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Letter of Conditions  
Rural Innovation Stronger Economy

Dear **Variable**:

We are pleased to inform you that your organization's application for a Fiscal Year 2022 Rural Innovation Stronger Economy (RISE) grant has been selected for funding. This letter establishes conditions which must be understood and agreed to by your organization before further consideration can be given to the application. The grant will be administered on behalf of the Rural Business-Cooperative Service (Agency) by the State staff of United States Department of Agriculture (USDA), Rural Development. All terms and conditions outlined in 7 CFR Section 4284 Subpart L and the Notice of Solicitation of Applications published in the Federal Register February 14, 2022, (Vol.87, No.30) apply to the project and disbursement of any grant funds.

**This letter does not constitute grant approval, nor does it ensure that funds are or will be available for the project. Please refrain from making any announcements regarding these awards as this will be done by the Secretary at a later date. No notification should be made to the congressional staff or media; that will be done at the time of formal announcement by USDA.**

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 the Agency by written amendment to this letter. If significant changes are made without obtaining such approval, the Agency may discontinue processing the application.

**Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," and Form RD 1940-1, "Request for Obligation of Funds," within 30 days of the date of this letter (OR INSERT DATE), if you desire that further consideration be given to your organization's application.**

The docket may be completed based on the following:

1. **PROJECT FUNDS:** Grant funds will be used for **variable**. The use of funds must comply with the grant application project scope and budget. Any revisions in this financing plan must have the Agency concurrence. All documented funding must total the project amount. Grantee must maintain all receipts and other documentation for all transactions where grant and matching funds are used for the project cost and provide copies to the Agency.

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov).

2. **GRANT AMOUNT:** The application may be completed based on a grant amount not to exceed **\$variable**. It should be noted that grant funds will be used only for eligible costs as identified in RD Instruction 4284-L. The grant will not exceed 80 percent of the eligible project costs for each activity within the grant period, with non-Federal matching funds at a minimum of 20 percent required for an eligible activity drawn upon during grant disbursement. In the event the money from other sources is more than estimated in the financing plan, or the bids are different than estimated, the Agency reserves the right to recalculate its funding. After paying for all authorized costs, any remaining RISE grant funds will be refunded to the Agency.
3. **MATCHING FUNDS/PROJECT FUNDS:** Your organization will be required to contribute a total of at least **\$variable** from other resources. Written evidence of Matching Funds and other funds needed to complete the project must be provided to the Agency before execution of the Financial Assistance Agreement and must be in effect (i.e., must not have expired) at the time Financial Assistance Agreement is executed. A firm commitment must be verified through a Construction Note, Letter of Commitment, documented equity capital, documented in-kind match, or documented donations. The Agency contribution to RISE grant activities will be expended at a ratio of 80/20 on any draws per RD Instruction 4284-L.

**Without specific statutory authority, other Federal grants cannot be used to meet the matching fund requirement.**

**A verification of other federal awards and/or benefits for the same project will be completed before approval of a RBCS award. Based upon the information submitted in the application, no other federal funds will be used to finance the project. To ensure a duplication of assistance does not or will not occur, notification will be made by the Grantee to Rural Development if other federal awards are pending or have been received for this project.**

4. **OWNERSHIP:** The Grantee must be the owner of any assets purchased with grant funds.
5. **EQUAL OPPORTUNITY AND NONDISCRIMINATION REQUIREMENTS:** The Grantee will comply with Title VI of the Civil Rights Act of 1964, "Nondiscrimination in Federally Assisted Programs," 42 U.S.C. 2004d4, Section 504 of the Rehabilitation Act for Federally Conducted Programs and Activities, the Age Discrimination Act of 1975 and the Americans with Disabilities Act.  
  
RD Form 400-1, "Equal Opportunity Agreement" and 400-4, "Assurance Agreement," must be signed by the Grantee.
6. **FINANCIAL ASSISTANCE AGREEMENT:** Form RD 4280-2, "Rural Business-Cooperative Service Financial Assistance Agreement," is attached for your convenience. The grantee must describe all sites being improved, building construction, and all equipment being purchased with grant funds.
7. **(As applicable) CONTROL OF PROPERTY:** Sites for RISE projects must be controlled by the Grantee. Satisfactory evidence of title to property or Leasing arrangements must

be supplied to the Agency for the location of the project. This may include but is not limited to copies of tax statements, existing title insurance policies, deeds, leases, etc.

