



**Mailing Address:**  
1 Baldwin Street  
Drawer 33  
Montpelier, Vermont 05633-5701

Tel.: (802) 828-2295  
Fax: (802) 828-2483

**STATE OF VERMONT**  
**JOINT FISCAL COMMITTEE**  
1 Baldwin Street  
Montpelier, Vermont 05633-5701

## MEMORANDUM

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**To:** James Reardon, Commissioner of Finance & Management

**From:** Rebecca Buck, Staff Associate *RB*

**Date:** September 7, 2007

**Subject:** Status of Requests

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No Joint Fiscal Committee member has requested that the following items be held for review:

**JFO #2297** - \$5,100 grant from the Vermont Bar Foundation to the Center for Crime Victim Services. These grant funds will support a public outreach and education campaign to disseminate information about the Parallel Justice Pilot Project in the City of Burlington for crime victims (JFO #2273 approved November 24, 2006).  
[JFO received 08/08/07]

**JFO #2298** - \$19,908 grant from the U.S. Department of Agriculture to the Agency of Agriculture, Food and Markets. This one year grant will be used to purchase and operate a mobile individual quick freeze unit, identify a system to address multiple forms of fruit and vegetable processing and develop a system for aggregation of supply and distribution of Vermont grown fruits and vegetables.  
[JFO received 08/08/07]

**JFO #2299** - \$25,000 grant from the State Justice Institute and \$5,000 grant from the National Center for State Courts to the Judiciary. This combined \$30,000 grant will be used to develop and test a disaster response/Continuity of Operations (COOP) Plan for all courts statewide.  
[JFO received 08/08/07]

In accordance with 32 V.S.A. §5, the requisite 30 days having elapsed since these items were submitted to the Joint Fiscal Committee, the Governor's approval may now be considered final. We ask that you inform the Secretary of Administration and your staff of these actions.

cc: Linda Morse  
Judy Rex  
Roger Albee  
Lee Suskin

**From:** "Morrison, Mary" <Mary.Morrison@state.vt.us>  
**To:** "Michael Obuchowski" <OBIE@leg.state.vt.us>  
**Date:** 8/23/2007 3:12 PM  
**Subject:** RE: Questions from Rep. Obuchowski re: JFO #2298

**CC:** "Rebecca Buck" <rbuck@leg.state.vt.us>

I received the following response to your questions:

#### Mobile Quick Freeze Unit for Fruits and Vegetables

1) Source of funding? The source of the grant is USDA Rural Development. The in-kind funding is coming from the Agency of Agriculture general fund (\$4,500) personal services and the Vermont Food Venture Center (\$500-\$1000).

2) What is the grant paying for?  
The grant will help finance a mobile quick free unit for fruits and vegetables.

3) Who are the beneficiaries? And Where?

The unit's goal is to increase the use of Vermont fruit and vegetables by Vermont Food Companies and Vermont Schools. This is a statewide benefit. The goal is to process fruits and vegetables on the farm. For example, berry crops mature quickly and all at once and if they are not harvested in a timely manner they go to waste. This unit would help this effort because the unit could roll onto to a farm and process and freeze the berries. Those berries could be tucked away for future use.

The Vermont Mystic Pie Company based in Waterbury is one company that would benefit tremendously. In 2004, the company used 20,000 raw pounds of apples. This amount increased to 70,000 in 2005 and 250,000 in 2006. The company plans to use more Vermont Fruit in new products (raspberries etc) but cannot come with these until the Vermont supply is stable and available. This summer, the company was searching to find 5000 pounds of blueberries to meet the demand. The Agency expects this company to grow. The Vermont Department Tourism and Marketing is also interested in this unit because food and visitors are now linked. Mystic Pie is willing to put tourism's label and website on its packaging if they get behind this effort.

The unit would also benefit fruit and vegetables growers. With the procurement of this machinery, the association believes that as many as 20 to 30 percent of the 500 existing growers would benefit because this unit would make it easier to process their crops.

Vermont Schools would also benefit. The legislature and the Governor are committed to farm-to-school. Packaging and processing standards are often mentioned as barriers to getting more products on the lunch menu. This unit would help in this effort. For example, the unit could process and freeze broccoli or green beans-produce that could easily be stored and later served at schools. Low-income advocates are also interested in this unit because it would make it easier to supply Vermont products at food banks.

If you need more information, please let me know.

Thanks,  
Mary

Mary Morrison  
Business Manager  
Mary.Morrison@state.vt.us  
Vt. Agency of Agriculture  
828-3567

-----Original Message-----

From: Rebecca Buck [mailto:r buck@leg.state.vt.us]  
Sent: Monday, August 20, 2007 11:37 AM  
To: Morrison, Mary  
Cc: Michael Obuchowski; Steve Klein  
Subject: Questions from Rep. Obuchowski re: JFO #2298

Hi Mary. Representative Michael Obuchowski has the following questions regarding JFO #2298 (\$19,908 mobile quick freeze grant):

- 1) What specifically is the source of the in-kind match? Where is it coming from? What is it paying for?
- 2) Who are the beneficiaries of the program? Where are they located?

Please cc me on your response to Representative Obuchowski. Thanks.  
--Becky

**From:** Rebecca Buck  
**To:** mary.morrison@state.vt.us  
**Subject:** Questions from Rep. Obuchowski re: JFO #2298

Hi Mary. Representative Michael Obuchowski has the following questions regarding JFO #2298 (\$19,908 mobile quick freeze grant):

- 1) What specifically is the source of the in-kind match? Where is it coming from? What is it paying for?
- 2) Who are the beneficiaries of the program? Where are they located?

Please cc me on your response to Representative Obuchowski. Thanks. --Becky

**CC:** Klein, Steve; Obuchowski, Michael



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Drawer 33  
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**STATE OF VERMONT**  
**JOINT FISCAL COMMITTEE**  
1 Baldwin Street  
Montpelier, Vermont 05633-5701

## MEMORANDUM

**To:** Joint Fiscal Committee Members

**From:** Rebecca Buck, Staff Associate *RB*

**Date:** August 14, 2007

**Subject:** Grant Requests

Enclosed please find three (3) grant requests which the Joint Fiscal Office recently received from the Administration:

**JFO #2297** – \$5,100 grant from the Vermont Bar Foundation to the Center for Crime Victim Services. These grant funds will support a public outreach and education campaign to disseminate information about the Parallel Justice Pilot Project in the City of Burlington for crime victims (JFO #2273 approved November 24, 2006).  
[JFO received 08/08/07]

**JFO #2298** - \$19,908 grant from the U.S. Department of Agriculture to the Agency of Agriculture, Food and Markets. This one year grant will be used to purchase and operate a mobile individual quick freeze unit, identify a system to address multiple forms of fruit and vegetable processing and develop a system for aggregation of supply and distribution of Vermont grown fruits and vegetables.  
[JFO received 08/08/07]

**JFO #2299** - \$25,000 grant from the State Justice Institute and \$5,000 grant from the National Center for State Courts to the Judiciary. This combined \$30,000 grant will be used to develop and test a disaster response/Continuity of Operations (COOP) Plan for all courts statewide.  
[JFO received 08/08/07]

The Joint Fiscal Office has reviewed these submissions and has determined that all appropriate forms bearing the necessary approvals are in order.

