

Memorandum



Date: September 10, 2026
To: Buchanan City Commission
From: Tony McGhee
Subject: **Acceptance of USDA Grant Award**

Background

The City has received a Letter of Conditions from USDA Rural Development for a Rural Business Development Grant in an amount not to exceed \$203,142. The funding is intended to support the construction of a new downtown parking lot at the former Nelson Transfer Station site as part of the City's continued investment in downtown infrastructure and economic development.

This grant builds upon planning and design work that has already occurred and provides the City with a significant outside funding source to move the parking lot project into construction. Beyond improving the physical condition and functionality of this dirt lot currently used for parking, the project supports the broader work occurring throughout downtown by improving public infrastructure serving existing businesses, visitors, future redevelopment, and continued private investment.

USDA has established a grant amount of up to \$203,142 and requires \$71,375 in matching funds from the City.

Grant Process

This award represents another significant outside investment in Buchanan's downtown and allows the City to complete a needed public infrastructure improvement while leveraging local dollars with federal funding.

The improved parking area will improve an existing public asset serving the downtown business district and complement the investments that have already been made throughout downtown. Providing functional, attractive, and well maintained public parking is an important part of supporting existing businesses while also positioning downtown properties for additional investment and redevelopment.

Receiving more than \$203,000 in federal funding toward this work allows the City to complete a larger infrastructure improvement while limiting the amount that must be funded locally.

Recommendation

Staff recommends that the Buchanan City Commission accept the USDA Rural Development Rural Business Development Grant Letter of Conditions for funding not to exceed \$203,142 for the creation of a parking lot on the former Nelson Transfer Station site and authorize the City Manager to execute all agreements, certifications, forms, and other documents necessary to accept and administer the grant.

Attachment A





United States Department of Agriculture

September 1, 2026

City of Buchanan
Tony McGhee
302 N Redbud Trail
Buchanan, MI 49107-1311

SUBJECT: Letter of Conditions
Rural Business Development Grant
Grant Amount: \$203,142

Dear Mr. McGhee:

Rural Business-Cooperative Service (RBS) hereby establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. Any changes in project cost, sources of funds, scope of services, and/or any other significant changes in the project or applicant must be reported to and approved by RBS by written amendment to this letter. Any changes not approved by RBS shall discontinue processing of the application.

This letter is not to be considered as grant approval or as a representation to the availability of funds. The docket may be completed on the basis of a grant not to exceed \$203,142.

The grant will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," and Form RD 4280-2, "Rural Business-Cooperative Service Financial Assistance Agreement," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given your application. BY SIGNING FORM RD 1942-46, "LETTER OF INTENT TO MEET CONDITIONS," YOU ARE HEREBY AGREEING AND ACKNOWLEDGING THAT THIS RURAL BUSINESS DEVELOPMENT GRANT IS A NON-CONTINUING, NON-RENEWABLE GRANT AND ANY APPROVAL OF THIS GRANT IN NO WAY CONSTITUTES AN ASSURANCE THAT FUTURE GRANTS WILL BE AVAILABLE.

If the conditions set forth in this letter, except those to be met at grant closing, are not met within 60 days from the date hereof, Rural Business-Cooperative Service reserves the right to discontinue the processing of the application. This is not appealable.

Grantees expecting funds from other sources for use in completing projects partially financed with RBS funds will present evidence of commitment of funds from other sources. This evidence will be made available before grant closing. The funds provided by the applicant or other sources must be spent proportionally, and if leveraged funds are not utilized proportionally with the grant, the Agency reserves the right to take legal action, including terminating the grant.

Rural Development • Michigan State Office
3001 Coolidge Road, Suite 200 • East Lansing, MI 48823
Voice (517) 324-5157 • Fax (855) 813-7741

USDA is an equal opportunity provider, employer, and lender.

The funding period of this grant will begin on the date the grant has been obligated. The projected time frame for completion of this project is August 31, 2027.

FEDERAL INTEGRITY ACT

To assure the high standards of honesty, integrity, and impartiality maintained by Agency employees, we need to identify any Agency assistance to be provided to Agency employees, their relatives, or their business or close personal associates. This includes grants to organizations. If you know of any relationship or association you may have with an Agency employee, please provide this information.

