

**ANIMAL WASTE FERTILIZER COST SHARE PROGRAM
PHASE II APPLICATION**

THIS ANIMAL WASTE FERTILIZER COST SHARE PROGRAM PHASE II APPLICATION (this "**Phase II Application**") is submitted by _____, a _____, with a business address at _____ ("**Applicant**"), to the N.C. FOUNDATION FOR SOIL AND WATER CONSERVATION, INC., a North Carolina nonprofit corporation (the "**Grantor**" or the "**Foundation**"). Applicant previously submitted an Initial Phase I Screening Application (the "**Phase I Application**") to Grantor to determine eligibility for participating in cost-sharing assistance under the Animal Waste Fertilizer Cost Share Program (the "**Cost Share Program**") sponsored by the Grantor. Grantor has determined that Applicant meets the eligibility requirements for participating in the Cost Share Program, as communicated to Applicant in that certain certified letter, sent on _____ (the "**Eligibility Confirmation Letter**"). Grantor has invited Applicant to submit this Phase II Application for participation in the Cost Share Program, and Applicant hereby submits this Phase II Application, and represents, warrants, and certifies to Grantor as follows:

1. A complete copy of the Phase I Application is attached hereto as Exhibit A.
2. The representations and warranties made by Applicant in the Phase I Application were true and correct when made and continue to be true and correct as of the date of this Phase II Application.
3. Applicant has worked with _____ (the "**Contractor**") and any requisite third parties (including any Fertilizer Equipment operators or fertilizer product purchasers) to draft (a) preliminary plans and specifications showing the site layout, design, character, capacity and appearance of the sludge collection and processing equipment needed for the production of fertilizers and other soil additives meeting applicable State and Federal requirements for use in agricultural operations (the "**Fertilizer Equipment**") to be installed by the Contractor on the Premises (the "**Design Proposal**"), (b) Applicant's proposed project schedule which shall include (i) a proposed completion date for installation of the Fertilizer Equipment, which shall be no later than December 31, 2026, (ii) a proposed date for the Fertilizer Equipment to go online and begin production of fertilizer products, which shall be no later than March 31, 2027, or such later dates that Grantor may allow in its sole and absolute discretion, not to be inconsistent with the Cost Share Program expiration date as may be set by that certain [CONTRACT/SCOPE OF WORK] # [NUMBER], dated [DATE], by and between the Foundation and the North Carolina Department of Agriculture and Consumer Services, as amended or modified from time to time, and (iii) such other milestones relating to financing, permitting, procuring, constructing and commissioning that are reasonably acceptable to Grantor (the "**Project Schedule**"), (c) a total estimate of the costs of engineering, designing, permitting, and installing the Fertilizer Equipment incurred on or after July 1, 2023 (the "**Construction Quote**"), (d) a budget worksheet, based upon the Construction Quote, setting forth the estimated total cost and each component line item of estimated direct costs and expenses incurred on or after July 1, 2023, directly associated with or related to site engineering, permitting, acquisition, design, or installation of the Fertilizer Equipment (the "**Budget Worksheet**"), and (e) a business plan, setting forth the items required in the definition of Business Plan in the Fertilizer Cost Share Program Agreement, which Business Plan must align with the accepted Project Schedule, including, without limitation, an operating cost projection and identification of any proposed or contracted fertilizer purchasers and related contracts, approved, executed, and notarized by both Applicant and any third party entities involved in the design, construction, installation, or operation of the Fertilizer Equipment and any purchasers of the fertilizer products, which such plan expressly acknowledges that such third parties have received a complete

copy of this Phase II Application and the Fertilizer Cost Share Program Agreement (the “**Business Plan**”, and, together with the Design Proposal, the Project Schedule, the Construction Quote, and the Budget Worksheet, the “**Project Proposal**”), a draft of which Project Proposal is attached hereto as Exhibit B.

