

Economic Development Application Guidance

This document addresses VCDP requirements for job creation or retention projects.

- **Section 1.1** provides background information.
- **Section 1.2** outlines documentation that must be submitted in an application for all economic development projects.



If your project involves an incubator building or improving a building for a business(es) use, please be sure to contact your CD Specialist before proceeding.

Section 1.1 Background

Any application that involves job creation or job retention as the means to meet the VCDP National Objective of low and moderate income benefit, must be reviewed from a business underwriting perspective whether or not the project is structured as a direct loan. For those projects structured with a VCDP direct loan, the VCDP review is necessary to determine, as required by federal regulations, if the proposed loan(s) meets VCDP underwriting guidelines and provides a public benefit. For those projects without a direct loan, the VCDP review will assess the project feasibility and need for public funding.

To accomplish this, VCDP must receive the information listed in Section 1.2 of this document so the review can be conducted. The failure to provide the information at the time of application will jeopardize the ability of the application to come before the Community Development Board in the timeframe desired by the applicant.

Applicants will be required to submit as part of the application, information that will allow VCDP staff to assess the project. The failure to submit all the required information will have a serious impact on the application being considered by the CD Board, since an application will not be considered by the CD Board if VCDP staff cannot complete a review due to the lack of information.

It is very important to know that as part of the VCDP review, staff look to one of the other funding sources, such as VEDA, USDA-RD or the bank, to share their underwriting analysis.

The staff review will address the business factors below.

1. Reasonable costs
2. Commitment of Other Resources
3. No substitution of VCDP Funds
4. Financial feasibility
5. No Unreasonable Return on Owner's Equity
6. Disbursement of VCDP Funds on a Pro Rata Basis

The staff review will also look at the public benefit, whether it be created jobs, retained jobs or both. The ability to meet the program's 51% LMI requirement will also be analyzed.

While writing the application and pulling together the required Business Analysis documents to submit with the application, be sure to contact the your Community Development Specialist for clarification or guidance.

Note about Public Information: When submitting materials and information to VCDP, the business and/or applicant should clearly mark records that they keep confidential and do not voluntarily disclose to the public. Although VCDP is ultimately bound by the state's access to public records law and its requirements, clearly marking "Confidential" on documents that contain truly confidential information will assist VCDP in determining whether or not individual records are exempt from disclosure under state law.

Section 1.2**Documentation to Submit in Application**

NOTE: With the exception of the DUNS number requirement, a complete VEDA Direct Loan Program (Subchapter 5) application for a for-profit business will satisfy some document requirements listed below.

EXHIBIT 1 Summary Page

- Name of business, address, telephone number, Federal ID number (Tax Identification Number - TIN) and Data Universal Numbering System (DUNS) number. To acquire a Data Universal Number System (DUNS) number call the toll free DUNS number request line at (866) 705-5711 or go online at <http://fedgov.dnb.com/webform/displayHomePage.do>.
- Project costs
 - Land
 - Land Improvements
 - Building
 - Machinery and equipment
 - Professional fees (lawyers, accountants, architects, etc.)
 - Other (contingency, construction interest, etc.)
 - Total
- Amount and source of funds (include terms and interest rates of loans).
 - Bank
 - VCDP
 - Agency (VEDA, USDA-RD, SBA)
 - Local development corporation
 - Equity
 - Total
- Brief project description
- Available collateral other than project assets.
- Employment results

EXHIBIT 2 & 3 Names of Principals and Resumes

- Name of principals in the business and their addresses, telephone numbers, titles and percent of ownership.
- Personal resumes of all business principals and/or officers, outlining education and employment history, particularly as it pertains to the present project.
- Name and address of registered agent in Vermont.
- Name of individual who will be the primary contact with VCDP.
- Expected date of VCDP loan closing.

EXHIBIT 4 Business History

Narrative of business or corporate history.

EXHIBIT 5 Project Description

Project description. Provide a full narrative description of what is to be purchased or built with funds acquired through VCDP. This exhibit shall include, but not be limited to:

- Legal description of land and building, physical description with diagrams and/or blueprints and any required re-zoning or variances. Include Option Agreement for land and/or building purchase, if applicable.
- Description of machinery to be purchased (include manufacturer's name and model number, sales quotations, etc.)
- Appraisal of existing building and used equipment to be purchased, if any, performed by a qualified appraiser.
- Appraisals of other assets offered as collateral, if any, performed by a qualified appraiser.

EXHIBIT 6 Business Plan

The Business Plan should include, but need not be limited to, the following elements:

- Business environment
 - X What is the size and character of the past, present and future market for the business products?
 - X List the principal competitors and their market share.
 - X List the principal customers (include names of individuals to contact, their addresses and their telephone numbers).
 - X Letters of Intent from prospective customers (if a start-up project).
 - X List the principal suppliers (include names of individuals to contact, their addresses and their telephone numbers).
 - X What is the special expertise of the borrower which will allow the borrower to take advantage of a potentially profitable situation?
- What advantage does the borrower plan to have over the competition (e.g. price, performance, delivery, service, etc.)?
- What is the general marketing plan?
 - X How will the sales force be organized?
 - X What channels of distribution will be utilized?
 - X What advertising or other promotions are planned?
- What is the general production plan?
 - X What are the production capabilities of the business?
 - X What is the availability and price of raw materials?
 - X How will production employees be trained and how will the training be funded?
 - X What contingencies have been made for future expansion? Contraction?
 - X List provisions which are going to be made in the following control activities:
 - (i) Production control and scheduling
 - (ii) Inventory control
 - (iii) Quality control
- Who will be the key personnel?
- How will the management structure be organized?
- How will trade credit be established?
- Describe the location. Include consideration for:
 - X Labor pool
 - X Transportation
 - X Power
 - X Water

