AGENDA ITEM ACTION REQUEST

	Meeting Date: July 26, 2011 **Meeting Type**: Regular _×_ Special ___
Requestor: _×_ Manager ___ City Attorney _×_ Department ___ Other *Econ. Development*	**Item**: Request for Council endorsement of Resolution to accept USDA Rural Business Enterprise Grant (RBEG).
Reviewed: _×_ Manager ___ City Attorney _×_ Department ___ Other *Econ. Development*	**Review:** The Economic Development Department applied for a Rural Business Enterprise Grant (RBEG) through the U.S. Department of Agriculture/Rural Development for the creation of a revolving loan fund. The City was notified on July 12 that the application was successful and that USDA Rural Development has fully funded Harrisonburg's request. Federal regulations require City Council to adopt the attached resolution in accepting the federal funding. The City applied for this competitive federal grant in the amount of $99,500.00. A required local match of $24,500 would be provided by the Economic Development Department and would come from existing budgeted funds. Upon Council approval, the Economic Development Department will establish the administrative structure for the program, including a loan review panel, and will begin marketing the revolving loan fund to the Harrisonburg business community. The attachment provides a general overview of the program.
Recommend: _×_ Yes ___ No _×_ Manager ___ City Attorney _×_ Department ___ Other *Econ. Development*	
	Attachments: 1. RBEG information sheet. 2. Resolution a. Attached documents

Committed to the future of rural communities.

Business and Cooperative Programs

The RBEG program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses help fund business incubators, and help fund employment related adult education programs. To assist with business development, RBEGs may fund a broad array of activities.

How much are the grants?
There is no required maximum level of grant funding. However, smaller projects are given higher priority. Generally grants range $10,000 up to $500,000

Who is eligible?
Rural public entities (towns, communities, State agencies, and authorities), Indian tribes and rural private non-profit corporations are eligible to apply for funding. At least 51 percent of the outstanding interest in any project must have membership or be owned by U.S. citizens or resident aliens.

What types of projects are eligible?
The RBEG program is a broad based program that reaches to the core of rural development in a number of ways. Examples of eligible fund use include: Acquisition or development of land, easements, or rights of way; construction, conversion, renovation of buildings, plants, machinery, equipment, access streets and roads, parking areas, utilities; pollution control and abatement; capitalization of revolving loan funds including funds that will make loans for start ups and working capital; training and technical assistance; distance adult learning for job training and advancement; rural transportation improvement; and project planning. Any project funded under the RBEG program should benefit small and emerging private businesses in rural areas. Small and emerging private businesses are those that will employ 50 or fewer new employees and have less than $1 million in projected gross revenues.

How to Apply
To apply for funding for the RBEG program, please contact your Rural Development State Office.

Availability of Funds
Each year, Congress provides program funding as called for in the Federal Budget. Fiscal Year funding levels will be made available as soon as possible after the beginning of each Fiscal Year.

RESOLUTION OF GOVERNING BODY OF
CITY OF HARRISONBURG

The governing body of _City of Harrisonburg, **consisting of five (5) members, in a duly called meeting held on the 26 day of July, 2011 at which a quorum was present, RESOLVED as follows:**

BE IT HEREBY RESOLVED that, in order to facilitate obtaining financial assistance through a Rural Business Enterprise Grant from the USDA, Rural Development in order to provide financing to small and emerging businesses in Harrisonburg (county or town), and surrounding areas, the governing body does hereby adopt and abide by the covenants contained in the following agreements:

1. **"Letter of Conditions", dated July 14, 2011**
2. **Scope of Work**
3. **Form RD 1942-46, "Letter of Intent To Meet Conditions"**
4. **Form RD 1940-1, "Request For Obligation of Funds"**
5. **Form RD 400-1, "Equal Opportunity Agreement"**
6. **Form RD 400-4, "Assurance Agreement"**
7. **Form AD-1047, "Certification Regarding Debarment, Suspension, and other responsibility Matters-Primary Covered Transactions"**
8. **Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants)"**
9. **RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants, and Loans Regarding Lobbying"**
10. **SF-LLL, "Disclosure Form to Report Lobbying"**

BE IT FURTHER RESOLVED that the Economic Development Director, (Title) of City of Harrisonburg, be authorized to execute, on behalf of the governing board, the above agreements and to execute such other documents including, but not limited to, debt or grant instruments and security instruments as may be required in obtaining the said financial assistance.

This Resolution, along with a copy of the above-named documents, is hereby entered into the permanent minutes of the meeting of this Committee.

CITY OF HARRISONBURG

Attest:

_____ **By:** _____

CERTIFICATION

I hereby certify that the above resolution was duly adopted by the City Council of Harrisonburg, in a duly assembled meeting on the 26 day of July, 2011.

_____
Secretary/Clerk

USDA Rural Development

United States Department of Agriculture
Rural Development

Virginia State Office

June 14, 2011

Mr. Brian Shull
Director of Economic Development
City of Harrisonburg
345 South Main Street
Harrisonburg, Virginia 22801

Dear Mr. Shull:

This letter establishes conditions which must be understood and agreed to by you and your organization before further consideration may be given to your Rural Business Enterprise Grant (RBEG) application.

The proposed project is for the establishment of a Revolving Loan Fund (RLF) to assist small and emerging businesses in City of Harrisonburg, Virginia and its localities. This letter is not to be considered as grant approval or as representation as to the availability of funds.

