



*“Promoting Innovation in Maryland Agricultural and
Resource-Based Business”*

**Instructions for the 2010 Maryland Value Added Producer Grant
(Capital Assets Option)**

Farms and other businesses wanting to expand or diversify their operations face major challenges in paying for the necessary capital equipment or improvements to real property. The up-front costs are just too much for many small producers, and few grant programs are available to help meet the need. For many producers, a very small amount of matching equity capital could make a huge difference in their business success. MARBIDCO's 2010 Maryland Value Added Producer Grant (Capital Assets Option) is designed to meet this need. It will help farm, forestry and seafood producers and processors purchase new equipment or construct facilities so that they can increase sales and job opportunities for rural residents in Maryland.

Program Description

MARBIDCO was created with a mission to assist Maryland's farm, forestry, and seafood businesses with achieving profitability and sustainability, promoting rural entrepreneurship, and nurturing emerging food and fiber markets. **MARBIDCO will offer grants of between \$2,500 and \$20,000 distributed on a competitive basis** for capital asset projects designed to help farmers, forest product operations and seafood processors to expand or diversify their business operations. The match required from the rural business must be at least equal the amount requested from MARBIDCO. A total of \$200,000 is available for distribution in Round One in the early fall of 2010. (A second round of funding may also be offered in late in 2010.)

The **application deadline is Monday, August 16, 2010**. Grant announcements will be made on or about September 15th. Late applications will not be accepted.

Eligible applicants must be a crop or livestock producer or processor, agricultural cooperative, seafood processor, or primary or secondary timber products processor, and have been in business for a minimum of two years. In addition, applicants must be making a product that is “value added”. A product that is value added has in incremental value realized by the producer or processor as a result of: 1) change in physical state; 2) differentiated production or marketing; 3) product segregation; and 4) economic benefit realized from the production of farm- or ranch-based, rural community-based biomass energy. MVAPG funds and matching funds must be used for projects that are defined as capital assets by MARBIDCO and that have a useful life of seven years or more.

Matching funds are required. Matching funds must be at least equal to the amount of grant funds requested and are subject to the same use restrictions as grant funds. Applicants must verify in their applications that eligible matching funds are available for the time period of the grant. Matching funds must be spent at a rate equal to or greater than the rate at which grant funds are expended. If matching funds are provided in an amount exceeding the minimum requirement, the applicant must spend their matching funds contribution at a proportional rate. Matching funds must be provided by either the applicant, or by a third party, in the form of cash or a commercial lender loan commitment. Applicants that are awarded grants may not change the source, type, or amount of matching funds proposed in their applications without prior written approval from MARBIDCO.

Applicant requirements

- Applicant must submit a completed application form.
- Provide proof of matching funds.
- Applicant must submit tax returns, including a Schedule F, Form 1120S, or Schedule C, for the most recent past two years.
- Applicant must agree to a site inspection prior to final approval of this application. If the application is approved and monies are awarded, the applicant must agree to site inspections during the construction phase of the project.
- Applicant must provide a detailed business plan to demonstrate how the production facility or business operation will remain ongoing for at least seven years and show what impact the improvements will have on his or her business via projected increased sales, retained or additional jobs, etc. The business plan must follow the prescribed format:

- Applicant must provide detailed project information including the market(s) to be served and project cost estimates.
- Applicant must possess, or be actively seeking, the appropriate government permit(s).
- Applicant is responsible for securing and complying with all necessary zoning, building and other permits as required prior to receiving grant.

Eligible expenses are capital assets which will help farmers, forest product operations and seafood processors to expand or diversify their business operations. Examples include, but are not limited to, the following:

- Production buildings and major fixtures
- Livestock or seafood processing facilities
- Fruit, vegetable or timber processing facilities
- Creamery production equipment
- Manure digesters
- Optimization systems for maximizing fiber yield recovery
- Dry kilns, shavings mills, sawdust dryers and in-woods chippers

Ineligible expenses are those not specifically stated under eligible expenses, such as, but not limited to, the following:

- Any expense incurred prior to application submittal, review and approval, and contract execution and approval
- Tractors, combines, sprayers or similar common farm implements and attachments thereto
- Any self-propelled vehicles except certain vehicles used in timber processing
- Property acquisition costs
- Mortgage refinancing
- Cost of borrowing (points and other fees)
- Site plan and construction permits
- Wages paid to applicant or employees
- Solar or wind energy projects
- Furnishings, fixtures or equipment considered personal (non-business) property
- Machine storage, workshops, housing, classrooms, etc.
- Any portion of expense for which the applicant pays a contractor in merchandise or service in lieu of cash
- Attorney's fees and consultants' fees
- Fees and/or costs not consistent with eligible costs

Please contact MARBIDCO if you have questions about eligible or ineligible expenses. A list of Frequently Asked Questions is also available for review on MARBIDCO's website at: www.marbidco.org.

