

RURAL BUSINESS-COOPERATIVE SERVICE



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NATIONAL OFFICE NEWS

MESSAGE FROM RBCS ACTING ADMINISTRATOR SALERNO ON THE BIO-BASED ECONOMY

Dear State Program Directors:

This is an exciting and challenging time for rural America, and I look forward to continuing to lead RBCS as we implement the Administration's goal of making investments that change the lives of rural Americans. My enthusiasm for our work stems from my experience as a small business owner in rural America, and knowledge that what we contribute to rural businesses matters.



Most of you know how important a [bio-based economy](#) is for rural America and what a tremendous opportunity we have to promote job growth, innovative production, and new partnerships in this sector. Let's work together to exchange ideas and search for robust bio-based projects. As we move forward, I encourage you to share your success stories on how to attract these bio-based industries to our efforts.

The important role we play in the success of rural America is humbling. I want to take this opportunity to let you know if there is a way for us to be flexible, we should be. If there is a way to loan money to a small business, we will. If there is a way to save jobs, we want to do so. I believe we should strive to say "yes" rather than "no" to rural businesses when-ever we can. I encourage you to continuing working with the National Office on these goals as we help shape our Nation's energy future. Please reach out to me if there is a way for us to help you reach your goals.

I look forward to working with you. I appreciate your support and look forward to working with you.

Sincerely,

Lillian Salerno
Acting Administrator
Rural Business and Cooperative Services

NATIONAL OFFICE NEWS

USDA'S FIVE YEAR BIO-BASED ECONOMY PROGRAM

by Anthony Crooks, Energy Policy Specialist

"And a five-year bill, in addition to expressing support, must allow us the resources to meet the goal that we've set this year of creating and investing in 50 new bio-based companies in the United States. There are 3,100 companies today that are taking agricultural waste products, agricultural residues and turning them into new products. We want to expand that number each and every year. "

Secretary Vilsack

January 14, 2013

Remarks to 94th Annual Meeting of the
Farm Bureau Federation



Secretary Vilsack has committed the full resources of USDA to help create 50 new bio-based companies in the United States over the next five years. The initiative will help create jobs and improve the rural American economy. Rural Business-Cooperative Service (RBCS) is committed to supporting the Secretary's plan.

On February 18, 2013, during the National Team meeting in Washington, DC, Rural Business-Cooperative Service (RBCS) Acting Administrator Lillian Salerno and her leadership team began a dialogue with the [Rural Development State Directors](#) that supports Secretary Vilsack's commitment to growing the bio-based economy. Starting with this article, and continuing throughout the year, the National Office will provide you with examples of bio-based projects and links to resources that will help you grow and support bio-based businesses in your state using our programs.

Over the last four years, the following RBCS programs helped fund close to 200 bio-based projects throughout rural America:

1. [Rural Energy For America Program](#) (REAP) - funded 179 biomass projects with over \$95 million in grants and loan guarantees
2. [Biorefinery Assistance Program](#) (BAP) - 9 conditional commitments totaling over \$700 million
3. [Business and Industry Guaranteed Loan Program](#) (B&I) and the [Value-Added Producer Grant Program](#) (VAPG) significantly contribute to advancing the bio-economy

The bio-based economy includes large scale projects such as biorefineries that produce advanced biofuels, and projects like a Louisiana facility that produces a biochemical from renewable biomass. Smaller scale projects can include feasibility studies for converting hay into logs for home heating, or projects that produce biogas electric generation from hybrid forage sorghum. Click [here](#) to view several USDA bio-based success stories.

The 2002 and 2008 farm bills [define](#) a bio-based product as a product determined by the Secretary to be a commercial or industrial product (other than food or feed) that is either composed, in whole or in significant part, of biological products, including renewable domestic agricultural materials and forestry materials or an intermediate ingredient or feedstock.

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Examples of RBCS funded bio-based products include the following:

- Biofuels such as cellulosic ethanol, wood pellets, and bio-gas
- Clothing and fibers
- Potting plants
- Health and veterinary products
- Cleaning agents, solvents, and lubricants

The USDA's [BioPreferred Program](#)¹ identifies over 110 categories of bio-based products eligible for preferred procurement by the Federal government. For your convenience, the National Office created a list of bio-based product categories entitled, "Bio-based Product Categories for Preferred Procurement" that accompanies this newsletter.



What steps will we take to going forward? The majority of our efforts will focus on matching bio-based projects with our programs through outreach that targets companies in your state that manufacture or distribute bio-based products or engage in bio-based projects. By reaching out to these businesses, we can identify whether there are opportunities for these companies to expand production of their existing bio-based products or develop new bio-based products.