The docket may be completed on the basis of a Rural Development (RD) grant not to exceed $99,500, and other funding in the amount of $24,875, from the grantee, for a total project cost of $124,375. After providing for all authorized costs, any remaining RD project funds will be considered RD grant funds and refunded to RD.

The project is based on the funding breakdown in Attachment 1.

The time frame for the project is **July 1, 2011** to **June 30, 2012**. Any grant funds that remain unused at the end of this project period, will be deobligated and shall be no longer available to your organization. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by RD by written amendment to this letter. Any changes not approved by RD shall be cause for discontinuing processing of the application.

It is the policy of USDA and RD that: No person shall be discriminated against on the grounds of race, color, religion, gender, national origin, age, or disability in employment or in any program or activity conducted or assisted by RD. This policy must be communicated to the public through all appropriate changes, in English and other languages when appropriate, and in mediums that reach persons with hearing and sight impairments, when necessary to ensure total understanding.

Through your receipt of federal loans and/or grants and/or non-mandatory federal assistance, you and/or your organization become(s) the "recipient" of federal financial assistance. By law, as the recipient of federal assistance, you and/or your organization become(s) responsible for complying with federal civil rights laws in the administration of your programs and activities.

It is your responsibility to assure that the beneficiary (i.e., business, coop, tenant etc.) has an equal opportunity to apply for and receive the benefit of your program or service.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application. If the conditions set forth in this letter are not met within **90** days from the date hereof, RD reserves the right to discontinue the processing of your application. Also, please execute and return the attached RD Form 1940-1, "Request for Obligation of Funds."

Extra copies of this letter are being provided for use by your engineer/architect, attorney, bond counsel, and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Enclosed are the following:

Attachment No. 1 – Final Project Planning Factors (All copies)
Attachment No. 2 – RBEG Processing Checklist (All copies)
Attachment No. 3 - RD Instruction 1942-G (Applicant copy)
Attachment No. 4 – Various other forms as identified on Attachment No. 2

Further processing of your application is to be done under the following conditions:

1. Citizenship: You must certify at least 51 percent of the outstanding interest in the project 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.

2. Debarment: You must execute Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions", to certify that your organization is not debarred or suspended from Government assistance.

   You also must obtain a certification of Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions," from any person or entity that you do business with in an amount exceeding $25,000 as a result of this Government assistance that they are not debarred or suspended from Government assistance.

3. Drug-Free Workplace: You must execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I – For Grantees Other Than Individuals," to certify that you will provide a drug-free awareness program for employees.

4. Equal Opportunity and Nondiscrimination Requirements: The Grantee will comply with the following:

   A. Section 504 of the Rehabilitation Act of 1973, as amended 929 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

   B. As the recipient of USDA RD financial assistance, you must comply with Section 504 of the Rehabilitation Act of 1973. Accessibility compliance for programs and activities is required by the primary recipient.

The Americans with Disabilities Act of 1990: Protects qualified individuals with disabilities from discrimination on the basis of disability in the services, programs or activities that the provider administers regardless of whether the provider is the recipient of federal assistance.

C. Title VI of the Civil Rights Act of 1964 and Age Discrimination Act of 1975: Under Title VI of the Civil Rights Act of 1964, and Age Discrimination Act of 1975, no one person may be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance on the basis of race, color, national origins, and age.

D. Age Discrimination Act of 1975: Prohibits discrimination based upon age.

6. Assurance Agreement: This form (RD 400-4) and what it requires must be met by the Organization. Please acknowledge by executing the "Assurance Agreement". Your organization must keep records and submit to the Agency accurate information so that the Agency can ascertain that you are in compliance with the Assurance Agreement. This means that you must collect racial/ethnic and gender data of the beneficiaries of your facility or service. You must inform beneficiaries and others of the requirements of the Assurance Agreement and inform such person of the protection assured them against discrimination.

7. Compliance Reviews: In order for the Agency to assure compliance by all Recipients who receive federal financial assistance of all Civil Rights requirements, the Agency will require, a Compliance Review by authorized Agency personnel. As recipient, you must keep and provide data on race, gender, national origin and any such records, accounts, and other sources of information and facilities as may be pertinent to ascertaining by the Agency the recipient's compliance with Civil Rights laws. In general, recipients must have available for the Agency racial and ethnic data showing the extent to which members of minority groups are beneficiaries of federally assisted programs.

8. Rates and Charges: Any rates or charges made as a result of this assistance will be reasonable.

9. Closing Instructions: The grant will be considered closed the day the applicant is notified funds have been set aside. Further instructions may be issued by RD and in accordance with any instructions received from the Regional Attorney. However, closing instructions are not generally required for grants. Grant funds will not be disbursed until all conditions have been met.

10. Fund Disbursement: Grant funds will be disbursed by RD on a reimbursement basis; therefore, interim financing is not required. Requests should not exceed one advance every 30 days.

Receipts, contractor's invoice, hourly wage rate or other documentation must be sent along with the request to justify the amount.

The Grantee shall constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved.

As needed, but not more frequently than once every 30 days, an original and one copy of Standard Form (SF 270), "Request for Advance or Reimbursement," may be made in excess of reasonable outlays for the month covered. Funds from RD and funds from matching sources may be utilized concurrently. Funds from RD will not be used in greater proportion than the funds from matching sources as outlined in Attachment I – Project Planning Factors.