1. REQUIREMENT FOR SYSTEM FOR AWARD MANAGEMENT (SAM)

This grant is further conditioned upon your providing the Agency with evidence of your Unique Entity Identifier (UEI) number and evidence that you are registered in the System for Award Management (SAM). Your organization is actively registered with an expiration date of 12/01/2026. Please ensure that this account is kept current.

You as the recipient must maintain the currency of your information in the SAM until you submit the final financial report required under this award and all grant funds under this award have been disbursed or de-obligated, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

2. USE OF FUNDS

The proposed grant funds will be used to reconstruct an existing downtown parking lot in the City of Buchanan. The Project will support the development of small and emerging private business enterprises in rural areas in accordance with the application package as submitted for an enterprise grant project, or as amended and approved by USDA Rural Development.

Any changes in the proposed use of funds must be submitted in writing to USDA Rural Development and receive prior written approval.

3. APPLICANT CONTRIBUTION

The Grantee along with private support agrees to provide \$71,375 in matching funds to be applied to the project. The matching funds will be applied to the project at the same time grant funds are applied on a prorated basis as follows: 35% matching funds and 65% grant funds. Prior to any release of grant funds, the Grantee will provide documentation sufficient to USDA Rural Development that matching funds have been expended on the approved project.

4. SCOPE OF WORK

Grantee will administer the grant in accordance with the approved Scope of Work. USDA Rural Development comments and required changes, if any, in the Grantee's Scope of Work will be provided by the Grantee.

If the Scope of Work indicates the Grantee will sub-contract for the grant assistance to be provided. The Grantee agrees to not turn the responsibility of the grant project over to the contracting party and will oversee and control the project through completion.

Any changes in the Scope of Work must be approved in writing by USDA. Should project not be completed by the date indicated in the Scope of Work, Grantee must request in writing, to USDA, and receive approval, for an extension of time to complete the project.

Rural Development may, at its discretion (non-appealable) and under certain conditions, consider a one-time extension of the expiration date of the award of up to 12 months. Grantee must notify Rural Development in writing with the supporting reasons and revised expiration date at least 10 days before the expiration date of the award. This one-time extension may not be exercised merely for the purpose of using unobligated balances. Please refer to 2 CFR 200.308 for additional requirements.

5. GRANTEE INSURANCE AND BONDING

Grantee must maintain sufficient hazard insurance, workman's compensation insurance and liability insurance, as recommended by Grantee's attorney, to protect the interests of the Grantee and the government. Grantee shall provide satisfactory evidence to USDA Rural Development that all officers of Grantee organization authorized to receive and/or disburse Federal funds are covered by such bonding and/or insurance requirements as are normally required by the Grantee and approved by USDA.

6. DISBURSEMENT OF GRANT FUNDS

Grant funds will be disbursed by USDA Rural Development on a **reimbursement** basis not to exceed one reimbursement every 30 days. An original and one copy of Standard Form (SF) 270, "Request for Advance or Reimbursement," will be submitted to USDA Rural Development. The financial management system of the recipient organization shall provide for effective control over and accountability for all funds, property, and other assets.

Grant funds will not be disbursed until all provisions of any phased environmental review process are complete in accordance with USDA Rural Development regulations.

Grant funds will be transferred to the Grantee via Electronic Funds Transfer (EFT). The Grantee will complete and deliver to USDA Rural Development, Form SF-3881, Electronic Funds Transfer Payment Enrollment Form.

It is the intent of the Grantee that all grant funds will be disbursed within one year from the date of this letter or in accordance with the Grantee's approved Scope of Work. In accordance with RD Instruction 4280-E, 4280.451 (b), "any funds not disbursed within 42 months from the date of obligation will be automatically deobligated." This is non-appealable. Copies of paid invoices, receipts, cancelled checks etc., will be required as supporting documentation for the reimbursement.

7. RURAL AREA

You must certify that the Project is located in a rural area as defined by RD Instruction 4280-E and 7.U.S.C. 1991 (a) (13) (a) and (d) et seq., and you must certify that the activities provided under this grant will be benefiting a rural area.

8. CONFLICT OF INTEREST

Grantee will certify that no conflict of interest exists as outlined in RD Instruction 4280-E, 4280.406.