In accordance with the procedures for processing such requests, we ask you to review the enclosed and notify the Joint Fiscal Office (Rebecca Buck at 802/828-5969; [rbuck@leg.state.vt.us](mailto:rbuck@leg.state.vt.us) or Stephen Klein at 802/828-5769; [sklein@leg.state.vt.us](mailto:sklein@leg.state.vt.us)) if you would like any item held for committee review. Unless we hear from you to the contrary by August 28 we will assume that you agree to consider as final the Governor's acceptance of these requests.

cc: James Reardon, Commissioner  
Linda Morse, Administrative Assistant  
Judy Rex, Executive Director  
Roger Albee, Secretary  
Lee Suskin, Court Administrator

JFO #  
2298

STATE OF VERMONT  
GRANT ACCEPTANCE FORM

GRANT SUMMARY: This grant is to procure a mobile quick freeze unit to help increase uses of Vermont fruit and vegetables; to identify a system to address multiple forms of fruit and vegetable processing and to develop a system for aggregation of supply and distribution of Vermont grown fruits and vegetables.

TITLE OF GRANT: Rural Business Enterprise Grant #8

FEDERAL CATALOG No.: 10-769

GRANTOR / DONOR: U.S. Department of Agriculture  
Rural Development  
City Center 3<sup>rd</sup> Floor  
89 Main Street  
Montpelier, Vermont 05602

DATE: 7/19/07

DEPARTMENT: Agriculture, Food and Markets

GRANT / DONATION: This grant will cover purchase of the mobile freezing unit and the designing and development of a system of supply and distribution of fruits and vegetables. It is a one year grant. There is a cash and in-kind match of \$25,500 from the Agency of Agriculture, Food, and Markets and an additional match of \$2,000 from businesses and non-profits.

AMOUNT / VALUE: \$19,908.00

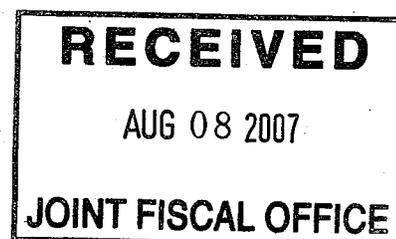
POSITIONS REQUESTED: None

GRANT PERIOD: 6-19-07 to 3-31-08

COMMENTS:

DEPARTMENT OF FINANCE AND MANAGEMENT:  
SECRETARY OF ADMINISTRATION  
SENT TO JOINT FISCAL OFFICE:

(INITIAL) *[Signature]*  
(INITIAL) *[Signature]*  
DATE: 8/3/07



**STATE OF VERMONT**  
**REQUEST FOR GRANT ACCEPTANCE**  
 (use additional sheets as needed)

**FORM AA-1**  
 (Rev. 9-90)

1. Agency: **Vermont Agency of Agriculture, Food & Markets**
2. Department:
3. Program: Mobile Individual Quick Freeze Unit
4. Legal Title of Grant: Rural Business Enterprise Grant #8
5. Federal Catalog No.: 10-769
6. Grantor and Office\*Address: United States Department of Agriculture  
 Rural Development  
 City Center 3<sup>rd</sup> Floor \* 89 Main Street  
 Montpelier, Vermont 05602
7. Grant Period: From: 6/19/07 To: 3/31/08
8. Purpose of Grant: The purpose of this grant is to accomplish increased utilization of Vermont fruit and vegetables by Vermont food companies and Vermont schools through procurement of a mobile individual quick freeze unit; identification of a system to address multiple forms of fruit and vegetable processing; and development of a system for aggregation of supply and distribution of Vermont grown fruits and vegetables.
9. Impact on Existing Programs if Grant is not Accepted: A mobile unit for processing fruits and vegetables will not be procured.

10. Budget Information:	(1st State FY)	(2nd State FY)	(3rd State FY)
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<b>EXPENDITURES:</b>			
Personal Services	\$	\$ 7,500.00	\$
Operating Expenses	\$	\$ 39,908.00	\$
Grants	\$	\$	\$
<b>TOTAL</b>	<b>\$</b>	<b>\$ 47,408.00</b>	<b>\$</b>
<b>REVENUES:</b>			
State Funds:			
Cash	\$	\$ 21,000.00	\$
In-Kind	\$	\$ 4,500.00	\$
Federal Funds:			
(Direct Costs)	\$	\$ 19,908.00	\$
(Statewide Indirect)	\$	\$	\$
(Department Indirect)	\$	\$	\$
Other Funds:			
(source) <u>businesses &amp; non-profits.</u>			
<u>see page 9 of attached scope of work</u>	\$	\$ 2,000.00	\$
<b>TOTAL</b>	<b>\$</b>	<b>\$ 47,408.00</b>	<b>\$</b>

Grants will be allocated to these appropriation expenditure accounts	<u>Appropriation Nos.</u> DEPTID 2200030000 FUND 22005 PROGRAM to be established	<u>Amounts</u> \$19,908.00
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REC'D JUL 9 2007

11. Will grant monies be spent by one or more personal service contracts?

YES  NO

If YES, signature of appointing authority here indicates intent to follow current guidelines on bidding.

 (Date) 7/2/07

12a. Please list any requested Limited Service Positions:

Titles	Number of Positions
TOTAL	

12b. Equipment and space for these positions:

- Is presently available.
- Can be obtained with available funds

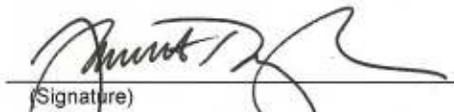
13. Signature of Appointing Authority

I certify that no funds have been expended or committed in anticipation of Joint Fiscal Committee approval of this grant.

 (Date) 7/2/07  
(Signature)  
Secretary: Agriculture, Food & Markets  
(Title)

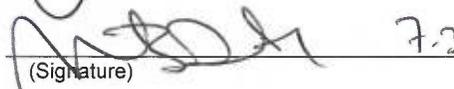
14. Action by Governor:

- Approved
- Rejected

 (Date) 8/1/07  
(Signature)

15. Secretary of Administration:

- Request to JFO
- Information to JFO

 (Date) 7.31.07  
(Signature)

16. Action by Joint Fiscal Committee:

(Dates)

- Request to be placed on JFC agenda
- Approved (not placed on agenda in 30 days)
- Approved by JFC
- Rejected by JFC
- Approved by Legislature

\_\_\_\_\_  
(Signature) (Date)



**United States Department of Agriculture  
Rural Development  
Vermont/New Hampshire**

June 27, 2007

Ansen Tebbets, Deputy Secretary for Agriculture  
Vermont Agency of Agriculture, Food & Markets (VAAFMM)  
116 State St, Drawer 20  
Montpelier, VT 05620-2901

Subject: Rural Business Enterprise Grant #8  
Grant Amount - \$19,908

Dear Mr. Tebbets:

Enclosed please find your copy of Form RD 1940-1, Request for Obligation of Funds, the Grant Agreement and your copies of other required forms under the RBEG program.

This is your notification that your request for a grant in the amount of \$19,908 for the above project has been approved subject to the conditions stated in our letter dated June 19<sup>th</sup>, 2007.

USDA Rural Development is pleased to provide funding for this important initiative. We look forward to working with Vermont Agency of Agriculture, Food & Markets (VAAFMM) in the future.

At your earliest convenience please send us a copy of the Electronic Fund Transfer form.

Sincerely,

A handwritten signature in black ink that reads 'Gary M. Beem'. The signature is written in a cursive style.

