

Project Development Services

Program Guidelines

Agricultural Utilization Research Institute
Agricultural innovation from idea to reality



AGRICULTURAL UTILIZATION RESEARCH INSTITUTE

Project Development Services

AURI

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Program Emphasis

AURI provides expertise and assistance to increase value, demand and market opportunities for agriculturally-based products.

The Project Development Services (PDS) program is intended to assist in the identification and development of new processes or technologies for agricultural processing and commodity utilization. To enhance value-added economic opportunities in Minnesota, the PDS program

To access cost-share assistance, an applicant must be actively working with an AURI project development team. AURI personnel, labs and pilot plants are available to assist Minnesota-based clients by:

- Providing entrepreneurial resources through a network of collaborative partners to assist value-added start-ups and expansions
- Providing innovative resources, scientific technical assistance and a broad-based expert network that promote sound decisions
- Delivering quality research and development services to clients
- Providing high quality process and product development
- Fostering project development through collaboration
- Focusing on impact and implementation

AURI's professional and technical staff offers scientific technical and project development assistance, including but not limited to:

Technical feasibility: A project may focus on new or improved process technology or on development of new value-added food or non-food agricultural products. The project may include an evaluation of the product's technical soundness and quality. The project may also include an evaluation of a new/improved process technology that improves the effectiveness of agricultural product utilization.

Economic or market feasibility: If an applicant is developing an agricultural-based product or technology with AURI assistance, a study may be cost-shared to examine the market potential and/commercialization. This study would identify specific obstacles to commercialization and address potential solutions.

AURI technologists/scientists are available to provide consulting and technical services with respect to product and process development; product evaluation and testing; and sourcing materials, equipment and services.

AURI pilot plants and labs are available, on a confidential basis, to assist in product and process development, scale-up, nutritional assessment and production for market assessment.

Types of Assistance Available Through the Project Development Services Program

The PDS program offers in-house lab facilities, pilot plants, technical and business consulting that are enhanced by cost-share support. AURI assistance may include, but is not limited to:

- Analytical testing of products or processes in development
- Product formulation
- Pilot production line development
- Zero waste process analysis
- Laboratory scale trials
- Engineering review
- Process analysis
- Business evaluation
- Secondary market research

AURI project development teams, laboratories and pilot facilities are an integral part of project development. Laboratory and pilot plant facilities include:

- Biobased materials and microbiology laboratory
- Product development kitchen
- Meat products development laboratory (USDA inspected)
- Analytical chemistry laboratory
- Biofuels enhancement laboratory
- Coproduct and waste utilization laboratory
- Pelletization pilot facility

Depending on demonstrated project needs, cost-share assistance may be available for services including, but not limited to:

- Technology development outside AURI
- Validating technology
- Engineering review
- Packaging feasibility and assembly design
- Prototype development costs/test market product costs
- Process feasibility
- Economic and market feasibility
- Business or market planning (with AURI partners)

Eligibility

The PDS program is available to applicants who can demonstrate the project will significantly impact the use of an agricultural commodity or commodities, alternative crop or crops, or livestock. **Clients must also demonstrate the capacity and intent to implement findings upon project completion.** Additionally, each client must actively work with an AURI project development team to design, monitor and implement the proposed project. The PDS program is designed to add value to an agricultural commodity or commodities and to foster long-term economic growth, but is not intended for crop or livestock production. The project and its proposed benefits must impact commodities produced and/or processed in Minnesota.

The purpose of all of AURI's programs is to provide technology development through its many resources, especially its professional staff, laboratories and pilot plant facilities. The PDS program augments these AURI resources by providing cost-share for those services not available within AURI. The staff of AURI incorporates this focus when determining the amount of project cost-share to recommend.

