

**DEPARTMENT OF AGRICULTURE**  
**AGRICULTURE DEVELOPMENT DIVISION**

**REGULATION NO.351 JULIAN STILLE VALUE-ADDED AGRICULTURAL  
DEVELOPMENT FUND**

(By authority conferred on the department of agriculture by section 2 of 2000 PA 322, MCL 285.302)

**PART 1. GENERAL PROVISIONS**

**R 285.351 Definitions.**

Rule 1. (1) As used in these rules:

- (a) "Act" means sections 1 and 2 of 2000 PA322, MCL 285.301 and 285.302.
- (b) "Applicant" means any 1 of the following entities that does, or applies to do, value-added agricultural processing or related agricultural production operations, or both, in the state of Michigan:
  - (i) An individual.
  - (ii) A farmer-owned cooperative.
  - (iii) A partnership.
  - (iv) A limited liability company.
  - (v) A private or public corporation.
  - (vi) A local unit of government.
  - (vii) A producer-funded commodity organization that is legislatively authorized in Michigan.
- (c) "Application instructions" means the document issued by the department to applicants that describes information required to participate in the agricultural development fund program in the given state fiscal year.
- (d) "Business plan" means the documents that define the business, identify the goals, and serve as the firm's resume. The basic components include a current and pro forma balance sheet, an income statement, and a cash flow analysis.
- (e) "Department" means the Michigan department of agriculture.
- (f) "Director" means the director of the department or his or her designee.
- (g) "Feasibility study" means a written study document that consists of an expert analysis of all of the following elements of the proposed venture:
  - (i) Economic feasibility.
  - (ii) Market feasibility.
  - (iii) Technical feasibility.
  - (iv) Financial feasibility.
  - (v) Management feasibility.
- (h) "Grantee" means any applicant to whom the director has awarded a grant from the agricultural development fund on the project proposal.
- (i) "Job" means a direct employment position with the grantee created or retained as a result of the completion of the project and expressed in terms of a full-time equivalent as defined by the United States department of labor.

(j) "Public notification" means 1 or more press releases sent to appropriate Michigan news media outlets and a public posting on the department's web site.

(k) "Project" means a venture or an activity, which is funded or proposed to be funded from the agriculture development fund.

(1) "Risk management" means the level at which the applicant minimizes exposure to financial risk.

(2) Any financial terms or definitions shall be consistent with generally accepted accounting principles, unless otherwise defined in these rules.

(3) The terms defined in the act have the same meanings when used in these rules.

History: 2002 AACCS; 2006 AACCS.

### **R 285.352 Application, submittal, election criteria, scoring, and decision process.**

Rule 2.(1) The department may conduct a grant program using monies from the agricultural development fund pursuant to the purposes and provisions of the act and may utilize up to 5% of the fund for administrative support of grant processing and compliance. The program shall be a competitive grant program and applicants shall make an application for monies from the fund pursuant to the act and these rules.

(2) An application for a grant from the agricultural development fund shall be made on a form or format prescribed by the department for the purpose or purposes described in the act.

(3) Not less than 60 days before the application deadline, as determined by the director, the department shall make a public notification of the grant program, including information on the application form and application instructions that include the grant evaluation criteria. The director may indicate certain priority program initiatives or classes of agricultural commodities and products in the application instructions based upon programmatic or funding changes for each fiscal year.

(4) An application for a grant shall be directed into 1 of the following 5 program categories:

(a) Detailed business plan development that incorporates a specific marketing strategy and specifically outlines the working capital and financial needs, management structure, construction, production, marketing, and distribution needs.

(b) Market research and/or market development project for a product(s) and/or service(s) prepared by an industry consultant.

(c) Innovative technology or technical assistance, including feasibility studies, that will enhance and support the commercialization of value-added products.

(d) Upgrading, enhancements, and acquisitions to buildings, equipment, utility modifications and improvements, transportation installations, telecommunications infrastructure, or other infrastructure improvements.

(e) Facility purchase and/or construction, including property and/or land acquisition and assembly, demolition, and site development.

The department may apportion available grant funds in any manner for the 5 program categories in the application instructions.

(5) The department may update the application instructions each fiscal year. The department may also issue amended or subsequent application instructions after the

initial application deadline based upon priority program initiatives, programmatic, or funding changes in a given fiscal year.

(6) The application review process shall proceed as follows:

(a) Upon receipt of an application, the department shall determine if the application is complete or is lacking necessary information. If the application is found to be complete, the department may forward the application, if appropriate, to the joint evaluation committee. If the application is found to be incomplete, the department may reject the application or request additional information.

(b) The department's determination to approve or reject a completed application shall be based on the selection criteria and scoring system in subrules (8) to (12) of this rule. The director may appoint a joint evaluation committee for its review and scoring of the applications. The joint evaluation committee may divide into subcommittees. The joint evaluation committee or subcommittees shall evaluate and rank all applications based on the selection criteria and scoring system in subrules (8) and (12) of this rule. The joint evaluation committee shall have relevant business, management, or professional expertise. A joint evaluation committee subcommittee that is evaluating and ranking applications based on the selection criteria and scoring system shall be made up of nonapplicants and parties who do not have a conflict of interest. Each complete application shall receive a score and rank from the joint evaluation committee together with a recommendation to approve the application, reject the application, or request additional information.