9. 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. 2000d, Section 504 of the Rehabilitation Act for Federally Conducted Programs and Activities, the Age Discrimination Act of 1975 and the Americans with Disabilities Act, Executive Order 13166 and Executive Order 11246. RD Form 400-4, "Assurance Agreement", must be completed by the Grantee. The Grantee will be subject to Agency compliance reviews.

The policies contained in subpart E of part 1901 apply to grantees. As recipients of Federal financial assistance, RBCS grant and loan program recipients are required to comply with the applicable Federal, State and local laws. Title VI of the Civil Rights Act of 1964 prohibits discrimination by recipients of Federal financial assistance. Grant recipients are required to adhere to specific outreach activities. These outreach activities include contacting community organizations and leaders that include minority leaders, advertising in local newspapers and other media throughout the entire service area, and including the nondiscrimination slogan. "This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law, "in methods that may include, but not be limited to, advertisements, public broadcasts, and printed materials, such as brochures and pamphlets. **All borrowers and applicants must submit and have on file a valid Form 400-4, "Assurance Agreement".**

By signing Form 400-4, "Assurance Agreement" recipients affirm that they will operate the program free from discrimination. The recipient will maintain the race and ethnic data on the board members and beneficiaries of the program. The recipient will provide alternative forms of communication to persons with Limited English Proficiency.

10. COMPLIANCE REVIEWS

In addition to the "Equal Opportunity and Nondiscrimination Requirements" stated above, each grantee must keep and provide data on race, gender, national origin, and any such records, accounts, and other sources of information and facilities as may be pertinent for USDA RBS to determine whether the Grantee has complied or are complying with the regulations. Grantees should have available, for USDA RBS review, racial and ethnic data showing the extent to which members of minority groups are beneficiaries of Federal assistance program. In addition, the compliance review will ensure that equal access to the Program benefits and activities are provided for persons with disabilities and language barriers.

11. NONDISCRIMINATION STATEMENT

The Nondiscrimination Statement set out below shall be posted in all USDA offices and included on all materials produced by USDA and its Agencies for public information, public education, or public distribution. The statement below lists all the prohibited bases for discrimination contained in the USDA Civil Rights Policy Statement. The statement shall be made available in English, in other languages appropriate to the local population served or directly affected by any USDA program or activity, and in alternative means of communication (e.g., Braille, large print, audiotape, etc.). All laws, regulations, Executive Orders, and policies.

a. USDA's Nondiscrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, staff offices, employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotape, American Sign Language) should contact the responsible Area, agency or staff office; the USDA TARGET Center at (202) 720-2600 (voice and TTY) or the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a complainant should complete a form AD-3027, *USDA Program Discrimination Complaint Form*, which can be obtained online at <http://www.ocio.usda.gov/document/ad-3027>, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

(1) Mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

(2) Fax: (833) 256-1665 or (202) 690-7442; or

(3) Email: OASCR.Program-Intake

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b. Exceptions to Including the Full USDA Nondiscrimination Statement

If the size of the material is too small to include the full statement, the material will at a minimum include the following statement in print in the same size as the text:

“USDA is an equal opportunity provider, employer, and lender.”

Where appropriate, a recipient may state:

“This institution is an equal opportunity provider.”

Similarly, when an audio or video presentation does not reasonably lend itself to including the full statement, the presentation will, at a minimum include the following statement, presented in a conspicuous and meaningful manner:

“USDA is an equal opportunity provider, employer, and lender.”

Alternatively, where appropriate, a recipient may state:

“This institution is an equal opportunity provider.”

c. Recipients

The recipient will post the Nondiscrimination Statement in its entirety containing only those protected bases mandated in applicable Federal law. USDA prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, disability, age, reprisal or retaliation for prior civil rights activity. (Not all prohibited bases apply to all programs.)

The full Nondiscrimination Statement must be included on all print and non-print materials (including but not limited to, audio, video, website, brochures, newsletters, by-laws, etc.). If the size of the material is too small to include the full statement, the material will at a minimum include the following statement in print in the same size as the text:

“This institution is an equal opportunity provider.”