MVAPG Conditions

Maximum Amount of Grant:	\$20,000.
Minimum Amount of Grant:	\$2,500.
Match Required:	Equal or greater than amount of grant. Must be cash match; no in-kind allowed.
Application Deadline:	August 16, 2010. Late applications will not be accepted.
Disbursement of Funds:	Funds will be disbursed to approved applicants on an incremental basis as eligible costs are incurred and documented by the grantee.
Send Completed Applications to:	MARBIDCO Programs, 1410 Forest Drive, Suite 28, Annapolis, MD 21403

Application for the 2011 Maryland Value Added Producer Grant

SECTION 1: APPLICANT INFORMATION

Business/Farm Name _____

Business Address _____ County _____

City _____ State _____ Zip Code _____

Contact Person _____ Title _____

Work Telephone _____ E-mail _____

Home Telephone _____ Mobile Phone _____

Dollar Amount Requested: _____

BRIEF DESCRIPTION AND HISTORY OF BUSINESS

(Include details and history of your operation and experience of principal business owner(s).)

SECTION 2: BUSINESS INFORMATION

BUSINESS STRUCTURE

Year & State Established/Incorporated _____

Corporation Partnership Proprietorship LLC (SIC/NAICS Code _____)

EMPLOYMENT DATA

of full-time jobs current _____ # of NEW full-time jobs projected within 36 months _____

of part-time jobs current _____ # of NEW part-time jobs projected within 36 months _____

MANAGEMENT/OWNERSHIP

1-Name _____ Title _____

Social Security # _____ Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

2- Name _____ Title _____

Social Security # _____ Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

3- Name _____ Title _____

Social Security # _____ Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

4- Name _____ Title _____

Social Security # _____ Date of Birth _____ % Ownership _____

Address _____ City _____

State _____ Zip Code _____ Telephone _____

DECLARATIONS

If answering "yes" to any of these questions, please provide an explanation on a separate sheet and attach.

- 1. Is the business or any of the top management personnel a party to any claim or lawsuit? Yes No
- 2. Has the business or any of the top management personnel ever declared bankruptcy? Yes No
- 3. Does the business or any of the management personnel owe any taxes for prior years? Yes No
- 4. Have any managers or owners received a felony conviction? Yes No

SECTION 3: PROJECT INFORMATION

PROJECT TYPE

(Check any that may apply.)

Value-Added Food Processing

Primary/Secondary Wood Processing

Seafood Processing

Other: _____

A) BRIEF DESCRIPTION OF THE VALUE ADDED PROJECT:

B) BRIEF DESCRIPTION OF HOW THE MV APG GRANT FUNDS WOULD BE USED:

C) BRIEF DESCRIPTION OF THE EQUIPMENT OR FACILITIES TO BE ACQUIRED TOGETHER WITH AN ESTIMATE OF THE USEFUL LIFE OF THESE ASSET(S):

OTHER PROJECT ADVISOR(S) (If Applicable)

1-Name _____ Title _____

Institution/Firm _____

Work Telephone _____ E-mail _____

1-Name _____ Title _____

Institution/Firm _____

Work Telephone _____ E-mail _____

SECTION 4: SIGNATURES

CERTIFICATION

I/We certify all information in this application and the attachments is true and complete to the best of my/our knowledge.

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

Signature _____ Signature _____

Printed Name _____ Printed Name _____

Date _____ Date _____

SECTION 5: ATTACHMENTS

ATTACHMENTS CHECKLIST

- 1. Business plan.
- 2. List of equipment or facilities to be acquired with an estimate of the useful life of these asset(s).
- 3. Feasibility study (if available).
- 4. Two years' of tax returns.
- 5. Proof of matching funds.
- 6. Evidence of cash match (e.g., bank statement or bank loan commitment letter).

Note: MARBIDCO agrees to hold Recipient's Application in confidence to the extent reasonably permitted by Title 10, Subtitle 6 of the State Government Article of the *Annotated Code of Maryland*. Notwithstanding the foregoing, MARBIDCO shall not be obligated to maintain in confidence any information: 1) which was already known to MARBIDCO; or, 2) which is or comes into the public domain through no fault of MARBIDCO; or, 3) which is independently developed by MARBIDCO; or, 4) which

comes to MARBIDCO from a third party which is not in violation of any obligation of confidentiality to Applicant or MARBIDCO.