

September 29, 1982

Lotus Farms Egg and Hen Production
% Mr. David Hamblin, President
1570 East Tomahawk Drive
Salt Lake City, UT 84103

Subject: Grant No.OTR-0002-G-SS-2305-00

Dear Mr. Hamblin:

Whereas the Lotus Farms Egg and Hen Production has made an application to the Agency for International Development for partial support of the costs to be incurred by Lotus Farms Egg and Hen Production in conducting a study (hereinafter referred to as the "study") to determine the technical, commercial, and financial feasibility of an agribusiness project in Egypt and;

Whereas Lotus Farms Egg and Hen Production represents that they have made preliminary contacts regarding the project, and that the project appears on a preliminary basis to be technically feasible, and economically attractive;

Now therefore, pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants to the Lotus Farms Egg and Hen Production (hereby referred to as "Lotus Farms" or "Grantee"), the sum of \$44,617 or 50% cost sharing, whichever is less, in partial support of the study set forth above, as more fully described in Attachment 2 of this Grant, entitled "Program Description".

This Grant is effective and obligation is made as of the date of this letter and shall apply to commitments made by the Grantee in furtherance of program objectives during the period beginning with the effective date and ending March 28, 1983.

This Grant is made to the Lotus Farms, on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1 entitled "Schedule", Attachment 2 entitled "Program Description", and Attachment 3 entitled "Standard Provisions", which have been agreed to by your organization.

Please sign the original and seven (7) copies of this letter to acknowledge your receipt of the grant, and return the original and six (6) copies to the Office of Contract Management.

Sincerely yours,



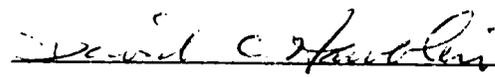
R. J. Torrey
Grant Officer
Central Operations Division
Office of Contract Management

Enclosures:

- Attachment 1 - Schedule
- Attachment 2 - Program Description
- Attachment 3 - Standard Provisions
- Attachment 4 - Cost Sharing Guidance

ACKNOWLEDGED:

Lotus Farms Egg and Hen Production

BY: 

TYPED NAME: DAVID C. HAMBLIN

TITLE: PRESIDENT

DATE: SEPTEMBER 30, 1982

FISCAL DATA

Appropriation Number : 72-1121021.6
Allotment Number : 246-34-099-00-69-21
Budget Plan Code : PDAA-82-13450-DG11
PIO/T No. : 940 0002-342-8008
Project No. : 940-0002
Total Estimated Amount: \$44,617
Total Obligated Amount: \$44,617
Funding Source : AID/W
Project Officer: PRE/FPR: B. Bouchard

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ATTACHMENT ONE

SCHEDULE

A. Purpose of Grant

The purpose of this Grant is to provide support for a project to make a study to determine the technical, commercial, and financial feasibility of a proposed agribusiness project by private sector parties in Egypt, as more specifically described in Attachment 2 to this Grant entitled "Program Description".

B. Period of Grant

1. The effective date of this Grant is September 29, 1982.
2. The Grantee will promptly cause the study to be performed so as to enable the Grantee to decide whether to proceed with the project. Funds provided under this Grant are available for commitments in furtherance of the study until March 28, 1983.

C. Amount of Grant, Cost/Sharing and Payment

1. The total estimated cost of the project being supported by this grant is \$89,234. A.I.D. hereby obligates as its contribution the amount of \$44,617 or 50 % cost sharing, whichever is less.
2. From funds obligated hereunder, A.I.D. will reimburse the Grantee for allowable costs of the study described in Attachment 2 in accordance with the terms of this Grant, up to a value of 50% or \$44,617, whichever is less, of the total expenditures of the study. The allowable costs shall be as specified in the Financial Plan in paragraph D below.
3. Eligibility of non-Federal funds applied to satisfy cost sharing requirements under this Grant are set forth in Attachment 4 entitled "Cost Sharing and Matching".

