

SMALL BUSINESS GRANT ACCESS PROGRAM (GAP)

**TOWN OF UNION
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Town of Union Economic Development Department

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The Economic Development Department provides financial assistance to start-up and existing businesses through the Local Development Corporation (LDC) of the Town of Union. The *Town of Union Small Business Grant Access Program (GAP)* is one of several financial assistance programs offered by the Local Development Corporation (LDC) of the Town of Union. Assistance is also available to coordinate government and private sector resources and package business proposals. By networking with local brokers, economic development staff can also assist business contacts in identifying Town of Union sites.

The **Small Business Grant Access Program (GAP)** is a new economic development initiative implemented to encourage expansion and retention of for-profit existing or start-up businesses with five (5) or fewer employees (one of which must be the owner of the existing or proposed start-up business) that may not be able to secure appropriate level of necessary project funding through what might be considered a traditional means of financing (i.e. Commercial Bank, Credit Union, etc..).

Application Fee: Not Applicable

Application Period:

Intent to Apply Form (IAF) must be received by **July 1, 2019**, and is available upon request. *If an invitation to apply is issued by the LDC Board Members* then a Town of Union LDC Application will be forwarded to the grant applicant and will be due back to the LDC, with all required attachments, by **August 15, 2019**. *Not all projects that are asked to submit a full Town of Union LDC Application will be funded.* A decision on final grant awards will not be announced until **September 19, 2019**.

Interest Rate: Not Applicable

(as long as all grant performance requirements are being met during the established performing period)

Amount of Grant Award:

Up to 50% of eligible projects, not to exceed \$10,000.00 *(on a reimbursable basis)*.

Grant Commitment Fee: 1% of amount awarded

Grantee:

Any for-profit legal borrowing entity with five (5) or less employees that is currently located in or relocating into the Town of Union. No borrower/grantee that has defaulted on a previous Local Development Corporation loan or grant will be eligible to apply. Also, if the borrower/grantee or any other business that is owned by the same person(s) or entity(ies) is the subject of unresolved findings of noncompliance relating to previous use of Community Development Block Grant (CDBG) or Urban Development Action Grant (UDAG) assistance will also not be eligible to apply.

Eligible Areas:

Town of Union, including the Villages of Endicott and Johnson City.

Eligible Use of Proceeds:

Acquisition of land and buildings; New construction; Expansion; Renovations; Leasehold improvements; Acquisition of existing businesses; Furniture and Fixtures; Machinery and Equipment; Trucks; Automobiles; Inventory; some Working capital, Fees for professional services (e.g. surveying, accounting, engineering and architectural), and any other use that the LDC Board Members should now or in the future deem eligible.

Ineligible Use of Proceeds:

Accounts Receivable; Wages; Speculative product development; Refinancing; Incorporation fees; Loan or grant packaging fees; Loan or grant application fees, Late fees and fines, and any other use that the LDC Board Members should now or in the future deem ineligible.

Ineligible Users:

Lending institutions; Recreation facilities not open to the public; Investment real estate; Gambling facilities; New, used and rental cars sales/leasing businesses; Laundromats, Beauty and barber shops, and similar personal services; Nursing homes; Family day care homes, or Day care centers (if not licensed by the state); Businesses operated from the home.

Amount of Participation:

At least 50% of the project cost is funded privately, either through a private lender, another public lender and owner equity (*a minimum of 10% owners cash equity is required*).

Grant Performance Period (Term):

Generally not to exceed a term of three (3) years.

Collateral:

Subordinate mortgage to a bank on all property and buildings taken as collateral; Tangible personal property; Furniture and Fixtures; Machinery and Equipment; Marketable securities. An appraisal may be required on any tangible property taken as collateral. Appraisal values must be greater than the total grant and loan financing.

Guarantees:

Personal guarantees from company owners and spouses if involved in the operation of the business, or anyone with 20% ownership or more. Corporate guarantees.

Federal Labor Standards Provision:

Local Development Corporation (LDC) funding may be subject to the Federal Labor Standards Provisions and the **Davis-Bacon** prevailing wage requirements (as determined by the U.S. Department of Labor) where construction and/or renovation applies, unless otherwise noted in writing by the Town of Union LDC.

Other Criteria:

- + Viability of the proposed budget
- + Personal credit of grant applicant
 - + Strength of the proposal
- + Firm project and project cost

Job Creation Requirements:

Not Applicable

Business Start-ups

Start-up businesses may apply for funding under the Town of Union Small Business GAP Program. Start-up businesses will have additional requirements as follows:

- **The Entrepreneur must demonstrate adequate management** capability including the ability to manage both human and financial resources.
- **The Entrepreneur must demonstrate intimate knowledge of the industry** in which he/she will operate a business. Such knowledge must include knowledge of billing practices, competition, legal issues, marketing and advertising, etc. Start-up businesses are encouraged to obtain assistance with their business plan and other issues through a private entity and/or public agency.