11. Accounting and Audit Requirements: An audit report will be required for the fiscal year(s) in which grant funds are received. The audit will be done in accordance with RD requirements. If more than $500,000 in Federal funds (from all sources) are received in any fiscal year, an audit must meet A-133 requirements using the Government Auditing Standards booklet (1994 Revision) and be submitted within 13 months of the end of the Organization's fiscal year. If less than $500,000 in Federal funds is received in any fiscal year, an audit will be submitted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and 7 CFR part 3052 within 150 days of the end of the Organization's fiscal year.

12. Reporting: Form SF-269, "Financial Status Report", and a project performance activity report are required on a quarterly basis. The report is due within 15 working days of the end of each quarter. The Project Performance Activity Reports shall include, but not be limited to the following:

A. A comparison of actual accomplishments to the objectives established for that period.

B. Problems, delays, or adverse conditions which have affected or will affect attainment of overall project objectives, prevent meeting time schedules or objectives, preclude the attainment of particular project work elements during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation.

C. A final Project Performance Report will be submitted with the last SF 269, "Financial Status Report". This report is due ninety (90) days after the expiration or termination of the grant. The final report must include information regarding the jobs created and saved as a result of the grant.

D. Within one (1) year after the conclusion of the project (after grant funds have been lent), the grantee will provide a project evaluation report covering the following criteria:

a. The success or failure of the project.
b. Individual major elements of the project.
c. An assessment of the project's impact.

E. The Grantee will prepare a report suitable for public distribution describing the accomplishments made through the use of the grant.

13. Financial Management System: Your financial management system shall provide for effective control and accountability of all funds, property, and other assets. It will include accurate, current, and complete disclosure of the financial result of the grant. Records, which identify adequately the source and application of funds for grant-supporting activities, together with documentation to support the records must be maintained.

These records shall contain information pertaining to grant awards and authorization, obligations, unobligated balances, assets, liabilities, outlays and income.

Grantee shall adequately safeguard all such assets and shall assure that funds are used solely for authorized purposes.

The grantee will retain financial records, supporting documents, statistical records, and all other records pertinent to the grant indefinitely until such time the grantee ceases its relending activities.

14. Revolving Loan Fund Requirements – Prior to receiving assistance, each third party receiving loans from the revolving loan fund must:

A. Complete and submit Form RD 1940-20, "Request for Environmental Information" and provide such additional information subsequently requested or needed by RD to complete the appropriate environmental review.

B. The recipient must certify that their project is located in an eligible rural area.

C. The recipient must certify that at least 51 percent of the outstanding 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.

D. The recipient must provide an executed Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Transactions" that they are not debarred or suspended from receiving Government assistance.

E. The recipient must provide an executed Form RD 400-4, "Assurance Agreement".

F. The recipient must display the enclosed "And Justice For All" and "Equal Employment is the Law" posters in conspicuous areas of employee use and in places where the recipient conducts employee business (hiring, promotions, etc.) related to employment activities.

15. Relending Plan Requirement

A. You agree to use RBEG grant funds for the purposes outlined in the Scope of Work that was approved by RD.

B. You must certify that each business is located in a rural area. This can be done as part of the quarterly performance report.

C. You must certify that each loan closed with RBEG funds is lent to small and emerging businesses as defined in RD Instructions 1942-G, section 1942.304. This can be done as part of the quarterly performance report.

16. Position Fidelity Bond Coverage: You must provide evidence of adequate fidelity bond coverage for all persons who have access to funds by grant closing or start of construction, whichever occurs first.
Coverage may be provided either for all individual positions or persons, or through

"blanket" coverage providing protection for all appropriate employees and/or officials. Form RD 440-24, "Position Fidelity Schedule Bond", may be used for this purpose.

We encourage you to have your insurance provider review proposed types and amounts of coverage, including any deductible provisions. RD must agree on the acceptability of proposed coverage. This is your responsibility, not that of RD.

17. Other Requirements: You must certify that no Federal appropriated funds have been paid or will be paid for lobbying activities in accordance with 7 CFR part 3018, Appendix A, and if applicable execute SF-LLL, "Disclosure form to Report Lobbying". Exhibit A-1 of FmHA Instruction 1940-Q, Certification For Contracts, Grants and Loans", will also be executed by the Grantee. Grantees will permit periodic inspection of the program operations. All non-confidential information resulting from the Grantee's activities shall be made available to the general public on an equal basis. You must post in a public place the appropriate USDA poster especially "And Justice for All".

Grants made under this subpart will be administered under and are subject to 7 CFR 3015, 7 CFR 3016, and 7 CFR 3017, as appropriate, and established RD guidelines.

18. Governing Body Resolution: Provide a resolution by the grantee's governing body authorizing specific individuals(s) the authority to execute all forms and documents required for this grant.

19. Mitigation Measures: This action is subject to the following mitigation measures: To the extent practicable, the grantee must ensure that consideration is given to avoid adversely affecting import resources of rural areas such as cultural and historical resources, farmland, and forestland, prime rangelands, wetlands and floodplains. Prospective recipients of assistance from the grantee must consider the potential environmental impacts of their projects at the earliest planning stages and develop plans, grants and projects that minimize the potential to adversely impact the environment.