The USDA BioPreferred Program website identifies companies approved to use the "USDA Bio-based certified label." Soon, the National Office will provide you with a list of all companies approved to use the label. You can also search for approved companies in your state by browsing the [BioPreferred Catalog](#).

To encourage discussion and an exchange of ideas, during the February 2013 National Team meeting, Acting Administrator Salerno encouraged State Directors, in states with bio-based businesses, to share their experiences with the other State Directors. Additionally, the National Office will set up a folder on SharePoint where you can submit project summaries of existing bio-based projects in your state for others to view. We will send you a link to this site soon.

Economic planning is critical to bio-based product businesses because many of these businesses are still in their infancy and market penetration can be challenging. The VAPG, REAP, BAP, B&I, [Rural Business Enterprise Grant](#), and the [Rural Business Opportunity Grant](#) programs are available to bio-based products business owners who need funding for marketing studies or technical assistance.

In upcoming issues of our monthly newsletter, the National Office will provide writes-up on other ways we can use our programs to grow the bio-economy and examples of bio-based projects.

¹ NOTE: Due to funding, work under the BioPreferred Program has been suspended, including processing of applications for the USDA Certified Bio-based Product label. ■

BIO-BASED PRODUCT SUCCESS STORY

START-UP COMPANY USES A B&I PROGRAM TO PRODUCE BIO-BASED PRODUCT

[Laurel BioComposite LLC](#), located in Laurel, Nebraska, used a \$5 million USDA Rural Development B&I loan guarantee and almost \$7 million in leveraged funds to build its new manufacturing plant and buy equipment.

The company converts distillers grain from ethanol plants into a product they call Bio-Res™. The new product can be used in place of traditional petroleum based resins in various plastics manufacturing processes.

Bio-Res pellets are made of 60-80 percent bio-content and used in the shipping, lawn and garden, agriculture, and automotive industries. The company sells Bio-Res to plastics manufacturers who insert it into their thermoplastics products.

As a result, of the loan guarantee, Laurel BioComposite LLC, was able to retain three jobs and created nine new jobs at its new pilot plant.



Pictured (left to right) are Clark Maxon, Heather Bearnes, Penny Maxon and Jordan Johnston loading boxes filled with Bio-Res™

NATIONAL OFFICE NEWS

USDA RURAL DEVELOPMENT HOST TRIBAL CONSULTATION WEBINAR/TELECONFERENCE

On Wednesday, April 17, 2013 at 3:00 pm EST, [USDA Rural Development](#) will hold its quarterly Tribal Consultation Webinar/Teleconference. The topic of this webinar will be the [Rural Business-Cooperative Service's](#) business revolving loan programs. These webinars help ensure that Tribal communities and businesses have access to capital.

Over the past six months, Rural Development has made a several policy changes. For example, in Fiscal Year 2012, Rural Development issued the two Administrative Notices that provided program guidance to our staff. During the webinar/teleconference, Rural Development will discuss these notices (listed below) with Tribal leaders and webinar participants:

[Revolving Loan Fund Programs Ultimate Recipient Conflict of Interest](#), September 16, 2012
[Intermediary Relending Program Processing and Servicing Clarifications](#), December 3, 2012

In preparation for the Quarterly Tribal Consultation event, on Wednesday, March 20, 2013 at 3:00 pm EST, USDA Rural Development will host a pre-consultation briefing webinar/teleconference to walk through the [Intermediary Relending Program](#) (IRP), [Rural Business Enterprise Grant](#) (RBEG) Program, and associated policy enhancements. Our goal is to provide Tribal leaders with briefing materials and ample time to work with Tribal staff so they can review the information and prepare comments for the April 17, 2013 meeting.

Listed below are instructions for accessing the webinars. If you plan to join us by telephone only, you can access both events by dialing **(800) 981-3173**, and using the participant code **4248**. Click [here](#) to view and download conference materials. We will post new materials to this site as documents become available.

If you have any questions, please contact Tedd Buelow, USDA Rural Development's Native American Coordinator, at 720-544-2911 or tedd.buelow@wdc.usda.gov.

Thank you very much for your participation. We look forward to your participation.

USDA Rural Development Tribal Pre-Consultation Briefing
Wednesday, March 20, 2012 - 3:00 PM EDT

Click here to [Join the meeting](#).