Recipients are required to notify applicants with disabilities and LEP persons of their right to free language assistance and accommodations and provide free language assistance and accommodations upon request.

d. And Justice for All Posters

The USDA poster “And Justice for All” will be the primary method utilized to inform customers of their rights. The poster will be used for this purpose except when appropriate substitutes in outdoor areas are necessary. There are three versions of the “And Justice for All” poster: Form AD-475-A is the poster that displays information relevant to your program. The grantee must also post “Equal Opportunity Employment is the Law” poster (attached).

Please note that institutions participating in or administering USDA programs are required to display the appropriate "And Justice for All" poster in their facilities where it can be viewed by customers.

All "And Justice for All" posters must be displayed in a specific size: 11" width x 17" height. The minimum text size that will be used on the "And Justice for All" posters is 14 point. Agency officials can obtain "And Justice for All" posters by contacting the Office of Communications. However, recipients must contact the sponsoring Agencies' Civil Rights Division in order to obtain "And Justice for All" posters.

12. REPORTING

Per RD Instruction 4280-E, 4280.449 and 2 CFR 200.328, forms SF-425, "Federal Financial Report" (attached) and a Project Performance Activity Report (template attached) will be required on a semi-annual basis (due 30 calendar days after end of quarter) until all grant funds have been disbursed. Project reporting will begin when the grant is closed which is the date all parties have executed Form RD 1940-1. A final Project Performance Activity Report will be required after all grant funds have been expended or the term of the grant expires, with the last SF-425. The final report may serve as the last semi-annual report. Grantees shall constantly monitor performance to ensure that time schedules are being met, projected work by time periods is being accomplished, and other performance objectives are being achieved. NO USDA FUNDS WILL BE RELEASED WITHOUT ALL REPORTING REQUIREMENTS BEING UP TO DATE.

Grantee Project Performance Activity Report. The Grantee Project Performance Activity Report shall include, but not be limited to, the following:

- a. A comparison of actual accomplishments to the objectives established for that period.
- b. Reasons why established objectives were not met, if any.
- c. Problems, delays, or adverse conditions which will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular project work elements during established item periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and
- d. Objectives and timetable established for the next reporting period.

Final Report

A final project performance report will be required with the final Federal Financial Report. The final report must provide the Grantee's assessment and evaluation of the success of the project.

Other Report

RBS may require the Grantee to prepare a report suitable for public distribution describing the accomplishments made through the use of the grant and, in the case where the grant funded the development or application of a "best practice", to describe that "best practice".

13. AUDITS BASED UPON FEDERAL FINANCIAL ASSISTANCE RECEIVED

An annual audit is required in accordance with the Code of Federal Regulations, 2 CFR 200 Subpart F, 2 CFR 200.500-521 "Uniform Administrative Requirements, Cost Principles and Audit Requirements for federal awards.

Grantees expending \$750,000 or more of Federal assistance per year must submit an audit in accordance with the provisions of 2 CFR 200.500-200.521. Grantees that expend less than \$750,000 a year in Federal awards are exempt from the Federal audit requirements for that year except as noted in 2 CFR 200.503. Additionally, a Federal Agency, Inspectors General or Government Accountability Office (GAO) may conduct or arrange for additional audits, which are necessary to carry out its responsibilities under Federal statute or regulation. All audit records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office.

14. RESPONSIBILITIES OF THE GRANTEE

1. The Grantee must comply with the requirements set forth in RD Instruction 4280-E and Form RD 4280-2 Rural Business-Cooperative Financial Assistance Agreement.
2. Grantee will certify in writing, that they are in compliance with and will continue to comply with all applicable laws; regulations; Executive Orders; and other generally applicable requirements, including those contained in 2 CFR 200 and 2 CFR 400 in effect on the date of grant approval; and the approved "Letter of Conditions"
3. Grantee must certify in writing as being in compliance with the procurement requirements of 2 CFR Part 200 Subpart D, as required in 2 CFR 200.324 C (2), as well as compliance with all applicable State, Local, and Tribal laws and regulations relating to contracting and procurement as identified in 2 CFR Part 200.318.

15. START OF PROJECT

The Grantee is cautioned that expenditures should not be undertaken for which reimbursement is anticipated under this grant application until notified in writing that the grant has been approved and funds reserved.

