Corporation**

**SOUTHERN TIER REGION
RURAL INITIATIVE FUND
2012**

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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 and grants made through the Rural Initiative 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 Fund is a regional loan and grant 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 Fund will provide start-up and expansion capital through a loan/grant fund. 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 farmers 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.

Funding

The Fund has the capacity to make a total of \$3,000,000 in loans and grants.

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 and/or grant recipients will leverage numerous resources such as:

- Funding available through programs such as Governor Cuomo’s Farmers Market Initiative, 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 Fund program is available to new and existing agricultural and forest-based businesses located in the Southern Tier. The business/organization must be registered in Broome, Chemung, Chenango, Delaware, Schuyler, Steuben, Tioga or Tompkins Counties by the time of loan/grant 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. Loans and grants may be used for working capital.

SECTION 3. FUNDING PRIORITIES AND STRUCTURE

Funding Priorities

The Rural Initiative Fund will provide capital through loan and grants 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 and/or grant with the following conditions.

- Amount of loan and/or grant package: 90% of the total project cost, up to \$300,000
- Interest rate on loan: Minimum of 1% and maximum of 25% of Prime
- Term of loan: Fixed based on use of fund, with a maximum of 10 years

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

SECTION 4. EVALUATION CRITERIA

Evaluation Criteria

The Southern Tier Regional Economic Development Council will evaluate and rank loan/grant 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	Absolute and percentage growth in net revenue

SECTION 5. APPLICATION AND APPROVAL PROCESS

Incomplete applications will not be considered.

All applications must be accompanied by a \$250 application fee to be paid by the prospective borrower and/or grant recipient. This application fee is payable to the Southern Tier Region Economic Development Corporation.

Upon receipt, applications will be reviewed by the Southern Tier Region Economic Development Corporation (STREDC) 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 will forward to the Southern Tier Regional Economic Development Council 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 and/or grant must be made by both the Southern Tier Regional Economic Development Council and the Southern Tier Regional Office of Empire State Development Corporation before STREDC takes action to close on the loan and/or grant.

All inquiries and questions regarding the application process should be directed to the Southern Tier Region Economic Development Corporation at (607) 962-3021.

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

Southern Tier Region Economic Development Corporation
c/o REDEC/RRC
8 Denison Parkway, E.
3rd Floor—Suite 403
Corning, NY 14830

SECTION 6. APPLICATION CHECKLIST

The following information **must** be submitted at the time of application. The Southern Tier Region Economic Development Corporation and Southern Tier Regional Economic Development Council reserve the right to seek additional information or decline an application because it is incomplete.

	Item	Yes	N/A
1	Completed and signed Certification.		
2	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		
3	Evidence of property ownership or pending acquisition (i.e., assigned option, sales contract, or purchase agreement for all properties)		
4	If applicable, a copy of any existing or proposed lease agreement.		
5	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.		
6	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.		
7	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.		
8	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.		
9	A projected, annualized income and expense statement for the first two years after the loan and/or grant with a description of assumptions attached.		
10	For a new business, a monthly cash flow projection for the first two years, including assumptions the projections are based on.		
11	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.		
12	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.		
13	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.		
14	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.		
15	Environmental assessment if applicable.		
16	Documentation of compliance with SHPO and SEQR, if applicable.		
17	Board Resolution which authorizes the business to borrow. (if applicable)		
18	Resumes of key management and stockholders with 20% or more ownership.		
19	\$250 application fee payable to Southern Tier Region Economic Development 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.

Matching Contributions

Matching contributions may be cash, qualified loans, equity in project property(s), or funds from federal, state (other than Rural Initiative 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 Fund award.

Disclosure of Tax Abatements

Applicants will be required to disclose proposed tax abatements to be applied to the proposed project.

Approvals and Awards

Each application for a loan/grant package will be evaluated on a case-by-case basis to assess the request for loan and/or grant 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, support of Southern Tier Regional Economic Development Council strategies and availability of funds in the Southern Tier Region Rural Fund program. Final funding awards will be subject to approval by the Southern Tier Regional Economic Development Council and the Southern Tier Office of Empire State Development Corporation.

The Southern Tier Regional Economic Development Council reserves the right to offer project awards to sponsors in different amounts and under different terms than requested. The Council 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/grant funds.

Project Agreement and Fees

Upon final approvals, the project award recipient will enter into a project agreement with STREDC. The loan/grant will be administered by STREDC. A loan commitment fee of 0.5% (maximum of \$5,000) will be paid by the borrower at time of loan closing. 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.

An administrative fee (amount to be determined) will be due at signing of the project award agreement. The interest rate and terms of all loans will be set by the Southern Tier Region Economic Development Corporation.

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 8. STATE HISTORIC PRESERVATION OFFICE (SHPO) CONSULTATION INSTRUCTIONS

Under the New York State Historic Preservation Act, Section 14.09 and its associated rules and regulations, State funded (in whole or in part) activities that have the potential to affect historic properties, either directly or indirectly, must be evaluated by the State Historic Preservation Office (SHPO) of the New York State Office of Parks, Recreation and Historic Preservation (OPRHP). Regulations associated with this law define a Historic and/or Cultural Place or Property as “any building, structure, district, area, site or object including underground and underwater sites, that is of significance in the history, architecture, archeology or culture of this state, its community or the nation.”