4. Individual expenditures do not have to be shared, provided that the total expenditures incurred during the year (or funding period) are shared in accordance with the agreed percentage set forth in paragraph 2 above.
5. If at the expiration or termination of this Grant, the Grantee has expended an amount of non-Federal funds less than the agreed percentage of total expenditures, as set forth in paragraph 2 above, the difference shall be refunded to A.I.D.
6. Any failure to meet the cost sharing requirements set forth in paragraph 2. above shall be considered sufficient reason for termination of this Grant for cause in accordance with the Standard Provision of this Grant entitled "Termination and Suspension", paragraph (a) entitled "For Cause" (Attachment 3, Standard Provision 7).
7. The restrictions on the use of A.I.D. grant funds hereunder set forth in the Standard Provisions of this Grant are applicable to expenditures incurred with A.I.D. funds provided under this Grant. Except for paragraph (b) of the Standard Provisions of this Grant entitled "Allowable Costs & Contributions", the Standard Provisions are not applicable to expenditures incurred with funds provided from non-Federal sources. The Grantee will account for the A.I.D. funds in accordance with the Standard Provision of this Grant entitled "Accounting, Audit and Records" (Attachment 3, Standard Provision 2).
8. Notwithstanding Attachment 3, paragraph (b) of the Standard Provision of this Grant entitled "Refunds", the parties agree that in the event of any disallowance of expenditures from A.I.D. grant funds provided hereunder, the Grantee may substitute expenditures made with funds provided from non-Federal sources provided they are otherwise allowable in accordance with paragraph 2 of this provision. At the expiration or termination of this Grant amounts of disallowances of expenditures from A.I.D. grant funds for which substitution with allowable expenditures from non-Federal funds cannot be made will be refunded to A.I.D.

9. Payment shall be made to the Grantee in accordance with the procedures set forth in Attachment 3 - Standard Provision 6 entitled "Payment - Reimbursement". Payment shall only be made after receipt by A.I.D. Project Officer of the grant study and financial reports required. All expenditures will be reported by individual item and copies of receipts supporting the expenditures must be attached for the Project Officer's review and clearance before payment will be made. "Financial Status" reports shall be submitted for payment at the end of this Grant to Project Officer, as listed in second page of grant letter.
10. If at any time prior to March 28, 1985 the Grantee makes or agrees to make a debt or equity investment in, or to be a principal supplier of goods or services to or a principal customer or manager of, either the project described in this Grant, or any related business venture whose feasibility is substantially based on the findings of the study supported by this Grant, the Grantee shall promptly refund to A.I.D. all amounts previously paid by A.I.D. to the grantee under this grant. In addition, the grantee agrees that A.I.D. shall have the right to provide up to 25% of the capitalization of the project, but A.I.D. shall have no obligation to do so.

D. Financial Plan

The following is the Financial Plan for this Grant, including local cost financing items, if authorized. Revisions to this Plan shall be made in accordance with the Standard Provision of this Grant entitled "Revision of Financial Plans."

<u>Cost Element</u>	<u>Federal Share (U.S. Dollars)</u>	<u>Non-Federal Share (US/Local Currency)</u>	<u>Total</u>
Consultants (Includes New Ag, Inc.)	\$32,100	\$32,101	\$64,201
<u>Per Diem:</u>			
International.....	2,040	2,040	4,080
U.S.....	170	170	340
<u>Travel and Transportation:</u>			
International.....	4,957	4,956	9,913
U.S.....	200	200	400
Laboratory Fees.....	2,900	2,900	5,800
Report Preparation.....	<u>2,250</u>	<u>2,250</u>	<u>4,500</u>
TOTAL.....	\$44,617	\$44,617	\$89,234

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E. Reporting and Evaluation

1. A copy of the final feasibility study and all materials and information connected with the study supported by this Grant and one copy of the study report shall be submitted to A.I.D. by March 28, 1983.
2. The study report shall conform to the prefeasibility study work plan set forth in the study description in Attachment 2 to this Grant, and shall be sufficient detail and scope to enable the Grantee to decide whether to invest in or finance the project, shall state the Grantee's conclusions on the feasibility of the project, and shall be satisfactory to A.I.D.

The report shall cover all topics outlined in the Investment Opportunity proposal. The report shall include financial plans.

3. The materials and information in connection with the study and the study report submitted to A.I.D shall be considered by A.I.D. to be privileged business information which it shall use its best efforts to protect from public disclosure, but which A.I.D shall be free after March 28, 1985 to disclose to other potential investors (except for information proprietary to the Grantee which was not developed from the study) if the Grantee has not implemented the project by that date.
4. All required reports shall be submitted to Mr. B. Bouchard, PRE/PPR, A.I.D. Project Officer
5. Two copies of reports required herunder shall be sent to the cognizant Program Office designated on the second page of the grant letter. The title page of all reports forwarded shall include the grant number, project number, as set forth on the second page of the grant letter, and project title.

F. Authorized Geographic Code

The authorized geographic code for procurement of goods and services under this grant is 935.

G. Standard Provisions

The attached Standard Provisions for Grants (Attachment 3) with U.S. Commercial Firms constitute the Standard Provisions of this Grant.