Audio Information - telephone conferencing

Use the information below to connect:

Toll-free: +1 (800) 981-3173

Toll: +1 (202) 720-7039

Participant code: 4248

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USDA RURAL DEVELOPMENT HOST TRIBAL CONSULTATION WEBINAR/TELECONFERENCE

First Time Users:

To save time before the meeting, [check your system](#) to make sure it is ready to use Microsoft Office Live Meeting.

Troubleshooting:

If you are unable to join the meeting, please follow these steps:

Copy this address and paste it into your web browser: <https://www.livemeeting.com/cc/usda/join>

Copy and paste the required information:

Meeting ID: 483TWD

Entry Code: mckr?*J6k

Location: <https://www.livemeeting.com/cc/usda>

If you still cannot enter the meeting, [contact support](#)

USDA Rural Development Quarterly Tribal Consultation

Wednesday, April 17, 2013 - 3:00 PM EDT

Click here to [Join the meeting.](#)

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Copy and paste the required information:

Meeting ID: QW6HCD

Entry Code: Jqc9)@;Bw

Location: <https://www.livemeeting.com/cc/usda>

If you still cannot enter the meeting, [contact support](#) ■

STATE OFFICE NEWS

AFRICAN FOOD COOPERTIVE SUPPORTS LOCAL FOOD OPTIONS IN MASSACHUSETTS COMMUNITY

by Christine Kimball, Business and Cooperatives Specialist, Southern New England State Office (MA/CT/RI)

Question: What do immigrant farmers from Tanzania, Nigeria, Kenya, Burundi, Rwanda, and Liberia have in common with central rural Massachusetts? **Answer:** [World Farmers Incorporated](#) (WFI), a nonprofit organization located in Lancaster, Massachusetts.

WFI provides technical assistance and mentoring to small, socially-disadvantaged, and immigrant farmers on sustainable farming production and fair market principles.

In 2012, WFI received a USDA Rural Development [Small Socially-Disadvantaged Producer Grant](#) (SSDPG) in the amount of \$168,151. WFI used the grant proceeds to assist, mentor, train, and support African immigrant farmers so they can form a food cooperatives, develop business plans, navigate the legalities associated with establishing a cooperative, and perform bookkeeping. The \$168,151 in funds represents the first time the [MA/CT/RI State Office](#) provided a SSDPG award to a southern New England business.

Thanks to WFI and the SSDPG grant, the group will also receive training on producing, marketing, and distributing crops to Massachusetts' African communities. Currently, the African farmers produce and distribute corn, collards, tomatoes, and indigenous African plants such as spider plants, amaranth, garden eggs, jilo, carrots, mangos, spinach, mint, and white sweet potatoes. The indigenous vegetables are a regular part of the African diet but not ordinarily available in the United States.

Maria Moreira, WFI's Executive Director, has successfully organized and trained a number of immigrant farmers with the skills they need to bring their farm produce to market. "Our farmers are so highly committed to cultural values and truly excited that they are developing a cooperative that reflects those values "

According to a recent report prepared by the [Immigrant Learning Center](#) of Malden, Massachusetts, the food cooperative will not only train and support the community mission, it will furnish indigenous produce to over 70,000 plus Africans who live in the state. Many such residents live in central Massachusetts, which is relatively close to the Lancaster farm site and World Farmers, Inc. The residents, who are already committed to local foods and sustainable practices, will soon be beneficiaries of food locally grown by African farmers and distributed through an African food Cooperative.

If you have any questions about this article please contact the writer with the [Massachusetts State Office](#) at Christine.Kimball@ma.usda.gov.



Farmers from Africa learn sustainable production principles from Maria Moreira of WFI

STATE OFFICE NEWS

ALABAMA STATE OFFICE HOST REVOLVING LOAN FUND ROUNDTABLE

by Melissa R. Williams, Alabama State Office Business and Cooperative Program Technician

On February 20, 2013, the [Alabama State Office](#) held a revolving loan fund stakeholder roundtable at its Montgomery, Alabama office. The roundtable kicked off with 43 attendees arriving and networking. Representatives were present from all Rural Development revolving loan programs including the [Rural Business Enterprise Grant](#) (RBEG), [Intermediary Relending Program](#) (IRP), [Rural Microentrepreneur Assistance Program](#) (RMAP), and [Rural Economic Development Loan and Grant](#) (REDLG) program.

Partners contributing to the roundtable discussion included W. Howard Wills, State Small Business Credit Initiative (SSBCI) Coordinator, Alabama Department of Economic and Community Affairs, Quinton Harris, Area Director, Chris Harmon, Alabama Rural Water Association, Operations Consultant, Dr. John Gamble, Alabama Department of Agri. & Industries, and Herman Williams, Manager of Loan Originations, Seedco Financial Services, Inc.