(7) The department review and approval process shall be completed within 90 days of the established application deadline.

(8) An application for a grant for business plan development shall be evaluated according to all of the following selection criteria:

(a) Expected benefit to the Michigan agricultural and food industry and the local economic impact. A score of 0 to 20 points will be awarded based on perceived benefit.

(b) Analysis of proposed project in terms of business and market planning. A score of 0 to 20 points will be awarded based on the perceived benefit of a business development plan.

(c) Clear project proposal with specific, measurable outcomes. A score of 0 to 50 points will be awarded based on the clarity of the proposal.

(d) A score of 0 to 10 points will be awarded based on the level of matching funds. In-kind contributions shall not be counted as match.

(9) An application for a grant for market research or market development projects shall be evaluated according to all of the following selection criteria:

(a) Expected benefit to the Michigan agricultural and food industry and the local economic impact. A score of 0 to 20 points will be awarded based on perceived benefit.

(b) Analysis of proposed project in terms of business and market planning. A score of 0 to 20 points will be awarded based on the perceived benefit of market research or market development.

(c) Clear project proposal with specific, measurable outcomes. A score of 0 to 50 points will be awarded based on the clarity of the proposal.

(d) A score of 0 to 10 points will be awarded based on the level of matching funds. In-kind contributions shall not be counted as match.

(10) An application for a grant for technical assistance shall be evaluated according to all of the following selection criteria:

(a) Expected benefit to the Michigan agricultural and food industry and the local economic impact. A score of 0 to 20 points will be awarded based on perceived benefit.

(b) A current business plan including the added benefit of the technical assistance. A score of 0 to 30 points will awarded for the benefit of the technical assistance to the business plan.

(c) Clear project proposal with specific, measurable outcomes. A score of 0 to 40 points will be awarded based on the clarity of the proposal.

(d) A score of 0 to 10 points will be awarded based on the level of matching funds. In-kind contributions shall not be counted as match.

(11) An application for a grant for upgrades and enhancements shall be evaluated according to all of the following selection criteria:

(a) Expected benefit to the Michigan agricultural and food industry and the local economic impact. A score of 0 to 20 points will be awarded based on perceived benefit.

(b) A current business plan including the added benefit of the upgrades and enhancements. A score of 0 to 30 points will be awarded based on the business plan.

(c) Clear project proposal with specific, measurable outcomes. A score of 0 to 40 points will be awarded based on the clarity of the proposal.

(d) A score of 0 to 10 points will be awarded based on the level of matching funds. In-kind contributions shall not be counted as match.

(12) An application for a grant for facility and/or land assistance shall be evaluated according to all of the following selection criteria:

(a) Expected benefit to the Michigan agricultural and food industry and the local economic impact. A score of 0 to 20 points will be awarded based on perceived benefit.

(b) A current feasibility study and business plan. A score of 0 to 40 points will be awarded based on the feasibility study and business plan.

(c) Clear project proposal with specific, measurable outcomes. A score of 0 to 30 points will be awarded based on the clarity of the proposal.

(d) A score of 0 to 10 points will be awarded based on the level of matching funds. In-kind contributions shall not be counted as match.

(13) The director of the department shall have final approval of grants made under the act and the department shall provide grants for reimbursement of approved expenses incurred by the grantee which may be divided into partial payments.

History: 2002 AACCS; 2006 AACCS.

### **R 285.353 Eligibility and documentation required.**

Rule 3. (1) An applicant for funding shall complete an application containing all of the following:

(a) A clear description of a proposed project or projects stating how the project is designed to establish, retain, expand, attract, or develop value-added agricultural processing and related agricultural production operations in this state.

(b) Documentation that the applicant or its designated business venture has been established according to state law, is in good standing, and is not in default of any federal, state, or local taxes.

(c) Measurable outcomes of the project. All jobs that are created or retained shall be clearly a direct result of the project. The expected impact of the project on the local economy shall be identified.

(d) Documentation of guaranteed matching funds shall be provided.

(e) A record or portion of a record, material, or other data received, prepared, used, or retained in connection with an application to, or with a project or product assisted by, a grant that relates to financial or proprietary information submitted by the applicant that is considered by the applicant and acknowledged by the review panel as confidential shall not be subject to the disclosure requirements of the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(2) The director shall authorize department staff and members of the joint evaluation committee to sign and abide by confidentiality statements for trade secrets or commercial or financial information voluntarily provided to the department by applicants upon a promise of confidentiality as authorized by the director, and is exempt from disclosure under 1976 PA 442, MCL 15.231 et seq.

History: 2002 AACS; 2006 AACS.

## **PART 2. REPORTING AND COMPLIANCE REQUIREMENTS**

### **R 285.354 Contractual agreements.**

Rule 4. A contractual agreement between the department and the grantee is required for all projects authorized under the act. This agreement will detail the terms and conditions of the approved project between the department and the grantee.

History: 2002 AACS; 2006 AACS.

### **R 285.355 Rescinded.**

History: 2002 AACS; 2006 AACS.

### **R 285.356 Rescinded.**

History: 2002 AACS; 2006 AACS.