GARY M. BEEM  
Acting State Director

City Center 3<sup>rd</sup> Floor • 89 Main Street • Montpelier, VT 05602  
802-828-6080 (v) 802-828-6018 (f) 802-223-6365 (tty) [jolinda.laclair@vt.usda.gov](mailto:jolinda.laclair@vt.usda.gov)  
<http://www.rurdev.usda.gov/vt>  
*Committed to the future of rural communities*

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,  
Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

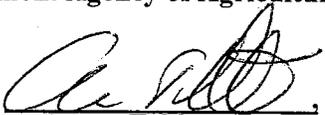
REQUEST FOR OBLIGATION OF FUNDS

<b>INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( )</b> Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.			
1. CASE NUMBER ST CO BORROWER ID 53-012-036000264		LOAN NUMBER	FISCAL YEAR 07
2. BORROWER NAME State of Vermont,  Agency of Agr, Food  & Markets		3. NUMBER NAME FIELDS 3 (1, 2, or 3 from Item 2)	
		4. STATE NAME VERMONT	
		5. COUNTY NAME WASHINGTON	
<b>GENERAL BORROWER/LOAN INFORMATION</b>			
6. RACE/ETHNIC CLASSIFICATION  1 - WHITE 2 - BLACK 3 - AI/AN  4 - HISPANIC 5 - A/PI	7. TYPE OF APPLICANT  1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY  5-ASSOC. OF FARMERS 6-ORG. OF FARMERS 7-NONPROFIT-SECULAR 8-NONPROFIT-FAITH BASED 9-OTHER	8. COLLATERAL CODE  1- REAL ESTATE SECURED 2-REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY  4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS	9. EMPLOYEE RELATIONSHIP CODE  1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.
10. SEX CODE 6  1 - MALE 2 - FEMALE  3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY	11. MARITAL STATUS  1 - MARRIED 2 - SEPARATED  3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 2  1 - YES 2 - NO	13. CREDIT REPORT 2  1 - YES 2 - NO
14. DIRECT PAYMENT  (See FMI)	15. TYPE OF PAYMENT  1 - MONTHLY 2 - ANNUALLY  3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION  2  1 - YES 2 - NO	
17. COMMUNITY SIZE  1 - 10 000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		18. USE OF FUNDS CODE  (See FMI)	
<b>COMPLETE FOR OBLIGATION OF FUNDS</b>			
19. TYPE OF ASSISTANCE  081 (See FMI)	20. PURPOSE CODE	21. SOURCE OF FUNDS	22. TYPE OF ACTION  1  1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
23. TYPE OF SUBMISSION  2  1 - INITIAL 2 - SUBSEQUENT	24. AMOUNT OF LOAN		25. AMOUNT OF GRANT  \$19,908.00
26. AMOUNT OF IMMEDIATE ADVANCE	27. DATE OF APPROVAL  MO DAY YR 06-19-2007	28. INTEREST RATE  %	29. REPAYMENT TERMS
<b>COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS</b>			
30. PROFIT TYPE  1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
<b>COMPLETE FOR EM LOANS ONLY</b>		<b>COMPLETE FOR CREDIT SALE-ASSUMPTION</b>	
31. DISASTER DESIGNATION NUMBER  (See FMI)	32. TYPE OF SALE  1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN		
<b>FINANCE OFFICE USE ONLY</b>		<b>COMPLETE FOR FP LOANS ONLY</b>	
33. OBLIGATION DATE  MO DA YR 6 27 2007	34. BEGINNING FARMER/RANCHER  (See FMI)		

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

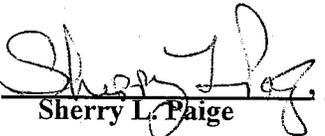
This Scope of Work is submitted by the grantee. Upon approval by the grantor, the grantee agrees that no changes will be made to the Scope of Work without prior written approval by the grantor.

Vermont Agency of Agriculture, Food & Markets (VAAFMM)(GRANTEE)

By: , Deputy Secretary of Agriculture June 19, 2007  
Anson Tebbetts (Title) (Date)

This Scope of Work is hereby approved by USDA - Rural Development.

USDA - RURAL DEVELOPMENT

By: , Business Programs Specialist June 19, 2007  
Sherry L. Paige (Title) (Date)

## 1. Scope of Work

### a. Description of Service

The proposed RBEG will address three tasks to accomplish increased utilization of Vermont fruit and vegetables by Vermont food companies and Vermont schools. Accomplishment of these goals will increase market opportunities for Vermont growers (therefore increasing production) and increase utilization of local produce in Vermont processed foods and by Vermont schools.

The three tasks are:

- Procurement and operation of a mobile individual quick freeze (IQF) unit.
- Identification of a system to address multiple forms of fruit and vegetable processing.
- Development of a system for aggregation of supply and distribution of Vermont grown fruits and vegetables.

The three tasks are being packaged into one grant request for several reasons. Vermont food processors and schools have verified the need for aggregation of supply of IQF fruit and vegetables. Concomitant communication with growers indicates a need for a full range of processing options. They need small scale processing of fruit and vegetables at dispersed locations and on short notice as well as centralized processing of produce, without significant travel required during the busiest season. Finally, producers, processors, and schools have all identified the need for a streamlined aggregation and distribution system to provide Vermont produce at a reasonable cost while maintaining quality. The grant will provide both technical assistance and the purchase of equipment.

Rather than duplicate existing projects, this grant will address current gaps in development of Vermont's agricultural production and food processing industry. In a recent article in Agriview (January 12, 2007, see attached) Agency of Agriculture staff state insufficient personnel to address these issues with existing state resources.

### b. Area to be Served

Fruit and vegetable production in Vermont is disperse with significant production through out the state. Likewise, food processing occurs throughout the sate with pockets of activity in Fairfax (Franklin County) and Waterbury (Washington County).

### c. Names of Specific Businesses/Job Creation

Business Name	Jobs Retained	Jobs Created
Food Venture Center-Fairfax	0	.5
VT Mystic Pie Co.-Waterbury	0	.5
Vermont Fruit and Vegetable Growers	0	3.0

#### **d. Needs Identification**

**Food Venture Center-** The Vermont Food Venture Center (VFVC) has been active in several projects to expand utilization of Vermont-grown fruits and vegetables such as the Farm Viability Program, Vermont FEED's farm to school initiatives and the start-up phase of the Vermont Mystic Pie Company.

The Center has a modest freezing capability for fruits and vegetables but is limited by geographic location, facility layout and equipment capabilities. VFVC has been actively working on relocating to a new facility that will address the issues noted above. There has been a noticeable shift in the past few years to incorporate more Vermont agricultural products into the specialty and value-added foods made in the state. Increased processing capacity for raw ingredients is essential to continue this trend.

Final steps in the site selection process are underway and current business planning activities center on how the facility will be configured and which types and quantities of foods will be able to be processed there. Individually Quick Freezing (IQF'ing) produce will continue to be one of VFVC's key activities as this activity turns highly perishable produce into a quality food ingredient for later use, either by the grower or another processor. A central facility for freezing is well suited and the best approach for some commodities. For others such as berries, freezing as close in both time and distance to the harvesting is critical and on-farm or near-farm processing is clearly superior.

An expansion plan for the Food Venture Center that does not consider transportation and ingredient logistics would be incomplete. The corridor between Burlington and Barre was chosen by consultants for proximity to the greatest population center, access to Interstate 89 and proximity to a number of other food enterprises. This proximity makes accessing trucking resources and markets for products easier and the new facility will have a significant amount of dry, refrigerated and frozen storage to serve some of the aggregation and shipping needs of producers in the northern and central part of the state.

**Vermont Mystic Pie Company-** In 2004 Vermont Mystic Pie used 20,000 raw pounds of apples. This amount increased to 70,000 pounds in 2005 and 250,000 pounds in 2006. The company plans to use more VT fruit in new products (raspberries, etc), but cannot come out with these until the VT supply is stable and available. Sales are anticipated to grow three times in 2007 and an additional four times in 2008. Doubling of sales is projected for a number of years into the future.

During the winter and spring of 2006 VT Mystic Pie Company contacted several VT blueberry producers in an attempt to procure 30,000 pounds of blueberries for use in their blueberry/apple pies. Due to several hurdles, including:

- producers' access to labor
- product aggregation and distribution
- state wide fruit processing capacity

the company was not able to source sufficient VT fruit to meet its needs. Vermont Mystic Pie is willing to pay the farms' asking price so that is not the issue. Unfortunately, 20 thousand pounds of fruit were bought outside the state to meet processing demands. The fruit was there, the buyer was there, but without a streamlined system of aggregation and processing the two could not benefit each other. As a result the fruit rotted (well, the birds liked it and got fat.)