- Waste Water
- Expansion possibilities

EXHIBIT 7 Financial Plan

- Supply audited financial statements for the past three years. Include statements of the profit and loss, balance sheet and sources and uses of funds. If audits do not exist, provide federal tax returns.
- If the company is a subsidiary of a parent corporation or otherwise closely affiliated organization, supply audited financial statements for the parent corporation for the last three years. If audits do not exist, provide federal tax returns.
- Supply pro forma financial statements for three years forward.
 - Include income and expense, balance sheet and cash flow statements. Include monthly information for the first year.
 - Include all officer compensation for business and parent or affiliated companies.
 - List all assumptions supporting the pro forma financial statement, including the production forecast.
 - If operations of a parent corporation, or otherwise closely affiliated organization, are to be closely interrelated with those of the business, also supply pro forma financial statements for that corporation or organization with corresponding assumptions.
- Supply personal financial statements for all principals with ownership equal to or greater than 20%.
- List sources and terms of money to be borrowed for other than VCDP financed assets. Include working capital financing.
- Supply a schedule of disbursement of borrowed funds, unless the schedule is clearly indicated in the pro forma cash flow statement.
- Supply a list of possible collateral for the loan other than project assets.
- Supply interest rates, terms, conditions and amount of temporary financing (if any). Provide planned source of additional working capital if required.

EXHIBIT 8 Project Timetable

Provide a timetable from the present time, through construction of facilities and/or acquiring of equipment, to full production (related to pro forma financial statements).

EXHIBIT 9 Compensation Scale

Schedule of compensation for all employees

- Gross payroll for each of the last 3 years.
- Current number of hourly employees, hourly range and average hourly rate.
- Current number of salaried employees, salaried range, and average salary.

EXHIBIT 10 Benefits to Local Area

- Amount of local property tax and Vermont income tax paid by the business prior to the project and expected income tax at the completion of the project.
- Prospective local suppliers and type of supplies.
- List of benefits to the area other than those already mentioned.

- Submit letter from the business verifying the number of jobs to be created and/or retained, including the number available to low and moderate income persons and how this will be documented, provision of wage scales, and use of job service and/or job training programs.

EXHIBIT 11 Current Loan Information

- Contact information for all existing and future creditors and lenders
- Loan officer
- Type of loan
- Date, terms and conditions of loans showing remaining loan balances

EXHIBIT 12 Letter of Good Standing

Submit a "Letter of Good Standing" from the Vermont Secretary of State certifying that the business has met its obligations with regard to the filing of all requirements under the laws administered by the Vermont Secretary of State.

EXHIBIT 13 Letter of Certification

Submit a letter of certification that the business is in good standing with respect to any and all taxes due to the local, state and federal government as of the date of the application. Give details of any signed payment agreement if taxes are owed to either the local, state or federal government. The Vermont Department of Taxes must certify state tax good standing and the CPA, bookkeeper, accountant or Company Financial Officer for the business can self-certify good standing with local and federal tax obligations. Submit written certifications.

EXHIBIT 14 Disclosure of Bankruptcy

Provide the details of any bankruptcy, receivership, and compromises with creditors, any pending litigation, criminal charges or criminal convictions other than minor motor vehicle violations, against the business, company, majority owners, officers, directors or principal stockholders.

EXHIBIT 15 Lender Commitments and Releases

Letters of commitment from all other participating lenders or guarantors, including banks and other institutions, local development corporations and U.S. Government agencies. Include copies of appropriate resolutions of boards or committees, certified to be the custodians of these documents.

The supported business must provide releases to all participating lenders to authorize parties to share client and/or loan information with VCDP.

EXHIBIT 16 Certificate of Authority to do Business in Vermont

If the business is an out-of-state company, certificate of authority to do business in Vermont from the Vermont Secretary of State.

EXHIBIT 17 Proposed Loan Terms

Provide all the terms of the proposed debt including conditions to be met, interest rates, collateral, and maturities.

EXHIBIT 18 Third Part Business Analyses

Provide any third party lender analyses/underwriting reports etc of the project.

Project Plans Comply Confirmation

Prior to the closing, the business's attorney must submit to the DHCD a legal opinion stating that the Project Plans comply with all applicable environmental, zoning, planning and sanitary laws and regulations of the municipality where it is to be located and of the State of Vermont pursuant to Title 10, VSA, Chapter 12 {262(2)}.

EMPLOYMENT PLAN for Application ____ (This is an online form in the application) ____

Employer _____ **Grantee** _____

Employment Category	Job Title	Description/Qualifications	# FTEs Jobs to Be Created/ Retained	Present # FTEs	Wage/Salary Range(s)
Managerial					
Professional					
Technical					
Sales					
Clerical					
Craftsmen (Skilled)					
Operatives (semi-skilled)					
Laborers (unskilled)					
Services Workers/ Others					
TOTAL					

Note: One full-time equivalent employee (FTE) is equal to 40 hours per week.

If any part time jobs will be created or retained, please provide the following information for each part time person. If there is more than one-part time job with the same title, provide the average number of hours worked in a week for each.

Information to provide: The Employment Category or Job Title with the average number of hours worked in a week.