8. **INSURANCE:** Insurance coverage will be submitted for the Agency review and concurrence prior to the start of any construction. The owner and the contractor(s) must carry adequate insurance on the following:
  - a) Property Coverage,
  - b) Liability Coverage,
  - c) National flood insurance per 7 CFR part 1806, subpart B, **as applicable**,
  - d) Business Interruption Insurance
  
9. **BUSINESS OPERATION, ACCOUNTS AND RECORDS:** The grantee must provide for financial management systems and maintain records as specified in 7 CFR 4284 Part L § 4284.1120 (f). Grantee will retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three (3) years after completion of the grant period, except that the records must be retained beyond the 3-year period if audit findings have not been resolved or if directed by the United States. The Agency and the Comptroller General of the United States, or any of their duly authorized representatives, must have access to any books, documents, papers, and records of the grantee that are pertinent to the specific grant for the purpose of making audit, examination, excerpts, and transcripts.
  
10. **CONSTRUCTION PLANNING AND PERFORMING DEVELOPMENT:** Grantee is responsible for providing the engineering, architectural, and environmental services necessary for planning, designing, bidding, contracting, inspecting, and constructing their facilities. Engineers and architects must be licensed in the State where the project is to be constructed.

Grantee will comply with the applicable procurement requirements of 2 CFR part 200 regarding standards of conduct, open and free competition, access to contractor records and equal employment opportunity requirements.

For construction contracts in excess of \$10,000, Grantee agrees to have each contractor or vendor execute Form RD 400-6, "Compliance Statement".

For construction contracts in excess of \$25,000, Grantee agrees to have each contractor or vendor execute Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions".

For construction contracts in excess of \$100,000, Grantee agrees to have each contractor or vendor execute and provide to the Agency, RD Instruction 1940-Q Exhibit A-1, "Certification for Contracts, Grants and Loans", acknowledging they are prohibited from influencing or attempting to influence an officer or employee of any Agency, any

member of Congress, or an employee or officer of any member of Congress to obtain specific Federal awards.

In some instances, Grantees may wish to perform a part of the work themselves. Grantees may accomplish construction by using their own personnel and equipment, provided the Grantee possesses the necessary skills, abilities, and resources to perform the work and there is not a negative impact to their business operation. Conditions for a Grantee to provide a portion of the work with the remainder to be completed by a contractor are:

- a) A clear understanding of the division of work must be established and delineated in the contract,
- b) Grantees are not eligible for payment for their own work,
- c) Warranty requirements applicable to the technology must cover the Grantee's work, and
- d) Inspection and acceptance of the Grantee's work must be completed by either:
  - i. An inspector that will inspect as applicable and accept construction, and furnish inspection reports, or
  - ii. A licensed engineer that will prepare design drawings and specifications, inspect as applicable and accept construction, and furnish inspection reports.

Upon completion of the project, the Grantee must submit to the Agency a copy of the contractor's certification of final completion for the project and a statement that the Grantee accepts the work completed. At its discretion, the Agency may require the Applicant to have an Inspector certify that the project is constructed and installed correctly.

Prior to making payment the Grantee must provide the Agency with Form 1924-9, "Certificate of Contractor's Release" and Form RD 1924-10, "Release by Claimants", or similar forms, executed by all persons who furnished materials or labor in connection with the contract.

#### **SURETY (Modify Surety and Exemption Language as Applicable to Project)**

Grantee will, for construction contracts in excess of \$100,000, provide performance and payment bonds for 100 percent of the contract price, unless otherwise specified by the Agency. Surety may be provided using either a bank letter of credit or performance bonds and payment bonds. Cash deposit in escrow of at least 50 percent of the contract amount is required.

When surety is not provided, contractors must furnish evidence of payment in full for all materials, labor and any other items.

#### **11. GRANT DISBURSEMENT:**

Unless extended by the Agency, the grant disbursement period will encompass four years after the date the Agency signs the Financial Assistance Agreement. If an extension is needed, Grantees must submit a written request for the no-cost extension no later than 30 days before the expiration date of the Financial Assistance Agreement describing the extenuating circumstances that were beyond their control to complete the

project and why approval is in the government's best interest. Grant funds not expended within the 4-year or approved extended timeframe, will be returned to the Agency.

Grantees must not request reimbursement for the Federal share of amounts withheld from contractors to ensure satisfactory completion of work until after it makes those payments.

Grant funds will be transferred to the Grantee via Electronic Funds Transfer (EFT). The Grantee will complete and deliver to Agency, Form SF-3881, "ACH Vendor/Miscellaneous Payment Enrollment Form".

The Agency will determine, based on the applicable departmental regulations, whether disbursement of a grant will be by advance or reimbursement. Any funds disbursed in advance of the expense shall be used within three months and the financial need substantiated in writing by the grantee. Form SF-270 or Form SF-271 must be completed by the grantee and submitted to the Agency no more often than monthly to request either an advance or reimbursement of funds. Payments shall be certified by copies of invoices.