Vermont Mystic Pie Company anticipates continued growth in sales of existing products as well as development of new products featuring Vermont grown fruit. If growers knew in advance that they had a guaranteed market they would arrange to harvest the berries. This would return more dollars to the growers and provide Vermont Mystic Pie with the VT grown fruit they desire. To meet these needs during the summer of 2007, and beyond, it is essential to develop solutions to harvesting, processing, and aggregation of fruit in a cost efficient manner. IQF is a requirement for this company to utilize Vermont grown fruit. Additionally, IQF would make better use of the apples currently used in pies. Without IQF a significant amount of apples rot before they can be used. A mobile IQF will fit neatly into the current processing line.

**Vermont Fruit and Vegetable Growers** Currently, most Vermont fruit and vegetable growers supply fresh produce for either the retail or wholesale market. While interest has been shown by many companies to purchase VT produce for processing there are too many barriers to profitability. One of the limiting factors in this market sector can be the infrastructure necessary for the distribution of Vermont raised produce. Part of the cause of this is our relatively short season, and the inherent need to accommodate this smaller window of production with a measured manner of distribution. Coming under the category of "value added", many farms and businesses have attempted to process Vermont grown fruits and vegetables for extended distribution. Perhaps the biggest hurdle to this approach is the cost of infrastructure versus return faced by an individual business or farm.

The concept of a system which could produce individual quick freeze (IQF) units, has tremendous potential, especially if able to serve the needs of farmers throughout different regions of the state. **With the procurement of such machinery, it is the Association's belief that as many as 20% to 30% of the 500 existing growers (NASS data) would benefit from this new opportunity. These growers would tend to have larger acreage and would represent half the total acreage of high value fruit and vegetable crops suitable for processing.** In addition, the IQF would have the potential to standardize the processing of produce, thus making such products more attractive to larger customers and markets, such as the state's school system. Existing farmers would have the incentive to add production acreage to accommodate such a market. Additionally, it would increase the potential of new producers entering the agricultural sector to grow solely for processing. Vermont growers have a fairly limited market in terms of local population, and any enhancement towards helping access the greater population would be helpful to both the growers of Vermont produce and the people who reside here. **The ability to process both fresh and stored produce would assist farmers year round.**

**Vermont Schools**-During the 2006 legislative session passage of Act 145 provided \$125,000 to be used by Vermont schools to increase their utilization of Vermont grown products. While the program generated considerable interest amongst schools it also exposed the limits of Vermont farmers and food processors to get their products into food service and other market channels profitably. The cost of Vermont grown products was identified as one limiting factor, but packaging and processing standards were also common barriers. Specific areas identified as barriers are:

- packaging
- processing
- product distribution.

If funded, this grant will mesh with work currently underway, and proposed, by VT FEED to develop light and value added processing of Vermont grown produce for use in VT schools. Furthermore, VT FEED, a school system, and a VT farmer, are currently discussing the utilization of a mobile IQF to provide broccoli for use in school lunches.

#### **f. Method for Evaluating Effectiveness**

**i. Schools.** Currently less than 5% of the \$13 million spent on feeding Vermont's school children is used for Vermont products. An increase of just 3% would provide an extra \$390,000 directed towards Vermont based production and processing of food for school use. An evaluation of school purchasing habits will be conducted in November 2008 to measure the proposed utilization of Vermont products for the 2008-2009 school year. It is realized there are many efforts increase use of Vermont products in Vermont schools and not all of the increase can be attributed to a single project.

**ii. Vermont Mystic Pie.** Currently 10,000 pounds of Vermont blueberries and 20,000 pounds of blueberries from other sources are used by VT Mystic Pie. The amount of Vermont grown fruit used, with the exception of apples, will be measured in November 2008. The increase attributable IQF, improved aggregation and distribution, will be documented.

**iii. Other Vermont food processors.** Based on feed back from contacts with all known Vermont food processors, a sub-set of 15 processors, including the Food Venture Center will be chosen to develop a plan to address current roadblocks to aggregation, distribution and processing of Vermont grown fruits and vegetables. The amount of Vermont grown fruit and vegetables used by these companies will be measured in November 2008 and any increased use attributable to IQF, and improved aggregation and distribution will be documented.

**iiii. Fruit and Vegetable Producers.** Fifteen VT fruit and vegetable growers will be contacted at the beginning of the granting period to determine industry wide needs for

processing, aggregation and distribution. Follow up with these growers in November 2008 will be used to assess increased production or profitability due to processing, improved aggregation and distribution.

#### **g. Consistency with Local Planning**

Most Vermont town plans support diverse agricultural production.

#### **h. Final Results**

If successful this grant will

- increase utilization of VT grown produce by VT schools from 5% to 8%,
- increase the number and profitability of Vermont produce growers
- streamline aggregation and distribution of VT produce and processed foods
- streamline the processing of VT produce for use in VT processed foods
- increase the utilization of Vermont produce in Vermont processed foods.

#### **i. Feasibility**

As a stand alone project this effort has a minimal chance of increasing the utilization of VT grown produce in processed food and by VT schools. However when it is combined with the on-going efforts of the Vermont Food Venture Center, VT FEED, the VT Agency of Agriculture and Vermont Mystic Pie Company, there is a significant likelihood of increased production and utilization.

Mystic Pie has a clearly demonstrated need to purchase more VT grown fruit, at the price named by the grower. The road blocks of aggregation and distribution will be addressed through the funding of this proposal. Several VT schools are poised to utilize more VT grown produce, but need further assistance to address aggregation, processing and distribution.

#### **j. and k. Key Personnel & Experience** see attached résumé's

Louise Calderwood-PI.

Deputy Secretary, VT Agency of Agriculture	1998-2006
-management of staff, budget, projects	
-implementation of plan to track and evaluate \$11 million water quality project	
-development and oversight of numerous successful RBEGs to include	
-improvement of VT slaughter and meat processing infrastructure	
-enhancement of agricultural labor management	
-transfer of farm assets	
Regional Dairy Specialist, UVM Extension	1988-1998
-designed and conducted production and management educational programs for 1600 dairy farmers throughout Vermont, to include development of new educational approaches	

- secured and administered numerous grants for applied dairy production research projects in collaboration with producers, trade organizations and other educators
- conducted 200 farm visits per year; 95 percent of surveyed farms felt visits improved profitability.
- developed and implemented an innovative dairy farmer educational model, taught to 50 educators and industry representatives in Vermont and New Hampshire, follow-up provided to educators in 14 states and three countries

#### Responsibilities with this proposal

- Conduct interviews with producers, processors and Farm to School
- Develop plans for aggregation, processing and distribution
- Develop effectiveness evaluation tools and carry out assessment
- Track establishment of new agricultural producers
- Evaluate changes in production and profitability of 15 VT growers involved in project
- Evaluate changes in utilization of VT grown produce by VT schools
- Evaluate changes in utilization of VT products by 15 VT food processors
- Develop and present interim and final reports

Brian Norder- Executive director of the Food Venture Center

Project Director, Vermont Food Venture Center (VFVC), January 1997 to Present

- oversees operation of a non-profit business incubator for the food sector
- fund raising, development activities and delivery of training and technical assistance
- assists in feasibility studies and operational plans for over two dozen food business incubators in thirteen states.

Product Development Specialist, Northeast Center for Food Entrepreneurship (NECFE),  
University of Vermont, January 2000 to 2005

- part-time contract position to provide food-business development services throughout the Northeast. Provide,
- provided a wide range of technical help to clients in seven state service area.
- authored numerous newsletter articles and resource guide chapters on food safety, regulation and product development.
- NECFE was awarded the 2004 Honor Award for Excellence from the Secretary of the USDA.