We believe the information herein clearly sets forth the action(s) that must be taken, however; if you have any questions, please do not hesitate to contact Joseph Boatwright, Rural Business Specialist, at 540.463.7124, Extension 119.

Sincerely,

Ellen Matthews Davis

ELLEN MATTHEWS DAVIS
State Director

cc: Area Director, Harrisonburg, Virginia
Attorney
Accountant

City of Harrisonburg
Attachment No. 1
RBEG - Letter of Conditions
Dated: June 14 , 2011

PROJECT PLANNING FACTORS

The following estimates are to be used as a basis for project planning and must not be changed without prior approval of Rural Development:

PROJECT COSTS:

Revolving Loan Fund	$124,375
Total Project Costs	**$124,375**

FUNDING SOURCES:

Revolving Loan Fund	
Rural Business Enterprise Grant	$99,500
City of Harrisonburg - Grantee	$24,875
Total Funding Sources	**$124,375**

Rural Business Enterprise Grant Application
For Harrisonburg, VA

Scope of Work

Purpose:

The City of Harrisonburg (DUNS 070423694) is applying for RBE funds for the creation of a Revolving Loan Program to encourage small business development and expansion. It has been the experience of the Economic Development Department that the creation of such a revolving loan fund would meet an essential need within the business community. Existing businesses have approached the City administration for assistance and direction to identify potential loan opportunities, which was the impetus for this application.

The Harrisonburg Economic Development Revolving Loan Fund will focus on the development and expansion of small business interests. This would principally be in the form of loans for startup operating costs and working capital, but would not be limited to this format. Business loan applications for funding of other allowable operations, e.g. technical assistance, will also be considered.

It is anticipated, according to current interest and need, the RBE funds will be fully utilized within twenty-four (24) months from the date of award.

Personnel and Duties:

The RBEG will be housed within the City's Economic Development Department (EDD). There are three City staff members that will administer the program. The Director of Economic Development will be the principal administrator for the fund by accepting applications and documentation and coordinating the review and approval with a loan selection committee. The Director of Special Projects will provide assistance by creating the amortization schedules. The Special Projects Director will work with the Finance Director to process payments. Both the Directors of Economic Development and Special Projects will be available as resources to work with all loan recipients and provide technical assistance when needed.

Biographical Information for Principals:

Director of Economic Development – Brian B. Shull

Brian B. Shull became Economic Development Director for Harrisonburg in 1998. He was previously employed as Executive Director of the Rockingham Development Corporation, Executive Director of the Front Royal-Warren County Industrial Development Authority and Regional Planner for the Lord Fairfax Planning District Commission. He obtained a Bachelor of Arts in Economics from the College of William and Mary. He is also a graduate of the Economic Development Institute at the University of

Oklahoma. As Economic Development Director, Mr. Shull oversees a budget of approximately $600,000.

Director of Finance – Lester O. Seal

Lester O. Seal was appointed Director of Finance for the City in April 1993 after having worked for the City in various financial positions since November 1989. Prior to November 1989 he was employed for three years as the chief financial officer for Dejarnette Center. Mr. Seal previously served as an auditor with the Auditor of Public Accounts for sixteen years and as a costs accountant for Hercules Inc. for two years. He obtained a Bachelor of Accounting degree from Virginia Polytechnic Institute and State University in 1968 and a Masters in Business administration degree from James Madison University in 1988. He is a certified Public Accountant. As Director of Finance, Mr. Seal is responsible for preparation of the City's Comprehensive Annual Financial Report (CAFR), the City's Financial Trend Monitoring System and the Commonwealth of Virginia Auditor of Public Accounts Comparative Cost Transmittal and assisting with the preparation of the City's annual budget, which for 2010-2011 was approximately $147,000,000.

Director of Special Projects and Grant Management – Ande Banks

Ande Banks became Director of Special Projects in September 2009. Prior to September 2009 he was employed for eight years as District Representative for Congressman Bob Goodlatte. Mr. Banks obtained a Bachelor of Science in History and Social Sciences from Eastern Mennonite University. As Director of Special Projects Mr. Banks is responsible for the management of the City’s Community Development Block Grant, an entitlement through the U.S. Department of Housing and Urban Development, which for 2010-2011 was in the amount of $580,000.

Project Budget:

The Economic Development Department is pledging to provide a 25% cash match if awarded the RBE grant. This amount will be $24,875 if the full $99,500 RBE grant request is approved for a total revolving loan fund of $124,375. The proposed matching funds will be allocated from monies appropriated from the City’s General Fund to the Economic Development budget. Attached is a copy of the most recent financial audit to further demonstrate the ability of the City of Harrisonburg to effectively administer a revolving loan fund.

Harrisonburg, Virginia
Revolving Loan Fund

Scope:

See above.

Level of Interest:

Currently (March 2011), two Harrisonburg business projects are employing RBEG funds through a neighboring organization. Multiple small businesses have opened or expanded within the past three years that utilized non-traditional lending institutions, i.e. micro-lending program or a RBEG funded revolving loan fund from a neighboring community.

In addition to actual projects, numerous small business operators have commented on the difficulty to meet traditional loan requirements in the wake of the economic downturn. The Harrisonburg Economic Development Revolving Loan Fund (RLF) seeks to fill this financing gap that is stifling economic growth.