CLIENT TIERS AND MAXIMUM FUNDING

The maximum level of cost-share available to a client is based upon the type of business structure the client has chosen, the potential impact of the project, and a demonstrated ability to bring a project to commercialization. The tiers of maximum cost-share support available are categorized below:

Cost-Share Requirement Tiers

	Tier 1	Tier 2	Tier 3
Legal Organization	Sole proprietorship, partnership, or corporation	Sole proprietorship, partnership, or corporation	Cooperative or Producer-owned LLC
Minimum Number of Members* (excluding immediate family)	n/a	n/a	3
Annual Gross Product Sales	<\$500,000 / year	>\$500,000 / year	No minimum
Maximum Cost-Share**	\$50,000 per project	\$100,000 per project	\$100,000 per project
Lifetime Cost-Share Limit***	\$100,000 per legal entity	\$200,000 per legal entity	\$200,000 per legal entity
Matching Requirements	1:1	1:1	1:1
Eligible Type(s) of Match	Cash	Cash	Cash
IRS Notification****	1099 Statement	1099 Statement	1099 Statement

* Immediate family defined as: parent, child, brother, sister, spouse, step-parent, stepbrother, step-sister, grandparent and in-law relationships.

** Dependent upon demonstrated impact on community or commodity.

*** Lifetime limit applies to the legal entity involved in the project, as well as any general partnership, limited partnership, corporation, joint venture, trust or joint operation in which the funded legal entity is substantially involved in providing labor, capital or management, or in which the funded legal entity has a greater than 30% ownership interest and is involved with the organization.

**** For cost-share cash outlays.

Prerequisites

The project for which PDS assistance is sought must be located in Minnesota, demonstrate a positive benefit to Minnesota agriculture and must be deemed as having commercial viability by AURI staff. Recipients of cost-share assistance must actively work with AURI staff to develop a product or process prior to approval.

PDS Project Development Process

A client is allowed a maximum ten hours of in-house assistance prior to completion of a PDS application. However, an application may be completed at any time a need for cost-share assistance is identified.

A client is encouraged to discuss the project idea(s) with AURI staff which will assist in determining eligibility for an appropriate AURI program and in initiating the application process. Approval of a project involves the following steps:

Client initially meets with AURI staff to determine project scope. An Initial Assistance Agreement is signed acknowledging acceptance of service by AURI staff.



After initially meeting, client and staff work to complete an Applied Technology Services Application (required for technical service-only and cost-share projects). This application requests the establishment of an AURI project team.



Application is submitted to the Project Approval Committee to establish an AURI team. The AURI project team will assess the need for cost-share assistance. If applicable, a PDS cost-share application will be completed by the client and team member.

NOTE: To be considered for cost-share, applicants must be actively working with an AURI project team to assess project potential.



PDS applications (for cost-share) are first reviewed by the Project Approval Committee. Requests for AURI cost-share assistance over \$25,000 must be considered by the AURI Board of Directors at a regularly scheduled Board of Directors meeting.



Upon favorable approval, the application is forwarded to the Finance Department to establish a cost-share and activity agreement. This agreement must be signed by the client within 60 days of AURI approval for project continuation. *Refer to Client Reference Packet for details of project agreements.



Client continues to advance the project with AURI client team. Upon project implementation, a final report is prepared. After completion of the project, the client will receive periodic requests to complete impact assessments.

Financial Responsibility of the Client

Agreement to support a project under the PDS program requires AURI and the client enter into a written agreement which establishes the terms and conditions of AURI support. AURI may request a security interest or other legal interest in intellectual property developed or enhanced with the assistance of AURI. In the event a client breaches the written agreement, AURI cost-share dollars disbursed are subject to immediate repayment in full, plus interest at the rate of interest prescribed by Minnesota Statutes with respect to judgments. Upon successful implementation of an agreement, the client will receive a Client Reference Packet providing the appropriate reimbursement and reporting requirement information.

During the course of the project, the client is required to submit to the AURI State Office the following:

1. Progress reports, submitted when requesting disbursement of funds, describing activity to date and documenting match.
2. A final narrative report, including any appendices or materials developed and supporting documentation, describing the work performed and the results obtained.
3. A final financial report of expenses incurred within the scope of the project.
4. Periodically, after completion of the project, AURI staff or affiliated parties may contact the client to request information in implementation, progress and impact of the project.