#### Grant projects

on-going

- written and received grants to develop value-added meat products, to assist a local school in producing and documenting "Vermont Folk Foods" and to assist farmstead producers in regulatory compliance.
- Have worked as a consultant on a number of grants for other organizations including one to use locally-grown foods in products for public school meal programs.

#### Responsibilities with this proposal

- Oversee ordering, fit up, utilization and maintenance of IQF
- Integrate IQF utilization into overall plan

#### Vermont Agency of Agriculture's Senior Development Staff

The Vermont Agency of Agriculture's Senior Development staff has over 30 years of combined experience working with Vermont farms and value added business in Vermont. Staff provides technical assistance including business planning, finance, and marketing assistance for businesses introducing new products into the marketplace. Their experience, knowledge of resources and relationships with farmers will provide a foundation for a successful project.

#### Responsibilities with this proposal

- Develop effectiveness evaluation tools and carry out assessment
- Track establishment of new agricultural producers
- Evaluate changes in production and profitability of 15 VT growers involved in project
- Evaluate changes in utilization of VT grown produce by VT schools
- Evaluate changes in utilization of VT products by 15 VT food processors
- Develop and present interim and final reports

## 2. Proposed Budget

Funding for this project will be provided by Vermont Mystic Pie Company, the Vermont Vegetable and Berry Growers Association, and the Vermont Agency of Agriculture. The Vermont Food Venture Center will provide in-kind support. The budget was developed using the hourly rate for each individual or organization multiplied by the number of hours estimated to complete the task. Nearly 20 years of providing technical support to producers and small business owners has provided the PI with a sufficient knowledge to estimate hours required to complete various tasks.

Vermont Agency of Agriculture	\$50.00/hr
Louise Calderwood	\$80.00/hr
Food Venture Center	\$50.00/hr
Mileage was estimated at \$.445/mile.	

Purchase and fit up cost of the IQF is based on work conducted by the VT Food Venture Center and the VT Agency of Agriculture in June 2006.

IQF purchase and fit up	3 days
Needs assessment	
VT FEED	2 days
Growers	5 days
Processors	5 days
Distributors	4.5 days

Task	VAAFM cash	VAAFM in-kind	VT Food Venture Center- in-kind	VT Veg and Berry Grower's Assoc	VT Mystic Pie Co	RBEG	Total
Evaluation							
VT FEED				1 day			
Growers				3 days			
Processors				3 days			
Distributors				2 days			
Reports							
Interim				3 days			
Final				3 days			
IQF							
Purchase	\$20,000					\$19,908	\$39,908
Develop operational plan			\$500				\$500
Needs assessment							
Growers				\$500			\$500
Food Processors					\$1,000		\$1,000
Evaluation							
Growers		\$1,000					\$1,000
Food Processors		\$1,000					\$1,000
Distributors		\$500					\$500
Reports							
Interim	\$500	\$1,000					\$1,500
Final	\$500	\$1,000					\$1,500
<b>Total</b>	<b>\$21,000</b>	<b>\$4,500</b>	<b>\$500</b>	<b>\$500</b>	<b>\$1,000</b>	<b>\$19,908</b>	<b>\$47,408</b>

### 3. Small and emerging business.

Vermont Mystic Pie Company is ending its second full year of production. The company was started in 2004 with privately raised seed funds. 2004 production matched the harvest season and was used as proof of concept in select VT markets. In 2005 the company moved to full production and expanded its distribution in select markets. In 2006 distribution expanded again to national grocery chains. Projections for 2007 to 2009 include further expansion into conventional grocery stores.

The Food Venture Center is a non-profit business incubator and employs fewer than 50 people.

No Vermont fruit or vegetable grower has gross revenues approaching \$1 million and very few employ more than a handful of people on a seasonal basis.

**4. Federal Integrity Act-** no known relationships or association with any of the applying organizations, or their employees, or Board Members with a USDA Rural Development employee.

**5. Program Accessibility-** This project will be accessible to employees and / or participants of the program that have disabilities. Parking facilities accommodate wheelchair vans, doorways, restrooms, meeting rooms and other public access areas are accessible to persons with special needs and our personnel manuals contain procedures for reasonable accommodations.



Committed to the future of rural communities.

**United States Department of Agriculture  
Rural Development  
Vermont/New Hampshire**

Mr. Anson Tebbetts, Deputy Secretary  
Vermont Agency of Agriculture, Food & Markets  
116 State St, Drawer 20  
Montpelier VT 05620-2901

June 19, 2007

**Subject: Rural Business Enterprise Grant  
Equipment Purchase & Related Technical Assistance**

Dear Anson:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the above grant application.

This letter is not to be considered as grant approval nor as a representation as to the availability of funds. The Agency file will be completed on the basis of a grant not to exceed \$19,908.00. The grant will be considered approved on the date that the signed copy of RD Form 1940-1, Request for Obligation of Funds, is mailed to you.

#### 1. PRESS RELEASE AND PUBLIC EVENTS

It is the general practice of Rural Development to issue a press release and/or hold a media event to announce the award of loan and/or grant funds. Our Public Affairs Specialist, Carolyn Lawrence will contact you for local feedback, quotes or assistance with preparing a news release and/or scheduling and planning an event.

However, if you are planning a press release or media event of your own, please contact Carolyn immediately at 1-802-828-6002 to avoid the duplication of efforts.

#### 2. PROJECT FUNDING

The grant funds will be used to purchase a Mobile Individual Quick Freeze (IQF) Unit and related technical assistance (Needs Assessment, Evaluation & Reports) to the Project.

City Center 3<sup>rd</sup> Floor • 89 Main Street • Montpelier, VT 05602  
802-828-6034 (v) 802-828-6037 (f) 802-223-6365 (tty) [sherry.paige@vt.usda.gov](mailto:sherry.paige@vt.usda.gov)  
<http://www.rurdev.usda.gov/vt>

*Committed to the future of rural communities*

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

The project is based on the following funding breakdown.

Grant	\$19,908
Applicant	\$25,500
Stakeholders	\$ 2,000
Total	\$47,408

### 3. APPLICANT ORGANIZATION

Assistance is being made available on the basis that your entity is legally organized public body and that you have provided the Agency evidence in the form of a Certificate of Organization.

### 4. GRANT AGREEMENT

Section B of RD Instruction 1942-G, Attachment 1, entitled "Responsibilities of the Grantee" constitutes the Grant Agreement for this project. This section shall become a permanent attachment to Form RD 1940-1, Request for Obligation of Funds. Your execution of this form constitutes acceptance of the provisions of the "Grant Agreement".

Since you will be acquiring personal property (equipment), a description of the property must be provided to the Agency. It should also be attached to your copy of the Grant Agreement.

### 5. SCOPE OF WORK

Any changes in the scope of work, project cost, source of funds, timeline, or any other significant changes in the project or applicant must be reported to and approved by the Agency by written amendment to this letter. Any significant changes not approved by the Agency can result in suspension or termination of grant funds.

### 6. PROJECT TIMELINE

This project is based on a timeline which will begin June 19, 2007 and end 9 months later on March 31, 2008. If an extension is needed, a request will be made to this office in writing.

### 7. ENVIRONMENTAL REQUIREMENTS

The Agency has determined that this technical assistance project is a general exclusion. As such, an environmental assessment for the proposed project is not required.

### 8. CITIZENSHIP CERTIFICATION

Grantee. As Grantee, by signing the Letter of Intent to Meet Conditions, you hereby certify that at least 51% of the outstanding interest in your organization have membership, or are owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.