16. PROGRAMMATIC CHANGES

The Grantee shall obtain prior approval for any change to the scope or objectives of the approved project. Failure to obtain prior approval of changes to the scope or budget the Agency may suspend, terminate, and recover the grant funds.

17. OTHER REQUIREMENTS

The Grantee will be responsible for any additional requirements of federal, state or local governments that may apply in accordance with RD Instruction 4280-E and 2 CFR Part 200.

18. CLOSING INSTRUCTIONS

The above conditions are based on the proposed use of funds as outlined and 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 USDA Rural Development.

19. GRANT MONITORING AND SERVICING

Grant will be monitored and serviced in accordance with RD Instruction 4280-E, part 4280.443, Form RD 4280-2, "Rural Business-Cooperative Service Financial Assistance Agreement," and 2 CFR Chapter IV.

If you have any questions concerning this letter, please contact me by email at jenifer.taylor@usda.gov or by phone at (517) 324-5149.

Sincerely,

JENIFER Digitally signed by
JENIFER TAYLOR
Date: 2026.09.01
15:48:28 -04'00'
TAYLOR

Jenifer Taylor
Area Specialist

Enclosures

CONSTRUCTION AND SCOPE OF WORK ATTACHMENT TO LOC

Grantee will administer the grant in accordance with the approved work plan to construct a parking lot in the City of Buchanan and a Scope of Work as outlined in RD Instruction 4280-E, section 4280.427. USDA Rural Development comments and required changes, if any, in the Grantee's work plan to construct a parking lot in the City of Buchanan and Scope of Work will be provided to the Grantee.

CONDITIONS TO BE MET

Procurement requirements in accordance with RD Instruction 1942-A, must be met. (reference: 1942.18 and 1942.18(j) & (k) for guidance on procurement requirements.

All environmental assessment mitigation measures must be complied with.

All professional services required must be provided under a written contract, which contract has been concurred in writing by the Agency. This would include, but not limited to, contracts for architectural/engineering services, legal, audit and any other services. However, should you elect, contract documents such as those of the American Institute of Architects may be used for construction contracts and architectural agreements when modified to comply with Rural Development Instruction 1942-A Guide 27 (available upon request).

CONTRACTOR INSURANCE

The contractor shall provide the insurance coverage required by the contract documents.

LEGAL REQUIREMENTS

The Grantee, through its attorney, shall comply with all legal requirements relating to ownership of property, and all other steps required by the Laws and Constitution of the State of Michigan. Prior to the release of grant funds, the Grantee must document ownership of the subject property to be developed with grant funds. Your attorney will provide an opinion that good and marketable title is vested in the City of Buchanan. The opinion will disclose any and all liens, encumbrances, reservations, exceptions and defects to the subject property. Form RD 1927-9, "Preliminary Title Opinion" or Form 1927-10, "Final Title Opinion", may be used for this purpose.

DISPOSITION OF PROPERTY

The Grantee cannot give away any real or personal property acquired with grant funds.

DISBURSEMENT OF FUNDS

These federal funds cannot be co-mingled with other existing funds. It will be necessary for you to establish and maintain a separate account, as well as separate accounting. Grant funds should be disbursed within a reasonable time frame but not to exceed a 12 month period from the date of grant approval unless a written extension is requested prior to the period ending and concurrence granted. If the Agency concurs in the extension, depending on the circumstances, the extension will also be provided in writing. Extension request are not automatically, but rather concurred in on a case by case basis.

ENCLOSURES FOR LETTER OF CONDITIONS

- ◆ RD 1940-1, "Request for Obligation of Funds"
 - ◆ RD 1942-46, "Letter of Intent To Meet Conditions"
 - ◆ Scope of Work (Approved)
 - ◆ SF 425, "Federal Financial Report"
 - ◆ Project Performance Report (PPR)
 - ◆ SF 270, "Request For Advance or Reimbursement"
 - ◆ SF-3881, "Electronic Funds Transfer Payment Enrollment Form"
 - ◆ "And Justice for All" Poster
 - ◆ "Equal Employment Opportunity is the Law" Poster
 - ◆ Procurement Standards Handbook (if applicable)
 - ◆ RD Form 4280-2, "Financial Assistance Agreement"
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- ◆ RBDG Applicant/Grantee Certification
 - ◆ Form RD 400-4, "Assurance Agreement"