Confidentiality

AURI will treat all mutually agreed upon information provided by an applicant as confidential. Information provided to or gathered by AURI related to its programs shall be treated as private data. Such data includes:

- Financial data, statistics and information furnished in connection with AURI cost-share assistance, including credit reports, financial statements of net worth, income tax returns (either personal or legal entity) and any other personal or legal entity financial records;

- Security information, trade secret information, or labor relations information disclosed to members of the Board of Directors or employees of AURI.

Proprietary information provided to AURI should be limited, set apart from the text of the application, and clearly marked as CONFIDENTIAL. AURI will limit the dissemination of proprietary information to staff and project reviewers on a confidential basis; but in any event, AURI does not assume any liability for inadvertent disclosures.

AURI will not, consistent with relevant law, make public any information disclosing product, process, commodity, invention, technology, innovation, or service funded pursuant to the PDS program until a patent, copyright or trademark is applied for, or for two years after completion of the project, whichever occurs first. AURI does not assume liability for any inadvertent disclosure.

Evaluation of Projects

AURI assistance is intended to occur early in the development of a product or process for which feasibility needs to be determined. A request for AURI assistance is analyzed with respect to a project's positive impact on Minnesota and its agriculture. A project is reviewed and evaluated based upon the following criteria:

- **Innovation/ uniqueness:** How innovative or unique is the product or process?
- **Commodity source:** Are Minnesota agricultural commodities utilized?
- **Utilization:** How much commodity or by-product will be utilized?
- **Producer/ rural community impact:** How many Minnesota agricultural producers or rural communities benefit from the proposed project?
- **Value added:** How much value is added to the agricultural commodity through further processing?
- **Economic impact:** How does the economy of Minnesota benefit from this project?
- **Cost savings:** Does the new product/process result in cost savings?
- **Implementation:** Does capacity exist to implement upon successful project determination?
- **Collaboration:** Does this project effectively use collaboration resources across the State?

The answers to each of these questions will determine the extent to which AURI may assist a client. A project which demonstrates significant positive impact is likely to receive more assistance than one showing minimal impact. Some projects may be eligible for technical assistance only, while others may be eligible for cost-share and technical assistance.

AURI Offices

Crookston Office

PO Box 599
Crookston, MN 56716
800.279.5010

Marshall Office

1501 State Street
Marshall, MN 56258
507.537.7440

St. Paul Office

1475 Gortner Ave
St. Paul, MN 55108
612.624.8816

Waseca Office

PO Box 251
Waseca, MN 56093
507.835.8990

Additional Information

Additional information regarding AURI's programs and services, as well as necessary forms and guidelines, may be obtained by contacting one of the offices listed above or by accessing AURI's website at auri.org.

AGRICULTURAL UTILIZATION RESEARCH INSTITUTE

PROJECT DEVELOPMENT SERVICES COST SHARE APPLICATION

Applicant Name:	Federal ID #:
Address:	State ID #:
City, State & Zip:	E-mail Address/Website:
Contact Person/Title:	Daytime Telephone:
Fax:	Other Telephone:
Project County of Primary Operation:	Project Number Assigned:

Ownership Information

Please list Principal Owners, Board of Directors and Titles – attach resumes	
1.	4.
2.	5.
3.	6.

Business Operation Information

Legal Form of Organization:	Date Established:
Number of Current Full-Time Employees:	Number of Current Part-Time Employees:
Do you have a Business and/or Marketing Plan? <i>(If yes, please attach)</i>	
Gross Product Sales Last Fiscal Year: <i>(Please attach a current financial statement)</i>	

Please provide a brief history of your existing business and the types of products or services it currently provides:

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Project Impact Potential

Project Analysis

1. Please describe your need for product/process assistance:
2. Innovation or uniqueness of this project:
3. Anticipated outcome:
4. How will these outcomes be implemented upon completion of the project?
5. What AURI laboratory or pilot plant facilities will be involved?
6. Other organizations/collaborators involved:
7. Cost-share dollars requested (AURI portion):
8. Potential dollars from other sources (amount and source):
9. Proposed Start Date: Proposed Completion Date:
10. Please describe how AURI has assisted you in the past (*if applicable*):

Impact Analysis

1. Level of impact on commodity (niche/medium/large scale): Amount of commodity used per year:
Please describe:
2. Dollar value added to product: Please describe:

Impact on Commodity/Community

Please describe how this project will impact the commodity used or community in your area.