Business Assisted. For each business assisted, the Grantee must certify that at least 51% of the outstanding interests in the business to be assisted, has membership or is owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence. A "Business Certification" form is attached for your use.

## 9. RURAL AREA CERTIFICATION

The proposed project must be located in and any small businesses assisted with Rural Business Enterprise Grant funds must be located in eligible rural areas for this program. The activities provided under this grant will benefit a rural area, the state of Vermont.

## 10. EQUAL OPPORTUNITY AND NONDISCRIMINATION

There are three levels of documentation required: First by the Grantee, secondly by the owners of each business or organization assisted and thirdly the employees of each business or organization assisted.

Grantee An "Equal Opportunity is the Law" poster must be displayed at your office in a conspicuous area of employee use and an "And Justice for All" poster must be displayed in a public place where potential loan applicants/members/technical assistance recipients will see it.

Owners of the Business As Grantee, you are required to obtain from the owner of each of the businesses assisted information on the owners gender, race and ethnicity. This information is collected using the "Business Certification" form and will be collected from VT Mystic Pie Co., the VT Vegetable & Berry Growers Association and the VT Food Venture Center.

Employees of Businesses Assisted In addition, each business assisted must execute RD Form 400-4, Assurance Agreement. Each business is also required to collect and maintain records documenting the gender, race and ethnicity of their employees. A recommended format for collecting this information is attached.

Period of Collection and Monitoring of Data The Grantee and businesses assisted will be required to collect and maintain the gender, race and ethnicity information throughout the active period of the grant. A Civil Rights Compliance Review, based in part on the review of this documentation, will be conducted every three years or for the useful life of the equipment. This data must be collected at the time the technical assistance is provided.

## 11. PROCUREMENT REQUIREMENTS

Grantee procurements (by purchase, rental or barter) of supplies, equipment and services must comply with Subpart S of 7 CFR, Part 3015, 3016, 3017, 3018 or 3019 as appropriate. These regulations addresses grantee standards of conduct, open and free competition, procurement methods, access to contractor records and equal employment opportunity requirements.

A single procurement over \$25,000 must include competition in the selection process. In addition, Form AD 1048, Certification Regarding Debarment -Lower Tier Transactions, must be completed and executed by each contractor(s) selected.

## 12. PROPERTY MANAGEMENT RECORDS

In accordance with the Grant Agreement, property management records must be maintained for all property acquired with Agency grant funds which has a useful life of more than one year and a unit acquisition cost of \$300 or more. For items with a unit acquisition cost of \$1,000 or more, a description will be provided to the Agency for inclusion in the Grant Agreement.

### 13. DISPOSITION OF PROPERTY

Refer to RD Instruction 1942-G, Attachment 1, Section B, paragraph III (A) (3) regarding disposition of real or non-expendable personal property. Should the property be no longer needed, the Grantee must contact the Agency for disposition instructions.

Should the Grantee choose to sell equipment financed with grant funds, you will be required to reimburse the Agency based on the percentage of Federal participation in the total cost of the property that was acquired to the current fair market value for the property being sold. The percentage of federal participation at the time of the execution of this letter of conditions is 50%. If you choose to purchase new IQF equipment with the sales proceeds, you will need to provide our office with the serial number, model, acquisition cost and expected useful life.

### 14. ACKNOWLEDGEMENT OF FEDERAL FUNDING IN MATERIALS DEVELOPED WITH GRANT FUNDS

All materials developed in whole or part with the proceeds of this grant shall contain notice and be identified by language to the following effect:

“This document is the result of tax-supported funding from USDA, Rural Development, to the VT Agency of Agriculture through a Rural Business Enterprise Grant and as such is not copyrightable. It may be reprinted with the customary crediting of the source”.

This includes feasibility study, business or marketing plans, needs assessment, evaluation reports, preliminary cost estimates, etc. If you have any questions, please contact our office for clarification.

### 15. DISBURSEMENT OF FUNDS

The Agency will disburse grant funds by Electronic Funds Transfer on a reimbursement basis. Ordinarily, requests should not be more often than monthly. Your financial management system shall provide for effective control and accountability of all funds, property and other assets. Grantee shall adequately safeguard all such assets and shall assure that funds are used solely for authorized purposes.

Requests for reimbursement will be submitted to the Agency using Standard Form 270, "Request for Advance or Reimbursement". This form can be accessed via <http://www.whitehouse.gov/omb/grants/forms.html>

To ensure timely payment, the attached "Information for Electronic Fund Transfer" must be completed and returned to the Agency as soon as possible.

### 16. INSURANCE AND BONDING

You must provide satisfactory evidence to the Agency that all officers or employees authorized to receive and/or disburse Federal funds are covered by adequate bonding and/or insurance. Coverage can be obtained through a fidelity bond for the person handling the funds or an employee dishonesty insurance policy. A minimum of \$19,908.00 coverage should be maintained until all grant funds are released.

B. Final Narrative Report: The final report may serve as the last quarterly report. We recommend you review your approved Scope of Work/Work Plan to be certain you address all objectives and goals. The final report is due within 90 days of the end of your approved timeline/grant period.

The Narrative Report should include the following:

1. Copy of Needs Assessment developed.
2. Copy of the Evaluation of the Growers, Food Processors and Distributors.
3. Summary of businesses assisted, including gender, race and ethnicity information.
4. The number of jobs created and/or saved as a result of this grant. Originally .5 at VFVC, .5 at VT Mystic Pie and 3 at the VT Vegetable & Berry Growers Association. In addition, at least 15 growers will be impacted by this grant.
5. Copy of the use log for this equipment during the first season of use.

Note: USDA Rural Development reserves the right to request information directly from the businesses that you assisted. This may assist in determining the impacts, performance, effectiveness and measurable outcomes of our grant programs.

#### D. Audit Report

Grantees must provide an annual audit in accordance with 7 CFR part 3052. The audit requirements apply to the years in which grant funds are received and years in which work is accomplished that will be paid for with grant funds.

If you expend \$500,000 or more a year in Federal assistance, you must have a single or program specific audit conducted for that year in accordance with OMB Circular A-133.

If you expend less than \$500,000 a year in Federal assistance, you are exempt from Federal audit requirements for that year. However; you must provide a copy of your fiscal year-end financial statement to the Agency.

Please sign the attached form RD 1942-46, "Letter of Intent to Meet Conditions", and Form RD 1940-1, "Request for Obligation of Funds", if you desire that further consideration be given to your application. In signing you are agreeing to comply with the conditions outlined in this letter as soon as possible but no later than 90 days.

Sincerely,



SHERRY L. PAIGE  
Business Programs Specialist

## 17. REPORTS TO THE AGENCY

Reporting requirements will be submitted as one complete package to the Agency to avoid duplication. Forms may be found at: <http://www.whitehouse.gov/omb/grants/forms.html> They can be filled in online and printed out, signed and forwarded to our office with the narrative summary report.

To avoid delays in processing requests for reimbursement, you must remain in compliance with the reporting requirements. Failure to submit required quarterly financial reports could result in the suspension of the project and the discontinuance of funding reimbursements.

### A. Quarterly Reports During Project Completion:

Forms SF-269, "Financial Status Report", and a Narrative Report are required on a quarterly basis (for period of January 1 through March 31 report is due on or before April 30, for period of April 1 through June 30 report is due on or before July 31, for period of July 1 through September 30 report is due on or before October 31 and finally for period of October 1 through December 31 report is due on or before January 31).. You should constantly monitor performance to ensure that the time schedules are being met, project work by time periods is being accomplished, and other performance objectives are being achieved.

Your Financial Status Reports must include all Federal, non-Federal and in-kind financial contributions to the project.