4. Based upon the Construction Quote, the full cost of the engineering, designing, permitting, and installing of the Fertilizer Equipment incurred on or after July 1, 2023, is estimated to be _____ the (“**Cost Estimate**”). Based upon the Cost Estimate, Applicant has been prequalified for an estimated cost share amount of _____, which constitutes no more than fifty percent (50.00%) of the costs of engineering, designing, permitting, and installing the Fertilizer Equipment incurred on or after July 1, 2023, pursuant to the Eligibility Confirmation Letter (the “**Estimated Program Grant**”). Applicant agrees that it shall be responsible for the remaining portion of such costs of the Fertilizer Equipment, whether higher or lower than the Cost Estimate, which will constitute at least a 1:1 match to the Estimated Program Grant. The Applicant’s contribution will be _____ (the “**Applicant Match**”). For the avoidance of doubt, if the actual costs of the Fertilizer Equipment are lower than the Cost Estimate, the Estimated Program Grant may be reduced to ensure the Applicant Match is at least a 1:1 match to the Estimated Program Grant. The Applicant Match may be cash or in-kind non-cash tangible property, including, without limitation, already-owned equipment. If the Applicant intends to use any non-cash tangible property, the Applicant will list such tangible property on Exhibit C hereto, identifying its appraised value, and attach a notarized copy of the professional, third-party appraisal of such tangible property (dated within thirty (30) days of the date hereof) to Exhibit C. The appraisal must identify any portion of such tangible property subject to a loan, lien, or other encumbrance, and only Applicant’s equity portion of such tangible property may be used towards the total value of the Applicant Match. If the tangible property will not be solely devoted to the production of Fertilizer Products as part of the Business Plan, then the value of the tangible property will be prorated to match the portion of the time the tangible property will be devoted to the production of Fertilizer Products. Applicant covenants and agrees that Applicant will comply with the terms of the Fertilizer Cost Share Program Agreement related to use, ownership, and maintenance of any tangible personal property making up any portion of the Applicant Match.
5. Unless Applicant has sufficient cash on hand to cover all costs itself, and certifies as such in a notarized writing to Grantor, Applicant has approached one or more lenders and has obtained commitment letter(s) dated within thirty (30) days of the date hereof which Applicant has attached hereto as Exhibit D, pursuant to which lender(s) will agree, subject to the terms and conditions required by such lender, to provide the full amount of funds required to finance the design, installation, and purchase of the Fertilizer Equipment (the “**Financing Pre-Approval**”), and such Financing Pre-Approval with such lender will be in full force and effect and able to be drawn on upon final acceptance into the Cost Share Program and execution of the Fertilizer Cost Share Program Agreement, subject to the terms and conditions of the Fertilizer Cost Share Program Agreement.
6. Except as contemplated in this Section 6, Applicant has all necessary and required permits used or necessary for the lawful conduct of Applicant’s business operations as presently conducted by Applicant, including, without limitation, an Animal Feeding Operations Permit for Distribution of Animal Waste Residual Solids (the “**DEQ Permit**”) and any other required permits from the North Carolina Department of Environmental Quality (“**DEQ**”) applicable to such operations and the type of livestock on Applicant’s Premises. If Applicant has an existing DEQ Permit, Applicant has attached a complete copy of such DEQ Permit hereto as Exhibit E. If Applicant does not have an existing DEQ Permit, Applicant has applied for such DEQ Permit by completing, duly executing, attaching hereto

(Grantor Use Only)

as Exhibit E, and filing the Animal Feeding Operations Permit Application Form-Distribution of Animal Waste Residual Solids revised April 2020 (the “**DEQ Permit Application**”). Each such permit is (or, in the case of an applied-for DEQ Permit, will be) valid, binding, and in full force and effect as to the Applicant, and will not be affected by, or require modification or re-issuance, as a result of Applicant’s application to, participation in, or receipt of an Estimated Program Grant from the Cost Share Program and Grantor. Except as may be disclosed in writing to Grantor at the time of this Application, Applicant has not received any notice that it is in default (or with the giving or notice or lapse of time or both, would be in default) under any such permit. Applicant is not the subject of any government proceeding or investigation, nor is aware of any factual basis pursuant to which any permit of Applicant will or could be revoked, terminated, or rescinded, or issued, renewed, or modified in terms or conditions that are substantially different than those currently in effect. Applicant acknowledges and agrees that, in addition to the other conditions in this Phase II Application and the Fertilizer Cost Share Program Agreement, final acceptance into the Cost Share Program by Grantor and execution of the Fertilizer Cost Share Program Agreement is expressly conditioned on Applicant obtaining and maintaining all applicable permits, including, without limitation, the DEQ Permit, and Applicant, and Applicant’s officers, employees, agents, and representatives, as applicable, complying with all rules and regulations applicable to Applicant’s business operations, facilities, and the Fertilizer Equipment whether established by North Carolina law or other applicable law.