As a part of this program the City hopes to continue its downtown revitalization efforts, where several of the businesses that have utilized non-traditional lending sources are located. The RLF will not be strictly limited to businesses opening or expanding in the downtown, but rather the new RLF will be marketed to businesses throughout the City.

Outreach/Marketing Plan:

The RLF program will be promoted through the HEDD website, media coverage and customized brochures. Harrisonburg Economic Development implemented an award winning marketing campaign: *Harrisonburg, Virginia: Work and Life in Balance*. This campaign utilized a new website *www.harrisonburgdevelopment.com*, a multi-page color brochure booklet and print advertisements in *Virginia Business* magazine. The City also targets business site selectors.

Harrisonburg Economic Development views the addition of the RLF as creating an essential mechanism for promoting small business creation and expansion. Because of the importance and opportunity the RLF will provide to small businesses in Harrisonburg, promotional pieces solely focusing on the RLF will be created and the RLF will be highlighted on the HEDD website. Future updates to the *Work and Life in Balance* materials will certainly incorporate RLF information.

Harrisonburg Economic Development will also work closely with the Shenandoah Valley Small Business Development Center (SBDC) to promote and initially vet candidates for the program. Because of the level of services already being provided to small business through the SBDC, the SBDC will be utilized as a conduit for providing referrals of potential customers.

Loan Eligibility Requirements:

HEDD will be responsible for the administration of the RLF according to the guidelines contained herein.

Eligible Activities include:

1. Land purchases;
2. Building purchases;
3. Building construction/renovation;
4. Machinery purchases;
5. Equipment purchases;
6. Start-up costs;
7. Working capital;
8. Any other use deemed appropriate by the RLF Selection Committee

Eligible Applicants are as follows:

1. Industrial or manufacturing firms;
2. Wholesale and distribution enterprises;
3. Professional and business services;
4. Commercial enterprises that establish new business units or expand existing business units. Higher priority shall be given to projects that create new jobs or save existing jobs.
5. Recipients must be U.S. citizens or business interests must be 51% owned by U.S. citizens.

Loan Selection Committee Members and Functions:

The Economic Development Director will appoint a loan selection committee comprised of the ED Director, the Director of Special Projects and three other individuals with experience in evaluating financial proposals. This will include a local banking professional and two local business owners/operators. The Selection Committee will evaluate and determine the level of recommended funding and approve or deny the application. A majority of the committee members must vote in the affirmative for the loan application to be approved.

Project Participation/Funding Limits:

1. There is a recommended maximum of $10,000 for each job created or retained within 24 months and maintained for the duration of the loan.*
2. It is recommended the applicant provide a minimum of 75% of the total project cost through equity injection, additional financing, or equivalents.
3. Of the 75% the applicant must provide, a minimum of 10% of the total project cost must be in the form of cash or equivalents.
4. The maximum loan per project will be 25% of the total project to a maximum of $25,000.

* *Given the recommended $10,000 per job created or retained, it is projected that approximately 12-15 jobs will be created or retained within the first 24 months of program creation.*

Loan Structure and Terms:

1. All principal and interest will be paid back into the Harrisonburg Economic Development Revolving Loan Fund.
2. Loans will generally be for a period of three to seven years.
3. The interest rate will be established at the closing of the loan and will be rounded to the nearest ½ of 1% of the prime rate as reported by the Wall Street Journal.

Loan Closing Procedures:

1. A Letter of Commitment will be forwarded to the applicant, after approval of the application, which will outline all the terms and conditions.
2. After acceptance of the Letter of Commitment, loan closing documents shall be prepared.
3. All closing documents shall include provisions deemed necessary to adequately protect the assets of the RLF and will normally include the following:
    a. Promissory note
    b. Security agreement
    c. Recording(s) under the Uniform Commercial Code
    d. Personal guaranty of the principals (secured or unsecured)
    e. Mortgage deed
    f. Certificate of hazard insurance
    g. Collateral assignment of life insurance on the principal(s)
    h. A borrowing resolution (if a corporation)
    i. Property appraisal reports
    j. Job creation loan agreement
    k. Other documents deemed necessary
4. Closing documents shall include a provision that declares the loan in default if the borrower relocates outside the City of Harrisonburg, at which time the outstanding principal balance and all accrued interest are immediately due and payable.
5. The loan will also be considered in default for any of the following:
    a. Any real estate, machinery and tool, or personal property tax is late by more than 90 days.
    b. If the job projections within the agreed upon schedule are not met, the loan may be declared in default or the loan may be renegotiated at the option of the selection committee.
6. The Letter of Commitment and/or the Loan Closing Document shall require the borrower to furnish quarterly financial statements and documentation of the addition or retention of employment.

Position 3

Form RD 1942-46
(Rev. 6-10)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015
OMB NO. 0570-0062

LETTER OF INTENT TO MEET CONDITIONS

Date 06-14-2011

TO: United States Department of Agriculture

USDA-Rural Development

(Name of USDA Agency)

Rural Business-Cooperative Programs
1606 Santa Rosa Road, Suite 238
Richmond, VA 23229

(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated 06-14-2011. It is our intent to meet all of them not later than 09-12-2011.

CITY OF HARRISONBURG

(Name of Association)

BY _____

Economic Development Director

(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.