The Narrative Report should include the following:

1. A summary of what was accomplished during the quarter.  
Refer to your identified goals and objectives from the approved Scope of Work/Work Plan. If established objectives were not met this must be explained. For RBEG: include necessary certifications of businesses assisted (\$1 mil or less gross revenues, citizenship % and less than 50 employees, as well as gender, race and ethnicity statistics) Provide documents as developed with grant funds.
2. Any problems, delays, or adverse conditions which will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular project work elements during established time periods should be explained. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and
3. Objectives and activities planned for the next reporting period.

Your "in-kind" expenses must be shown on Standard Form 269, "Financial Status Report". Your organization must maintain internal documentation in the event of a future audit to verify the in-kind amount reported. You are accountable for maintaining accurate records.

Your application included an "in-kind" contribution of \$4,500.00 which includes \$2,500.00 for the evaluation of the Growers, Food Processors and Distributors and \$2,000.00 for the Interim and Final Reports preparation.

Failure to properly track financial contributions could result in the suspension of the project and the discontinuance of funding reimbursements.

CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL Attachment

*AM*

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. YES NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Date June 19, 20 07

Vermont Agency of Agriculture, Food & Markets By: (Signature of Applicant)

Date 6-20-07

Anson Tebbetts (Signature of Co-Applicant)

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

Rhonda L. Shippee (Signature of Approving Official)

Date Approved: 06-19-2007

Title: Business & Cooperative Programs Director

38. TO THE APPLICANT: As of this date 6-27-2007, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

# Request For Obligation Of Funds

Borrower : State of Vermont, Agency of Agr, Food & Markets

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## *Comments And Requirements Of Certifying Official*

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Vermont Agency of Agriculture, Food & Markets Rural Business Enterprise Grant \$19,908 FY 07

The Grantee understands the requirements for receipt of funds under the Rural Business Enterprise grant program. The grantee assures and certifies that it is in compliance with and will continue to comply with all applicable laws; regulations; Executive Orders; and other generally applicable requirements, including those contained in 7 CFR part 1942, subpart G, Attachment 1, "General Requirements for Administration of Rural Business Enterprise and Television Demonstration Grants," 7 CFR parts 3015, 3016, 3017, 3018, and 3019 and 3052, including revisions through June 19, 2007; approved Scope of Work/Work Plan, and the Letter of Conditions dated June 19, 2007.

# Vermont Agency of Agriculture, Food & Markets

## Rural Business Enterprise Grant Program

### Grant Agreement

**\$19,908.00**

**June 19, 2006**

#### Section B

##### III. Responsibilities of the Grantee

This section contains information regarding the responsibilities of the grantee for receipt of monies under the RBE/television demonstration grant program. This section shall become a permanent attachment to Form RD 1940-1 as outlined in Section A, paragraph II. H. of this Attachment. These requirements do not supersede the requirement for receipt of Federal funds as stated in Parts 3015, 3016, and 3019 of the Uniform Federal Assistance Regulations; however, specific areas related to the RBE/television demonstration grant program are cited below. (Revised 07-16-03, PN 361.)

Grantee agrees to:

A. Comply with property management standards established by 7 CFR Parts 3015, 3016, and 3019 for real and personal property. "Personal property" means property of any kind except real property. It may be tangible - having physical existence - or intangible - having no physical existence; such as patents, inventions, and copyrights. "Nonexpendable personal property" means tangible personal property having a useful life of more than 1 year and an acquisition cost of \$300 or more per unit. A grantee may use its own definition of nonexpendable personal property provided that such definition would at least include all tangible personal property as defined above. "Expendable personal property" refers to all tangible personal property other than nonexpendable property. When real property or nonexpendable property is acquired by a grantee with project funds, title shall not be taken by the Federal Government but shall be vested in the grantee subject to the following conditions: (Revised 07-16-03, PN 361.)

1. Right to transfer title. For items of real or nonexpendable personal property having a unit acquisition cost of \$1,000 or more, the Agency may reserve the right to transfer the title to the Federal Government or to a third party named by the Federal Government when such third party is otherwise eligible under existing statutes. Such reservation shall be subject to the following standards:

a. The property shall be appropriately identified in the grant or otherwise made known to the grantee in writing.

b. The Agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Agency fails to issue disposition instructions within the 120 calendar day period, the grantee shall apply the standards of Section B, paragraphs III. A. 2. and 3. of this Attachment.

c. When the Agency exercises its right to take title, the personal property shall be subject to the provisions for federally owned nonexpendable property discussed in Section B, paragraphs III. A. 2. and 3. of this Attachment.

d. When title is transferred either to the Federal Government or to a third party and the grantee is instructed to ship the property elsewhere, the grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

2. Use of other real or nonexpendable personal property for which the grantee has title.

a. The grantee shall use the property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When it is no longer needed for the original project or program, the grantee shall use the property in connection with its other federally sponsored activities in the following order of priority:

i. Activities sponsored by Rural Development.

ii. Activities sponsored by other Federal agencies.

b. Shared use. During the time that nonexpendable personal property is held for use on the project or program for which it was acquired, the grantee shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the property was originally acquired. First preference for such other use shall be given to projects or programs sponsored by Rural Development; second preference shall be given to projects or programs sponsored by other Federal agencies. If the property is owned by the Federal Government, use for other activities not sponsored by the Federal Government shall be permissible if authorized by Rural Development. User charges should be considered, if appropriate.

3. Disposition of real or nonexpendable personal property. When the grantee no longer needs the property as provided in Section B, paragraph III A 2 of this Attachment, the property may be used for other activities in accordance with the following standards:

a. Personal property with a unit acquisition cost of less than \$1,000. The grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

b. Real or nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The grantee may retain the property for other use provided that compensation is made to Rural Development or its successor. The amounts of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to current fair market value of the property. If the grantee has no need for the property and the property has further use value, the grantee shall request disposition instructions from the original grantor agency.

c. Rural Development shall determine whether the property can be used to meet the agency's requirements. If no need exists within Rural Development, the General Services Administration's Federal Property Management Regulations (FPMR) will be used by Rural Development to determine whether a need for the property exists in other Federal agencies. Rural Development shall issue instructions to the grantee no later than 120 days after the grantee request and the following procedures shall govern:

i. If so instructed, or if disposition instructions are not issued within 120 calendar days after the grantee's request, the grantee shall sell the property and reimburse Rural Development an amount computed by applying to the original project or program. However, the grantee shall be permitted to deduct and retain from the Federal share \$100 or 10 percent of the proceeds, whichever is greater, for the grantee's selling and handling expenses.

ii. If the grantee is instructed to dispose of the property other than as described in Section B, paragraphs III A 2 and 3 of this Attachment, the grantee shall be reimbursed by Rural Development for such costs incurred in its disposition.

iii. Property management standards for nonexpendable personal property. The grantee's property management standards for nonexpendable personal property shall include the following procedural requirements:

a. Property records shall be maintained accurately and shall include:

i. A description of the property.

ii. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

iii. Sources of the property including grant or other a agreement number.

iv. Whether title vests in the grantee or the Federal Government.

v. Acquisition date (or date received, if the property was furnished by the Federal Government) and cost.

vi. Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired. (Not applicable to property furnished by the Federal Government).

vii. Location, use, and condition of the property and the date the information was reported.

viii. Unit acquisition cost.

ix. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a grantee compensates the Federal agency for its share.

b. Property owned by the Federal Government must be marked to indicate Federal ownership.

c. A physical inventory of property shall be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The grantee shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

d. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or the theft of nonexpendable property shall be investigated and fully documented; if the property was owned by the Federal Government, the grantee shall promptly notify Rural Development.

e. Adequate maintenance procedures shall be implemented to keep the property in good condition.

f. Where the grantee is authorized or required to sell the property, proper sales procedures shall be established which would provide for completion to the extent practicable and result in the highest possible return.

g. Expendable personal property shall vest in the grantee upon acquisition. If there is a residual inventory of such property exceeding \$1,000 in total aggregate fair market value, upon termination or completion of the grant and if the property is not needed for any other federally sponsored project or program, the grantee shall retain the property for use on non-federally sponsored activities, or sell it, but must, in either case, compensate the Federal Government for its share. The amount of compensation shall be computed in the same manner as nonexpendable personal property.