The SHPO process does not need to be completed prior to the submission of the Southern Tier Region Rural Initiative Fund application; however, it MUST be completed prior to the approval by the ESDC Southern Tier Regional Office and closing on the award by the Southern Tier Region Economic Development Corporation.

In order to expedite the SHPO review process, the applicant must provide the information outlined below for the appropriate project category. It is recommended that the applicant contact NYSHPO’s regional staff associated with its area during the application process. Regional staff contact information can be found at <http://nysparks.state.ny.us>. Click on Historic Preservation; next click on Territorial Assignments. Staff members are listed by the counties they service.

Demolition

For demolition projects on a small scale (fewer than 20 individual buildings), provide the following for each building:

- An individual Building/Structure Inventory Form (at <http://nysparks.state.ny.us> under Environmental Review/Forms).
- Color photographs (digital are acceptable). These should depict the building on the exterior (1-3 views), representative interior views if accessible (2-5 views) and at least one image of the building in its streetscape (showing the buildings to either side).
- Map depicting the location of the project.

Rehabilitation Projects

For individual rehabilitation projects, provide the following:

- An individual Building/Structure Inventory Form (at the OPRHP web site under Environmental Review /Forms).

- Color photographs (digital are acceptable). These should depict the building on the exterior (1-3 views), representative interior views if accessible (2-5 views) and at least one image of the building in its streetscape (showing the buildings to either side).
- Map depicting the location of the project.
- Project narrative explaining work to be proposed. For small façade improvement projects, sketch plans and materials descriptions are very helpful. For large scale projects, plans may be requested.

New Construction Projects

For new construction projects, provide the following:

- Color photographs (digital are acceptable). These should depict the lot on which the building is being placed. Additional photographs should depict the setting of the new construction.
- Document what had previously been on the site if demolition project is not part of the proposal.
- Map depicting the location of the project.
- Depiction of proposed construction including a site plan and at least one elevation.

To check for National Register listed properties, historic districts and archaeologically sensitive areas that may include or involve a project, please go to <http://nysparks.state.ny.us>, then select HISTORIC PRESERVATION, then select On Line Resources, then go to the Public GIS Program.

Direct questions to (518) 237-8643. Send SHPO forms directly to the address below.

New York State Historic Preservation Office
Peebles Island Resource Center
Delaware Avenue
Cohoes, NY 12047

SECTION 9. SEQR PROCESS INSTRUCTIONS

New York's **State Environmental Quality Review Act** (SEQR) requires all state and local government agencies to consider environmental impacts equally with social and economic factors during discretionary decision-making. This means these agencies must assess the environmental significance of all actions they have discretion to approve, fund or directly undertake. SEQR requires the agencies to balance the environmental impacts with social and economic factors when deciding to approve or undertake an "**Action**".

If an action is determined not to have significant adverse environmental impacts, a determination of nonsignificance (Negative Declaration) is prepared. If an action is determined to have potentially significant adverse environmental impacts, an "**Environmental Impact Statement**" is required.

The SEQR process uses the EIS to examine ways to avoid or reduce adverse environmental impacts related to a proposed action. This includes an analysis of all reasonable alternatives to the action. The SEQR "**decision making process**" encourages communication among government agencies, project sponsors and the general public.

The law was implemented by regulations which were fully effective on November 1, 1978 and revised effective June 1, 1987 and January 1, 1996.

SEQR applies to all state or local government agencies including districts and special boards and authorities whenever they must approve or fund a privately or publicly sponsored action. It also applies whenever an agency directly undertakes an action. Applicants who seek project approval or funding may be responsible for preparing an EIS.

When actions consist of several steps or sets of activities, the entire set must be considered the action, even if several separate agencies are involved. Segmentation of an action into components for individual review is contrary to the intent of SEQR. No agency involved in the overall action can make a final decision until the SEQR process is completed.

Actions that NEVER require an EIS are Type II actions. Type II actions listed in the statewide and agency SEQR regulations are determined not to have a significant adverse impact on the environment. Some examples:

- rebuilding or replacement of facilities, in-kind, on the same site
- minor structures, such as garages, barns or home swimming pools, routine permit and license renewals with no substantial change in permitted activities
- construct or expand either primary or accessory nonresidential structures in an appropriate zone with less than 4,000 square feet of gross floor space construct or expand a single, two or three family residence on approved lot
- routine activities of educational institutions, including expansions of existing facilities by less than 10,000 square feet
- nondiscretionary (ministerial) approvals
- maintenance and repair activities
- emergency actions
- actions of the New York State Legislature and the Governor or of any court enforcement actions
- actions subject to environmental review under the Adirondack Park Agency or Public Service Laws.

For an outline of SEQR's basic requirement and additional information on the SEQR process, see [Guiding the Process](http://www.dec.ny.gov) at <http://www.dec.ny.gov> .

SECTION 10. COMPLIANCE WITH OTHER APPLICABLE LAWS

All procurement and project development activity associated with the Southern Tier Region Rural Initiative Fund must be in conformance with applicable Federal, State and local laws, and the specific requirements of Empire State Development Corporation funding such as Minority and Women's Business Enterprise (M/WBE) guidelines and goals, Equal Employment Opportunity (EEO) guidelines and goals, and the New York State Smart Growth Public Infrastructure Policy Act. Applicants will be informed of the relevant requirements at the time of project award.