USDA
Form RD 1940-1
(Rev. 06-10)

REQUEST FOR OBLIGATION OF FUNDS

FORM APPROVED
OMB No. 0570-0062

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED ( )
Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.

1. CASE NUMBER ST CO BORROWER ID 55-003-546001343	LOAN NUMBER 01	FISCAL YEAR 2011
2. BORROWER NAME CITY OF HARRISONBURG	3. NUMBER NAME FIELDS 1 *(1, 2, or 3 from Item 2)*	
345 SOUTH MAIN STREET	4. STATE NAME VIRGINIA	
HARRISONBURG, VA 22801-3606	5. COUNTY NAME ROCKINGHAM	

GENERAL BORROWER/LOAN INFORMATION

6. RACE/ETHNIC CLASSIFICATION	7. TYPE OF APPLICANT	8. COLLATERAL CODE	9. EMPLOYEE RELATIONSHIP CODE
1 - WHITE 4 - HISPANIC 2 - BLACK 5 - A/PI 3 - AI/AN	1 - INDIVIDUAL 6 - ORG. OF FARMERS 2 - PARTNERSHIP 7 - NONPROFIT-SECULAR 3 - CORPORATION 8 - NONPROFIT-FAITH BASED 4 - PUBLIC BODY 9 - INDIAN TRIBE 4 5 - ASSOC. OF FARMERS 10-PUBLIC COLLEGE/UNIVERSITY 11-OTHER	1- REAL ESTATE SECURED 4 - MACHINERY ONLY 2-REAL ESTATE AND CHATTEL 5 - LIVESTOCK ONLY 6 - CROPS ONLY 3 - NOTE ONLY OR CHATTEL ONLY 7 - SECURED BY BONDS 8 - RLF ACCT	1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC.

10. SEX CODE	11. MARITAL STATUS	12. VETERAN CODE	13. CREDIT REPORT
3 - FAMILY UNIT 4 - ORGAN. MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY 6 1 - MALE 2 -FEMALE	1 - MARRIED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED) 2 - SEPARATED	1 -YES 2 -NO	1 -YES 2 -NO

14. DIRECT PAYMENT	15. TYPE OF PAYMENT	16. FEE INSPECTION	
(See FMI)	1 - MONTHLY 3 - SEMI-ANNUALLY 2 - ANNUALLY 4 - QUARTERLY	1 -YES 2 -NO	

17. COMMUNITY SIZE	18. USE OF FUNDS CODE
1 - 10 000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000	(See FMI)

COMPLETE FOR OBLIGATION OF FUNDS

19. TYPE OF ASSISTANCE	20. PURPOSE CODE	21. SOURCE OF FUNDS	22. TYPE OF ACTION
081 *(See FMI)*			1 -OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 1 3 - CORRECTION OF OBLIGATION

23. TYPE OF SUBMISSION	24. AMOUNT OF LOAN	25. AMOUNT OF GRANT
1 - INITIAL 1 2 -SUBSEQUENT		$99,500.00

26. AMOUNT OF IMMEDIATE ADVANCE	27. DATE OF APPROVAL	28. INTEREST RATE	29. REPAYMENT TERMS
	MO DAY YR	%	

COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS

30. PROFIT TYPE	
1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT	

COMPLETE FOR EM LOANS ONLY	COMPLETE FOR CREDIT SALE-ASSUMPTION
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
FINANCE OFFICE USE ONLY	**COMPLETE FOR FP LOANS ONLY**
33. OBLIGATION DATE MO DA YR	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.

Position 2

ORIGINAL - Borrower's Case Folder COPY 1 - Finance Office COPY 2 - Applicant/Lender COPY 3 - State Office

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0062. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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

Approval of this assistance is subject to the terms of the "Letter of Conditions" dated 6/14/11 and the requirements under the Rural Business Enterprise Grant program. Additional terms applicable to this funding is contained in Attachment A and B to this document which are considered the grant agreement.

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 27, 20 11 _____

(Signature of Applicant)

Date _____, 20 ____ _____

(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.

_____

(Signature of Approving Official)

Typed or Printed Name: ELLEN MATTHEWS DAVIS

Date Approved: _____ Title: STATE DIRECTOR

38. TO THE APPLICANT: As of this date _____, 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.

GENERAL REQUIREMENTS OF RURAL BUSINESS ENTERPRISE AND TELEVISION DEMONSTRATION GRANTS

Section A

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 all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in Part 1942, Subpart G, Section B (attached) "General Requirements for Administration of Rural Business Enterprise Grants and Television Grants", 7 CFR, Parts 3015, 3016, 3017 (including all revisions) and the Letter of Conditions.

The Grantee further more agrees to use the grant funds for the purposes outlined in the Scope of Work approved by Rural Development.

Section B

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 and 3016 of the Uniform Federal Assistance Regulations; however, specific areas related to the RBE/television demonstration grant program are cited below.

Grantee agrees to:

A. Comply with property management standards established by 7 CFR 3015 and 3016 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:

1. Right to transfer title. For items of real or nonexpendable personal property having a unit acquisition cost of $1,000 or more, FmHA 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. FmHA shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If FmHA 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 FmHA 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 FmHA.

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 FmHA; 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 FmHA. 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 FmHA 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. FmHA shall determine whether the property can be used to meet the agency's requirements. If no need exists within FmHA, the General Services Administration's Federal Property Management Regulations (FPMR) will be used by FmHA to determine whether a need for the property exists in other Federal agencies. FmHA 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 FmHA 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 FmHA 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: 1111

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 FmHA.