1. Potential jobs created (number and type):

2. Potential dollars of infrastructure investment (facilities built/equipment purchased): \$

3. Potential cost savings upon implementation of project: \$

4. Does this project have community support? If so, how?

5. Does community infrastructure exist that gives the project a competitive advantage?

Company Analysis

1. Please describe your organization's internal resource strengths and competitive capabilities (*include areas of expertise and/or education*):

2. Please rank your organization's competitive strengths (*Circle one; 1 = very weak; 5 = very strong*)

Technology/Production

a. Manufacturing capability	1	2	3	4	5
b. Technological skills	1	2	3	4	5
c. New product innovation	1	2	3	4	5

Market

d. Reputation/Image	1	2	3	4	5
e. Dealer network/distribution	1	2	3	4	5
f. Customer service capability	1	2	3	4	5

Business Potential

g. Quality/Product Performance	1	2	3	4	5
h. Overall strength/capability	1	2	3	4	5
i. Experience in industry	1	2	3	4	5

Financial

j. Financial resources	1	2	3	4	5
k. Relative cost position	1	2	3	4	5

Comments:

3. Conclusions concerning competitive position:

4. Please describe any concerns you have regarding your organization:

5. Please describe the market opportunities for your organization's project (*Please include your source(s) of information regarding market opportunities*):

6. Have you conducted a value-chain analysis for your project?

7. Are there any recent technological or scientific developments that might affect your project?

8. Please describe major strategic issues the company must address:

9. If applicable, please describe your organization's performance in the past three years:

	Year 1	Year 2	Year 3
Sales Growth	_____	_____	_____
Net Profit Margin	_____	_____	_____

10. Are there any new or pending regulatory issues that might affect your project?

The following have been reviewed with the AURI project

_____ team: AURI Market Research
 _____ AURI External Collaborator Search

By signing here, the recipient agrees that he/she has read and agrees to the terms and conditions of the Project Development Services guidelines:

Recipient Signature: _____

Name and Title (type or print): _____

Date: _____

Client Tier Certification

Applicant Name: _____

Project Title: _____

Legal Form of Organization:

_____ Producer-Owned Limited Liability (LLC) Corp _____ Sole Proprietorship
_____ Partnership _____ Cooperative
_____ Corporation

Please describe any parent, subsidiary or private sister organizations:

\$ _____ Gross Annual Sales

Refer to "Cost-Share Requirement Tiers" table on Page 5 to determine appropriate Tier Level prior to completing table below:

Tier Determination (1, 2 or 3) _____

Maximum Lifetime Funding Available Under Relevant Tier: _____ (A)

Other AURI Grants or Cost-Share Funds Awarded:
(include parent, subsidiary, private sister organizations)

<u>Project Number</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____

Less: Total of Other Grants and Cost-Share Awards: _____ (B)

Outstanding Loan Balances with AURI:
(include parent, subsidiary, private sister organizations)

<u>Project Number</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____

Less: Total of Outstanding Loan Balances: _____ (C)

*Maximum Lifetime Cost-Share Available to Applicant: _____
(A minus B minus C)

* The amount of any award is subject to prior approval by the staff of AURI and/or Board of Directors as well as any current AURI policy on award limits.

PROJECT WORK PLAN

Activity Number: _____

Start Date	Completion	Task	Anticipated Outcome	Total Cost	Owner Cash	Owner In-kind	AURI	Other
TOTAL:								

Related AURI Assistance:

Activity	Anticipated Outcome	Approx Hrs	Date Due	Staff Member
1.				
2.				
3.				

***Please make copies if additional pages are needed.**