Quinton Harris, Area Director, provided a brief overview of the program and answered the question, "What is a Revolving Loan Fund?" A Revolving Loan Fund (RLF) operates, by issuing new loans as old loans are repaid. Loans are made by the intermediary from the RLF to Ultimate Recipients for the purpose of financing specific, approved projects. The ultimate recipient's loan repayments are retained in the RLF, which is maintained by the Intermediary, creating the opportunity to issue other loans to new projects.



The roundtable discussions centered on significant issues such as operation of the RLF, barriers/challenges to loan making, and fund utilization. A hot topic was the range of fees the intermediaries charge the recipients. The norm for servicing fees ranged from 1.5 percent to 3 percent, others charged only a \$250 origination fee, and some charged ½ of 1 percent. A REDLG cooperative representative stated that the normal cooperative servicing rate is 3 percent.

Another hot topic was "What Projects Can be Funded with the Funds?" Chris Harmon, former C&BP Program Director and current Operations Consultant with Alabama Rural Water Association, recommended viewing the regulations and determine first what projects "cannot" be funded with the RLF.

The meeting provided an excellent opportunity for networking. Marcia Johnson, RBS State Office Specialist, updated the group on LINC Online Reporting and [RD AN No. 4694](#), Intermediary Relending Program Processing and Servicing Clarifications, with emphasis on the sample Participation Agreement.

Howard Wills, SSBCI Coordinator, followed up and introduced the intermediaries to the State Small Business Credit Initiative. In 2010, President Obama signed into law the Small Business Jobs Act to help increase credit availability for small businesses. The loan proceeds must be used for a "business purpose." The maximum borrower size is limited to 500 or fewer employees. The State is using a Lender Participation Agreement as well. Mr. Wills stated that jobs are tracked and it is one of the easiest programs to use. Seedco Financial, RMAP Intermediary, is participating in the program.

Feedback about the Intermediary Relending Roundtable was positive.

STATE OFFICE NEWS

RED-LOAN HELPS FARM EQUIPMENT DEALERSHIP CREATE JOBS IN NORTH DAKOTA

by Samantha Evenson, Public Relations Specialist in North Dakota, USDA Rural Development

After 40 years, at its present location, the John Deere dealership in Ashley, North Dakota decided to move.

About a mile down the road, over 250 people gathered to celebrate the grand opening of [Green Iron Equipment's](#) new \$2 million facility. The [North Dakota USDA Rural Development State Office](#) helped finance the project by partnering with a local cooperative, KEM Electric. Through the [Rural Economic Development Loan Program](#), Green Iron Equipment received a \$740,000 loan.

The original dealership consisted of four separate buildings that were located in downtown Ashley. Two of those structures housed small service shops that could not accommodate large farm machinery.



This new farm equipment sales and service building, funded in part with a RED-Loan, will provide up to eight new jobs



Over 250 people gathered to celebrate the Green Iron Equipment grand opening in Ashley, North Dakota.

eight more jobs. In a community of less than 800 people, this project is providing big benefits.

"As sales and service requirements grew, we outgrew our facilities," said Lyle Fey, Green Iron Equipment manager. "We simply ran out of space to meet our customers' needs."

The new facility is now more than triple the size of Green Iron's previous space. The new 127 x 150 foot building is complete with a showroom, parts area, sales department, and even an overhead crane. There is more than enough room to adequately service farm equipment that continues to increase in size.

Efficiency has also greatly improved at the dealership primarily because all areas of operation - sales, parts and service, are under one roof.

Due to the expansion, Green Iron Equipment plans to double their staff by adding up to

OTHER ITEMS OF INTEREST

RBCS NATIONAL TELECONFERENCE CALLS

Click on the links below to listen to recently recorded, monthly national teleconference calls between the RBCS Administrator and the State Program Directors. It may take thirty seconds or more for a audio file to load and play.

[November 2012](#) [December 2012](#) [January 2012](#) [February 2012](#)

2013 FEDERAL HOLIDAY SCHEDULE



Date	Holiday
Tuesday, January 1	New Year's Day
Monday, January 21	Birthday of Martin Luther King, Jr.
Monday, February 18	Washington's Birthday
Monday, May 27	Memorial Day
Thursday, July 4	Independence Day
Monday, September 2	Labor Day
Monday, October 14	Columbus Day
Monday, November 11	Veterans Day
Thursday, November 28	Thanksgiving Day
Wednesday, December 25	Christmas Day