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 nonfederal 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):

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):

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 FmHA 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. Provide an audit report prepared in sufficient detail to allow the grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations, and this Agreement.

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 nonconfidential 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 and 3016 which provides standards for use by grantees in establishing procedures for the procurement of supplies, equipment, and other services with Federal grant funds.

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 noncancelable 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 and 3016.

Form RD 400-1
(Rev. 5-00)

UNITED STATES DEPARTMENT OF AGRICULTURE

FORM APPROVED
OMB No. 0575-0018

EQUAL OPPORTUNITY AGREEMENT

This agreement, dated 03-18-2011 between
City of Harrisonburg, VA

(herein called "Recipient" whether one or more) and United States Department of Agriculture (USDA), pursuant to the rules and regulations of the Secretary of Labor (herein called the 'Secretary') issued under the authority of Executive Order 11246 as amended, witnesseth:

In consideration of financial assistance (whether by a loan, grant, loan guaranty, or other form of financial assistance) made or to be made by the USDA to Recipient, Recipient hereby agrees, if the cash cost of construction work performed by Recipient or a construction contract financed with such financial assistance exceeds $10,000 - unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965.

1. To incorporate or cause to be incorporated into any contract for construction work, or modification thereof, subject to the relevant rules, regulations, and orders of the Secretary or of any prior authority that remain in effect, which is paid for in whole or in part with the aid of such financial assistance, the following "Equal Opportunity Clause":

During the performance of this contract, the contractor agrees as follows:

(a) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited, to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the USDA setting forth the provisions of this nondiscrimination clause.

(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the USDA, advising the said labor union or workers' representative of the contractor's commitments under this agreement and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The contractor will comply with all provisions of Executive Order 11246 of September 24,1965, and of all rules, regulations and relevant orders of the Secretary of Labor.

(e) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, rules, regulations, and orders, or pursuant thereto, and will permit access to his books, records, and accounts by the USDA Civil Rights Office, and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by Law.

(g) The contractor will include the provisions of paragraph 1 and paragraph (a) through (g) in every subcontract or purchase order, unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the USDA may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the USDA, the contractor may request the United States to enter into such litigation to protect the interest of the United States.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collections is 0575-0018. The time required to complete this information collection is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

2. To be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, that if the organization so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.
3. To notify all prospective contractors to file the required 'Compliance Statement', Form RD 400-6, with their bids.
4. Form AD-425, Instructions to Contractors, will accompany the notice of award of the contract. Bid conditions for all nonexempt federal and federally assisted construction contracts require inclusion of the appropriate "Hometown" or "Imposed" plan affirmative action and equal employment opportunity requirements. All bidders must comply with the bid conditions contained in the invitation to be considered responsible bidders and hence eligible for the award.
5. To assist and cooperate actively with USDA and the Secretary in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and rules, regulations, and relevant orders of the Secretary, that will furnish USDA and the Secretary such information such as , but not limited to, Form AD-560, Certification of Nonsegregated Facilities, to submit the Monthly Employment Utilization Report, Form CC-257, as they may require for the supervision of such compliance, and that it will otherwise assist USDA in the discharge of USDA's primary responsibility for securing compliance.
6. To refrain from entering into any contract or contract modification subject to such Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and Federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by USDA or the Secretary of Labor pursuant to Part II, Subpart D, of the Executive Order.
7. That if the recipient fails or refuses to comply with these undertakings, the USDA may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the organization under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such organization; and refer the case to the Department of Justice for appropriate legal proceedings.

Signed by the Recipient on the date first written above.

_____
Recipient

B. Shull
_____
Recipient

(CORPORATE SEAL)

Brian Shull, Economic Development Dir.
Name of Corporate Recipient

Attest: Erin S. Kann
_____
Secretary

By _____
President

Position 3

USDA
Form RD 400-4
(Rev. 12-09)

ASSURANCE AGREEMENT

(Under Title VI, Civil Rights Act of 1964)

FORM APPROVED
OMB No. 0575-0018

The City of Harrisonburg, VA
(name of recipient)

345 South Main Street, Harrisonburg, VA 22801
(address)

("Recipient" herein) hereby assures the U. S. Department of Agriculture that Recipient is in compliance with and will continue to comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et. seq.), 7 CFR Part 15, and Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, Risk Management Agency, or the Farm Service Agency, (hereafter known as the "Agency") regulations promulgated thereunder, 7 C.F.R. § 1901.202. In accordance with that Act and the regulations referred to above, Recipient agrees that in connection with any program or activity for which Recipient receives Federal financial assistance (as such term is defined in 7 C.F.R. § 15.2) no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination.

1. Recipient agrees that any transfer of any aided facility, other than personal property, by sale, lease or other conveyance of contract, shall be, and shall be made expressly, subject to the obligations of this agreement and transferee's assumption thereof.
2. Recipient shall:

   (a) Keep such records and submit to the Government such timely, complete, and accurate information as the Government may determine to be necessary to ascertain our/my compliance with this agreement and the regulations.

   (b) Permit access by authorized employees of the Agency or the U.S. Department of Agriculture during normal business hours to such books, records, accounts and other sources of information and its facilities as may be pertinent to ascertaining such compliance.