## 12. **REPORTING REQUIREMENTS:**

Grantees shall constantly monitor performance to ensure that the time schedules are being met and projected goals by time periods are being accomplished. See the Financial Assistance Agreement for the complete detailed requirements.

- a) Audit requirements. If applicable, grantees must provide an annual audit in accordance with 2 CFR part 200, subpart F. The Agency may exercise its right to do a program audit after the end of the project to ensure that all funding supported eligible project costs.
- b) Form SF-425, "Federal Financial Report". Between grant approval and completion of project (i.e., construction), SF-425, "Federal Financial Report" will be required of all grantees as applicable on a semiannual basis. The grantee will complete the project within the total sums available to it, including the grant, in accordance with the scope of work and any necessary modifications thereof prepared by grantee and approved by the Agency.
- c) Performance Reports. Grantees shall submit a performance report semi-annually for the first two years, and then annually thereafter, with the first report submitted no later than six months after receiving a grant under this section. This report will include, but not be limited to, the following:
  - (i) All activities funded with the grant funds;
  - (ii) Evaluation of progress towards strategic initiatives identified in the application for the grant, including a discussion of any issues which may have occurred;

(iii) Measurement of progress using performance measures of known outcomes during the project period, which may include the following:

High-wage jobs created;  
 High-wage jobs retained;  
 Private investment leveraged;  
 Businesses improved;  
 Businesses retained;  
 New business formations;  
 New products, prototypes and/or services commercialized;  
 Improvement of the value of existing products or services under development;  
 Regional collaboration as measured by the number of organizations actively engaged in the industry cluster and/or the number of symposia held by the industry cluster, including organizations that are not located in the immediate region defined by the partnership and/or the number of further cooperative agreements;  
 Number of educations and training activities relating to the innovation;  
 Number of innovative products, services and/or prototypes launched;  
 Number of jobs relocated from outside of the United States to the region;  
 Amount and number of new equity investments in industry cluster firms;  
 Amount and number of new loans to industry cluster firms;  
 Dollar increase in exports resulting from the project activities;  
 Percentage of employees for which training was provided;  
 Improvement in sales of participating businesses;  
 Improvement in wages paid at participating businesses;  
 Improvement in income of participating workers;  
 Any measure determined appropriate by the Agency; and  
 Broadband development in the targeted region.

- (iv) Initiatives and timetable established for the next reporting period; and
- (v) Any additional information as found in the annual Federal Register notice.

13. **INSPECTION:** Grantees must permit periodic inspection of the project records and operations by a representative of the Agency.
14. **DISPOSITION:** Grantee must abide by the disposition of acquired asset requirements as outlined in 2 CFR part 200 and departmental regulation.
15. **ENVIRONMENTAL:** The environmental assessment and supporting documentation have been reviewed and found to be in acceptable compliance with the Agency regulations, as such, the environmental assessment is approved.
16. **SYSTEM FOR AWARD MANAGEMENT (SAM):** Your organization must maintain an account registration in the System for Award Management at [www.sam.gov](http://www.sam.gov) until final disbursement.
17. **OTHER REQUIREMENTS:**

The Grantee will be responsible for any additional requirements of federal, state, or local governments that may apply. All requirements and permits of the governing agencies will be followed for any activities related to the project.

The above conditions are based on the proposed use of funds as outlined in the financing arrangements as stated. The conditions as stated may be modified if the scope or cost of the Project is changed or the financial arrangements are adjusted. Any change or modification of the conditions of the Project must have prior approval by Agency.

The Grantee will follow the requirements in the Letter of Conditions and the Financial Assistance Agreement. No further processing will occur on this application until the attached Forms RD 1942-46 and 1940-1 are signed and returned. Documents must be returned to XXXX at XXXX, for further information please call XXXX.

Sincerely,

Title

Enclosures:

- Form RD 1942-46, "Letter of Intent to Meet Conditions"
- Form RD 1940-1, "Request for Obligation of Funds"
- Form RD 4280-2, "Rural Business-Cooperative Service Financial Assistance Agreement"
- Form RD 400-1, "Equal Opportunity Agreement"
- Form RD 400-4, "Assurance Agreement"
- Form RD 400-6 "Compliance Statement" (contracts over \$10,000) (as applicable)
- Form RD 1924-9, "Certificate of Contractor's Release" (as applicable)
- Form RD 1924-10, "Release by Claimants" (as applicable)
- Form SF-271, "Request for Advance or Reimbursement"
- Form SF-3881, "ACH Vendor/Miscellaneous Payment enrollment Form"
- Form SF-425, "Federal Financial Report"
- Performance Report