

Town of Plattsburgh Local Development Corporation, Inc.
Small Business/Economic Development
Revolving Loan Program [10-12-11]

What is the Town of Plattsburgh Small Business/Economic Development Revolving Loan Program?

The goal of the Town of Plattsburgh Small Business/Economic Development Revolving Loan Program is to assist the growth and development of businesses that will provide job opportunities to low- and moderate-income residents of the Town of Plattsburgh.

What businesses are eligible for Program assistance?

The Town of Plattsburgh Local Development Corporation (LDC) has established a Job Development Fund (the "Fund") to encourage and to grow private sector employment in the Town of Plattsburgh. As such, the Fund provides financial assistance to:

- a. Industries wishing to expand or to build new facilities;
- b. Industries needing to modernize their physical plant or equipment and machinery in order to maintain their competitive position;
- c. Industrial firms seeking to locate new plants or facilities in the Town;
- d. Retail market-driven facilities under the following categories:
 - i. A tourism destination (location or facility) that is likely to attract a significant number of visitors from outside the economic development region in which the business is located; or
 - ii. A project that would locate related jobs outside of the Town if the LDC did not provide assistance; or
 - iii. A project with the primary purpose of providing needed goods or services not currently or easily accessible to the residents of the Town of Plattsburgh.

Are business start-ups eligible for funding through the Program?

Start-up businesses may apply for funding under the Town of Plattsburgh Small Business/Economic Development Revolving Loan Program. Start-up businesses will have additional requirements for loan approval as follows:

- The Entrepreneur must incur risk i.e., the Entrepreneur must be investing a minimum of 10% personal capital into his/her enterprise.
- 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.

What types of expenditures can be funded through the Program? What types of expenditures are prohibited?

Funds may be used to finance the acquisition of machinery and equipment, the purchase of inventory, working capital, leasehold improvements, and construction or rehabilitation of buildings or other site improvements. Funds cannot be used for debt financing.

What are the terms **and conditions** of Program assistance?

Each applicant is subject to the LDC's determination of the relative community benefit to be achieved through the proposed project. Terms and conditions may be changed by a 2/3rds vote of the LDC's Board. Once approved for participation in the Program, the following terms and conditions apply:

Maximum Loan Amount: \$30,000.

Interest Rate: +/- 2% of Prime.

Terms of the Loan: Repayment can be as long as 10 years with real estate as collateral, and up to 7 years with machinery and equipment as collateral. Working capital loans will be extended for up to 5 years.

Minimum Equity Investment: 10% of the total loan.

Collateral: A security interest must be given in collateral with a value equal to or greater than the amount of the loan.

Community Benefit Requirements: Financial assistance must result in the creation and retention of one job for every \$15,000 in financial assistance provided. Jobs must be made available to people from low- or moderate-income households, and must be filled within two years. Evidence of job retention must be provided upon request.

Fees: Applicants are responsible for paying all fees, including loan-closing and lien-filing fees.

Who must personally guarantee the loan?

Any person who owns twenty percent (20%) or more of the business must provide a personal guarantee of the loan. This may include a pledge of personal assets as collateral, but the LDC typically takes a subordinate position to a primary lender.

What else do I need to consider in applying for a loan?

Make sure that your application is complete to shorten processing time, and keep in mind that the LDC has economic development objectives. Your investment and your ability to create and retain jobs will be considered along with the feasibility of the project. Your Business Plan with financial projections can help us understand how you think this will work.

Depending on the activities you wish to fund, you may be required to meet certain stipulations when applying to the Program assistance. All Local Development Corporation funding programs are subject to the State and Federal Labor Standards Provisions and the Davis Bacon Act where construction and/or renovation activities are to be undertaken.

How does a business apply for Program funding? How is the application processed?

- Business owners interested in exploring the Program should contact the Chief Executive Officer of the Local Development Corporation (LDC). Be prepared with a description of the proposed project, its cost, and proposed sources of financing.
- If the proposal meets the guidelines of the LDC, the business owner will be placed in contact with the Chairperson of the LDC's Loan Committee. After initial review, if the Loan Committee of the LDC determines that the project is eligible for financial assistance, the business owner should prepare and submit the Business Loan Application on the form(s) provided.

- The LDC's Loan Committee will review satisfactorily completed applications and will make a recommendation regarding the proposed loan to the Agency's board. Final review and approval will be made by the Board of the LDC.

How can I learn more about the Program?

To find out more about the Town of Plattsburgh's Local Development Corporation's Small Business/Economic Development Revolving Loan Program, you can call or write to the Town of Plattsburgh LDC as follows:

Philip Corell, CEO
Town of Plattsburgh LDC
Small Business/Economic Development Revolving Loan Program
151 Banker Road
Plattsburgh, New York 12901

(518) 562-6813

philipc@townofplattsburgh.com