7. If Applicant leases the Premises (including either the Premises on which the Fertilizer Equipment is located or on which the Livestock Operations are located), Applicant has obtained consent of Applicant’s landlord for such Premises to the installation and operation of the Fertilizer Equipment on the Premises, if applicable, and Applicant’s participation in the Fertilizer Cost Share Program and attached such consent hereto as Exhibit F (the “**Landlord Consent**”).
8. Upon final acceptance into the Cost Share Program, Applicant will execute and enter into a Fertilizer Cost Share Program Agreement with the Grantor, substantially in the form attached hereto as Exhibit G (the “**Fertilizer Cost Share Program Agreement**”).
9. Applicant acknowledges and agrees as follows:
 - a. This Phase II Application, the Exhibits hereto, the Eligibility Confirmation Letter, and provision of the Estimated Program Grant estimate, including any consideration thereof or consultation with Applicant or third parties related thereto, does not guarantee cost share approval or obligate Grantor to (i) provide any cost share funding or any specific amount of cost share funding or (ii) enter into any cost share program contract or other contract with Applicant.
 - b. Final acceptance to participate in the Cost Share Program and the amount of any Program Grant (as defined in the Fertilizer Cost Share Program Agreement), if any, is in the sole and absolute discretion of the Grantor and may vary from the Estimated Program Grant.
 - c. If this Phase II Application is accepted, Applicant’s participation in the Cost Share Program will be subject in all respects to the execution of and the terms and conditions provided in the Fertilizer Cost Share Program Agreement entered into by Applicant and the Grantor. Applicant will not be considered finally accepted into the Cost Share Program until the Fertilizer Cost Share Program Agreement has been executed by Applicant and Grantor.
 - d. The Applicant listed above hereby authorizes the release of all records that are in custody of the U.S. Department of Agriculture or the DEQ and acknowledges that such records and any other information provided to the Grantor may be disclosed to third parties in connection with evaluation of this Phase II Application.

10. Applicant represents and warrants that all information provided in this Phase II Application, and any and all exhibits or attachments hereto, is true, correct, and complete in all respects and is not misleading.

11. Applicant shall execute and deliver such further information, documents and instruments, give such further assurances and perform such acts as may be reasonably required by the Grantor to consider this Phase II Application and whether to approve Applicant for participation in the Cost Share Program.

(the signature pages follow immediately)

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Applicant and the other parties whose signatures are set forth below hereby submit this Phase II Application to Grantor and certify the representations, warranties, covenants, and agreements set forth herein.

Signature of Applicant: _____ Date: _____

STATE OF NORTH CAROLINA)
) ss.
COUNTY OF _____)

I hereby certify that on this _____ day of _____, 202___, before me, the subscriber, a Notary Public of the State of North Carolina, personally appeared _____, _____ (the Applicant or an authorized officer or owner of the Applicant), known to me (or satisfactorily proven) to be the person whose name is subscribed to within the instrument and acknowledged that he lawfully, and with full power and authority, executed the same for the purposes contained therein.

As Witness: my hand and notarial seal. _____

[Notarial Seal]

Notary Public: _____

My Commission Expires: _____

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Signature of Third Party: _____ **Date:** _____

STATE OF NORTH CAROLINA)
) ss.
COUNTY OF _____)

I hereby certify that on this _____ day of _____, 202__, before me, the subscriber, a Notary Public of the State of North Carolina, personally appeared _____, _____ (the Third Party or an authorized officer or owner of the Third Party), known to me (or satisfactorily proven) to be the person whose name is subscribed to within the instrument and acknowledged that he lawfully, and with full power and authority, executed the same for the purposes contained therein.

As Witness: my hand and notarial seal. _____

[Notarial Seal]

Notary Public: _____

My Commission Expires: _____

*Please attach additional pages as needed to include signatures for each third party identified in and executing the Business Plan.

EXHIBIT A
APPLICANT PHASE I APPLICATION
(see attached)

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[EXHIBITS TO PHASE II APPLICATION]

EXHIBIT B
PROJECT PROPOSAL

(see attached)

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EXHIBIT C

TANGIBLE PROPERTY PORTION OF APPLICANT MATCH

Tangible Property	Appraised Value*		Time Devoted to Project (as %)	Appraisal Date*	Appraiser
	Encumbered Portion	Equity Portion			

*A copy of each notarized professional third-party appraisal must be attached.

EXHIBIT D
FINANCING PRE-APPROVAL(S) OR SELF-FINANCING CERTIFICATION
(see attached)

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EXHIBIT E
DEQ PERMIT / DEQ PERMIT APPLICATION
(see attached)

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EXHIBIT F
LANDLORD CONSENT(S)
(see attached)

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EXHIBIT G
FORM OF FERTILIZER COST SHARE PROGRAM AGREEMENT
(see attached)

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