This Attachment covers the following described personal property and any additional property acquired wholly or in part with grant funds (use continuation sheets as necessary):

**Grant proceeds will be disbursed to acquire personal property - a Mobile Quick Freeze Unit.**

ABT

<u>Serial #</u>	<u>Model</u>	<u>Original Acquisition Cost</u>	<u>Useful Life</u>
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When real property is no longer needed as provided above, return all real property, furnished or purchased wholly with Federal grant funds to the grantor. In the case of property purchased in part with Federal grant funds, the grantee may be permitted to take title to the Federal interest therein upon compensating the Federal Government for its fair share of the property. The Federal share of the property shall be the amount computed by applying the percentage of the Federal participation in the total cost of the grant program for which the property was acquired to the current fair market value of the property.

This Attachment covers the following described real property purchased/to be purchased wholly or in part with grant funds (use continuation sheets as necessary):

**Grant proceeds will not be disbursed to acquire real estate property.**

ABT

B. Cause said program to be completed within the total sums available to it, including said grant, in accordance with the program plan and any necessary modifications thereof prepared by grantee and approved by grantor.

C. Permit periodic inspection of the program operations by a representative of grantor.

D. Make the program available to all persons in grantee's service area without regard to race, color, national origin, religion, sex, marital status, age, physical or mental handicap who have also received Rural Development related assistance from the grantee.

E. Not use grant funds to replace any financial support previously provided or assured from any other source. The grantee agrees that the general level of expenditure by the grantee for the benefit of program area and/or program covered by this attachment shall be maintained and not reduced as a result of the Federal share of funds received under this grant.

F. No nonexpendable personal property to be owned or used by the borrower or its affiliate(s) for use other than the grant purposes will be acquired wholly or in part with grant funds.

G. Use of the property including land, land improvement, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed. The grantee shall obtain approval of the grantor before using the real property for other purposes when the grantee determines that the property is no longer needed for the original grant purposes.

H. Provide financial management systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supporting activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over, and accountability for, all funds. Grantees shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

I. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least 3 years after grant closing except that the records shall be retained beyond the 3-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the grantee governments which are pertinent to the specific grant program for the purpose of making audit, examination, excerpts, and transcripts.

J. Provide information as requested by the grantor to determine the need for and complete any necessary environmental assessments or Environmental Impact Statements.

K. Grantees expending \$300,000 or more of Federal assistance in the year(s) that Agency grant funds are expended shall submit an audit in accordance with OMB Circular A-133 as codified in 7 CFR 3052. Grantees that expend less than \$300,000 a year in Federal award are exempt from Federal audit requirements for that year except as noted in 7 CFR 3052.215(a), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and General Accounting Office. (Revised 07-17-02, PN 348.)

L. Provide grantor with such periodic reports as it may require and permit periodic inspection of its operations by a designated representative of the grantor.

M. Not to encumber, transfer, or dispose of the property or any part thereof, furnished by the grantor or acquired wholly or in part with grantor funds without the written consent of the grantor except as provided in Section B, paragraph III. A. of this Attachment.

N. Execute Form RD 400-1, Form RD 400-4, and any other agreements required by grantor to implement the civil rights requirements. If any such form has been executed by grantee as a result of a loan being made to grantee by grantor contemporaneously with the making of this grant, another form of the same type need not be executed in connection with this grant.

O. In contracts in excess of \$2,000 and in other contracts in excess of \$2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5). Applies only where Davis Bacon requirements apply.

P. Include in all contracts in excess of \$100,000 a provision for compliance with all applicable standards, orders, or regulations issued pursuant to the Clear Air Act of 1970. Violations shall be reported to the grantor and the Regional Office of the Environmental Protection Agency.

Q. Upon any default under its representations or agreements set forth in this instrument, grantee, at the option and the demand of grantor, will, to the extent legally permissible, repay to grantor forthwith the original principal amount of the grant stated hereinabove, with interest equal to the rate of interest paid on U.S. 26-week Treasury Bills adjusted quarterly from the date of the default. The provisions of this Attachment may be enforced by grantor at its option and without regard to prior waivers by it of previous defaults of grantee, by judicial proceedings to require

specific performance of the terms of this Attachment or by such other proceedings in law or equity, in either Federal or State courts as may be deemed necessary by grantor to ensure compliance with the provisions of this Attachment and the laws and regulations under which this grant is made.

R. That no member of Congress shall be admitted to any share or part of this grant or any benefit that may rise therefrom; but this provision shall not be construed to bar as a contractor under the grant a publicly held corporation whose ownership might include a member of Congress.

S. That all non-confidential information resulting from its activities shall be made available to the general public on an equal basis.

T. That the purpose and Scope of Work for which this grant is made shall not duplicate programs for which monies have been received, are committed, or are applied to from other sources, public or private.

U. That grantee shall relinquish any and all copyrights and/or privileges to the materials developed under this grant, such material being the sole property of the Federal Government. In the event anything developed under this grant is published in whole or in part, the material shall contain notice and be identified by language to the following effect: "The material is the result of tax-supported research and as such is not copyrightable. It may be freely reprinted with the customary crediting of the source."

V. That the grantee shall abide by the policies promulgated in 7 CFR Parts 3015, 3016, and 3019 which provides standards for use by grantees in establishing procedures for the procurement of supplies, equipment, and other services with Federal grant funds. (Revised 07-16-03, PN 361.)

W. To the following termination provisions:

1. Termination for cause: The grantor agency may terminate any grant in whole, or in part, at any time before the date of completion, whenever it is determined that the grantee has failed to comply with the conditions of the grant. The grantor agency shall promptly notify the grantee in writing of the determination and the reasons for termination, together with the effective date.

2. Termination for convenience: The grantor agency or grantee may terminate grants in whole, or in part, when both parties agree that the continuation of the program would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon the termination conditions, including the effective date, and in the case of partial terminations, the portion to be

terminated. The grantee shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The grantor agency shall allow full credit to the grantee for the Federal share of the non-cancelable obligations, properly incurred by the grantee prior to termination.

X. That grantee will remit interest earned on grant funds deposited in an interest bearing account in accordance with 7 CFR Parts 3015, 3016, and 3019. (Revised 07-16-03, PN 361.)

Enclosures:

1942-G, Attachment 1, Section B, Responsibilities of Grantee (Grant Agreement)  
1942-46, Letter of Intent to Meet Conditions  
1940-1, Request for Obligation of Funds  
Electronic Funds Transfer Information Sheet  
Management of Discretionary Federal Grants/Recipient's Best Management Practices  
Worksheet for Obtaining Civil Rights Information A (3)  
Sample format for obtaining Civil Rights and Equal Opportunity Information  
AD-1048, Certification Regarding Debarment, Suspension, Ineligibility  
And Voluntary Exclusion –Lower Tier Covered Transactions  
Business Certification  
'And Justice For All' poster  
'Equal Opportunity is the Law' poster  
RD 400-1, Equal Opportunity Agreement  
RD 400-4, Assurance Agreement

Not enclosed are:

SF 270, Request for Reimbursement and SF 269, Financial Status Report (long form)  
These forms can be filled in online and printed out at:  
<http://www.whitehouse.gov/omb/grants/forms.html>  
7 CFR, Part 3015, 3016, 3017, 3018, 3019 and 3052 These regulations can be found at:  
<http://www.fs.fed.us/r6/coop/programs/regs/regulations.htm>