   (c) Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Agency or the U. S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
3. The obligations of this agreement shall continue:

   (a) As to any real property, including any structure, acquired or improved with the aid of the Federal financial assistance, so long as such real property is used for the purpose for which the Federal financial assistance is made or for another purpose which affords similar services or benefits, or for as long as the Recipient retains ownership or possession of the property, whichever is longer.

   (b) As to any personal property acquired or improved with the aid of the Federal financial assistance, so long as Recipient retains ownership or possession of the property.

   (c) As to any other aided facility or activity, until the last advance of funds under the loan or grant has been made.
4. Upon any breach or violation this agreement the Government may, at its option:

   (a) Terminate or refuse to render or continue financial assistance for the aid of the property, facility, project, service or activity.

   (b) Enforce this agreement by suit for specific performance or by any other available remedy under the laws of the United States or the State in which the breach or violation occurs.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, City of Harrisonburg, VA on this
(name of recipient)

date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

B. B Shull
Recipient

3/18/2011
Date

(SEAL)

Attest: Eura S. Kann City Clerk
Title

Economic Development Director
Title

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0018. The time required to complete this information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

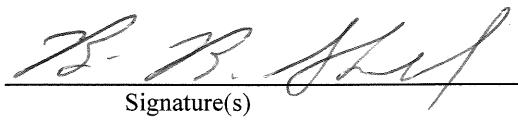
(d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

City of Harrisonburg, Virginia
Organization Name

Harrisonburg RBE Grant
PR/Award Number or Project Name

Brian Shull, Economic Development Dir.
Name(s) and Title(s) of Authorized Representative(s)


Signature(s)

03-18-2011
Date

Form AD- 1047 (1/92)

OMB APPROVAL NO. 0991-0002

U.S. DEPARTMENT OF AGRICULTURE

CERTIFICATION REGARDING
DRUG-FREE WORKPLACE REQUIREMENTS (GRANTS)
ALTERNATIVE I - FOR GRANTEES OTHER THAN INDIVIDUALS

This certification is required by the regulations implementing Sections 5151-5160, of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), 7 CFR Part 3017, Subpart F, Section 3017.600, Purpose. The January 31, 1989, regulations were amended and published as Part II of the MAY 25, 1990, Federal Register (pages 21681-21691). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

Alternative I

A. The grantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug-free awareness program to inform employees about --

(1) The dangers of drug abuse in the workplace;

(2) The grantee's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a):

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notify the agency in writing, within 10 calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position, title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, State, zip code)

345 South Main Street

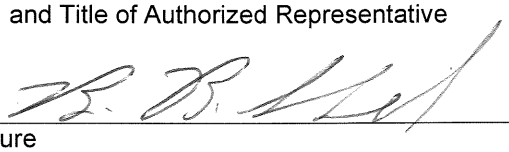
Harrisonburg, VA 22801

Check ☐ if there are workplaces on file that are not identified here.

City of Harrisonburg, VA	Harrisonburg RBE Grant
Organization Name	Award Number or Project Name

Brian Shull, Economic Development Director

Name and Title of Authorized Representative



Signature	03/18/2011
	Date

Instructions for Certification

1. By signing and submitting this form, the grantee is providing the certification set out on pages 1 and 2.

2. The certification set out on pages 1 and 2 is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.

3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If know, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).

5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph three).

6. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

``Controlled substance'' means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

``Conviction'' means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

``Criminal drug statute'' means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

``Employee'' means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) all ``direct charge'' employees; (ii) all ``indirect charge'' employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if sued to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

CERTIFICATION FOR CONTRACTS, GRANTS AND LOANS

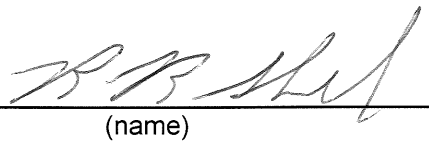
The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant of Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant or loan.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant or loan, the undersigned shall complete and submit a Standard Form – LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including contracts, subcontracts, and subgrants under grants and loans) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.



(name)

3/18/2011
(date)

Economic Development Director
(title)

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB
0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

1. Type of Federal Action:	2. Status of Federal Action:	3. Report Type:
[b] a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	[a] a. bid/offer/application b. initial award c. post-award	[a] a. initial filing b. material change **For Material Change Only:** year _____ quarter _____ date of last report _____

4. Name and Address of Reporting Entity:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:
[x] Prime [ ] Subawardee Tier _____, *if known*: **Congressional District**, *if known*: 06	 **Congressional District**, *if known*:
6. Federal Department/Agency: U.S Department of Agriculture - Rural Development	**7. Federal Program Name/Description:** Rural Business Enterprise Grant CFDA Number, *if applicable*: 10.769
8. Federal Action Number, *if known*:	**9. Award Amount**, *if known*: $
10. a. Name and Address of Lobbying Registrant (*if individual, last name, first name, MI*):	**b. Individuals Performing Services** (*including address if different from No. 10a*) (*last name, first name, MI*):

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: B. B Shull
Print Name: Brian Shull
Title: Economic Development Director
Telephone No.: 540-432-7701 Date: 3/18/2011

Federal Use Only:

Authorized for Local Reproduction
Standard Form LLL (Rev. 7-97)