ATTACHMENT TWO

PROGRAM DESCRIPTION

A. Purpose:

The purpose of this grant is to complete a feasibility study of a proposed agribusiness project by private sector parties in Egypt.

B. Objective:

The objective of the feasibility study is to prepare complete technical, marketing, financial, and management plans and to review the legal requirements to expand Lotus Farms to include:

- a) a 5,000 head feedlot to raise and fatten male buffalo calves; and
- b) a 500 cow dairy and milk processing plant.

C. Implementation:

The Grantee will implement the program outlined below and described in the:

REQUEST FOR FINANCIAL ASSISTANCE
TO STUDY DIVERSIFYING LOTUS FARMS
INTO THE FEEDLOT AND DAIRY
BUSINESS WITH AN EMPHASIS ON THE
USE OF LOCAL BY-PRODUCTS

previously submitted to the Bureau for Private Enterprise.

Principal areas to be covered are as follows:

Part I: Feasibility Study for a 5,000 Head Feedlot to Raise and Fatten Male Buffalo Calves

A) Financial Requirements

1. total costs (broken out by project utilization)
2. proposed financial structure

B) Technical plan

1. Facility cost

- a. land
- b. corrals, feed bunkers
- c. equipment
- d. livestock prices
- e. miscel.

2. Operational cost

- a. cost of buffalos and weight
- b. labor cost
- c. feed
- d. administrative
- e. hauling
- f. selling
- g. mortality
- h. interest and depreciation
- i. other

3. By-products

- a. what by-products are available
- b. cost of these by-products
- c. analysis: moisture, protein, amino acid, calcium, phosphorous
- d. price
- e. review research to see level of these by-products that have been used elsewhere and the results and problems and limits.

4. Nutrition and feeding program for the water buffalo

C) Marketing plan

1. Study markets for fattened buffalos

- a. price - wholesale, retail, other
- b. slaughter practices - custom or direct purchase
- c. customers - hotels, stores, other
- d. government regulations in Egypt
- e. type of finish on buffalos - how much fattening

D) Financial plan

1. profit and loss projections
2. assumptions and performance standards
3. cash flow projections for 5 years

E) Legal Requirements

1. Government (Egyptian) programs
 - a. Egyptian government incentives
 - b. can we diversify Lotus Farms in this direction
 - c. availability and cost of loans

Part II: Feasibility Study for a 500 Cow Dairy and Milk Processing Plant

A) Financial Requirements

B) Technical Plan

1. Facility cost for dairy and processing plant
 - a. land
 - b. buildings
 - c. equipment
 - d. livestock
 - e. miscel.
2. Operational costs
 - a. livestock
 - b. labor
 - c. feed
 - d. administration
 - e. hauling
 - f. selling
 - g. interest and depreciation
 - h. mortality
 - i. other
3. By-products - same analysis as for feedlot only as applied to dairy cows
4. Disease analysis - study of local diseases and vaccination programs to control these diseases

- a'

5. Setting up a farming operation to grow the roughage and what kind of roughage grows best there

C) Marketing Plan

1. Markets for milk, cheese, yogurt and ice cream
 - a. prices - wholesale, retail
 - b. customers
 - c. government (Egyptian) regulations
2. Market potential
 - a. critical factors that determine market potential
 - b. present sources of supply
 - c. sales objectives
 - d. volume
 - e. market share

D) Financial Plan

1. profit and loss projection
2. assumptions and performance standards
3. cash flow projections for 5 years

E) Legal Requirements

1. Egyptian Government programs - same as feedlot study

The purpose of this Grant is to complete the feasibility analysis of a proposed agribusiness project by private sector parties in Pakistan.

B. Objective:

The objective of the analysis is to refine data, operating plans, financial and organizational matters related to the establishment of an agribusiness project in Pakistan involving a dairy, milk processing facilities, and farming operations related to support of these activities.

C. Implementation:

The Grantee will implement the program as outlined below and described in reports previously submitted to AID under the titles Mazari Agribusiness Complex - Development Plans and Prospects dated May 1982 and Phase I - Financial Analysis and Plan dated July 1982.

Principal areas to be covered are as follows:

1. Obtain detail on construction costs.
2. Clarify availability of local machinery and equipment versus import requirements.
3. Further refinement of operating costs.
4. Refinement of agricultural plan.
5. Analysis of potential vegetable export program.
6. Preliminary design and layout of facilities at farm.
7. Clarification of tax status and other legal matters.
8. Expansion and refinement of financial statements to include projected profit and loss and balance sheet statements.
9. Financial and capitalization plan by segment.
10. Total projected project costs by segment.