

APPLICATION

Sleepy Eye
Economic Development
Authority

Revolving Loan Fund
Information Packet

Come Tap our Resources...
We're Ready to Help You
Grow!!

For Assistance with this information, please call 507-794-5636

Sleepy Eye Economic Development Authority Revolving Loan Fund (RLF)

The purpose of the RLF is to support business activities for which credit is not otherwise available on terms and conditions, which would permit completion and/or the successful operation or accomplishment of the project in Sleepy Eye.

Targeted Area

Industrial and Commercial Zoned districts in Sleepy Eye

Types of Assistance (in order of priority)

Existing Business Expansion

Business Acquisition

Development of a New Business

Criteria for the Use of RLF Proceeds

- 1) Applicants equity participation must equal at least 15% of the total costs of the project.
- 2) Loans can be in a junior collateral position to the major source of project financing.
- 3) Terms of the loan should coincide with the term of the private portion of the loan, but may be shorter or longer depending on the circumstances. The loan shall be immediately callable in the event of any change in ownership.
- 4) The interest rate of the direct RLF loan should be indexed to the comparable Treasury Note rate, and shall vary according to degree of risk. For security reasons the EDA may, at its option, also request an ownership position in the applicant business. The EDA shall in this case grant the applicant first option to repurchase its ownership position. The EDA shall not be liable for any of the business debts.
- 5) The applicant must meet the underwriting criteria of the private financial institution
- 6) Top priority shall be given to those applicants who have a Sleepy Eye address, and whose management resides in or around Sleepy Eye
- 7) Eligible costs include land, real estate, machinery, equipment, inventory and working capital. Assets pledged as collateral must be approved by both the EDA and the participating private financial institution.
- 8) The minimum leverage ratio for any eligible project should be 2 to 1, private debt to RLF debt.
- 9) The repayment terms of the RLF debt may vary according to each project.
- 10) The maximum RLF money in each project will be no more than 50% of the RLF assets.

Other Requirements

- 1) Applicant must provide current records in a form acceptable to the EDA Board
- 2) Applicant must provide valid bids for the work or equipment proposed
- 3) The EDA Board must have available to it projections or proforma to support the ability to repay

ITEMS NEEDED TO COMPLETE EDA LOAN APPLICATION:

- **BUSINESS PLAN**
- **PERSONAL FINANCIAL STATEMENT**
- **PERSONAL TAX RETURNS FOR PAST 3 YEARS**
- **BUSINESS TAX RETURNS FOR PAST 3 YEARS**
(If Sole Proprietorship, just need Personal Tax Return including Schedule C)
- **PROJECTED FINANCIALS STATEMENTS**
 - *Assumptions
 - *Cash flow for 2 Years
 - *P&L for 2 to 3 years
 - *Balance Sheet for 2 to 3 years
 - *Amortization Schedules
- **RENOVATION COST ESTIMATES**
- **PURCHASE AGREEMENT**
- **DOCUMENTATION OF EQUITY CONTRIBUTION**
(Minimum 15%, more is better)
- **BANK LETTER OF COMMITMENT**

Loan Number _____
Date Received _____

**Sleepy Eye Economic Development Authority
Revolving Loan Fund Application**

Name of Business _____

Contact Person _____ Title _____

Address _____

City/State _____ Zip _____ County _____

Business Phone _____ Home Phone _____

Business Federal Tax Identification Number _____

Date of Application _____

Prepared by _____ Phone Number _____

ORGANIZATIONAL STRUCTURE:

_____ Corporation _____ Sole Proprietor _____ Partnership

TYPE OF BUSINESS:

_____ Service _____ Manufacturing _____ Retail _____ Other

LOAN PURPOSE:

_____ New Business _____ Expansion _____ Equipment _____ Other

PROJECT NARRATIVE/DESCRIPTION OF PROPOSED PROJECT:

LOAN REQUEST

Amount of Loan Request _____

Requested Term _____

Requested Rate of Interest _____

MANAGEMENT:

A. List all Key Management personnel/owners and attach resume for each

NAME _____ TITLE _____

NAME _____ TITLE _____

NAME _____ TITLE _____

B. Subsidiaries and affiliates. Attach names and addresses of any.

C. Dual Interests...Have the Principals of the applicant business any financial interest in (1) Vendors of project items (2) are they prospective customers of applicants products? YES NO

If yes please provide detailed information.

D. Receivership/Bankruptcy: Has any officer of the company or affiliates ever been in receivership/bankruptcy? YES NO

Give details on separate sheet.

COST OF PROJECT:

COST OF PROJECT: Breakdown of costs.

Use Separate Sheet if Necessary

Land and Land Improvements. Attach Legal Description & Assessed Value	\$
Buildings. Attach Plans and Costs	\$
Machinery & Equipment. Attach cost sheet and supplier	\$
Working Capital. Attach Details	\$
Other Project Costs. Attach Details	\$
TOTAL PROJECT COSTS	\$

SOURCES OF FINANCING:

Proposed Financing	Requested Dollar Amount	Term Years	Interest Rate	% of Project Cost
City of Sleepy Eye RLF				
Owner Equity (Applicant)				
Brown County Economic Dev. Partners				
Participating Bank				
Other				
Other				

Participating Lender: _____

Contact Person & Phone Number: _____

COLLATERAL POSITIONS:

CREDITOR	DESCRIPTION	POSITION OF LIEN	ASSESSED VALUE
City of Sleepy Eye			
Brown County Bank			
Other			

CURRENT AND PROJECTED EMPLOYMENT: Employment anticipated by this project. Full time equivalent employment equal to 2,080 hours per year.

A. Existing Jobs: How many jobs does this firm have now?

_____ Full-Time _____ Part-Time

B. Job Creation: How many jobs will be created by the proposed project?

_____ Full-Time _____ Part-Time

What is the salary/wage of these jobs?

_____ /Per Hour _____ /Per Year

C. Job Retention: How many jobs will be retained by this project?

_____ Full-Time _____ Part-Time

What is the salary/wage of these jobs?

_____ /Per Hour _____ /Per Year

D. Will the operation of this facility result in a reduction of employment in other facilities now operated by the applicant or its affiliates?

YES NO

If yes, give details on separate sheet!

PLEASE LIST NAMES, ADDRESSES AND PHONE NUMBERS OF ATTORNEY AND ACCOUNTANTS HANDLING AFFAIRS OF BUSINESS:

Attorney: _____

Accountant: _____

ATTACH THE FOLLOWING INFORMATION WITH THE APPLICATION:

1. Business Plan – Description of Business
2. Marketing Plan – Market area information
3. Certificate of Incorporation – Proof of Management Structure
4. Balance Sheets – Last 3 years
5. Income Statements – Last 3 years
6. Current Balance Sheet & Income Statement
7. Current Cash Flow Projections
8. Income Statements – Projected 3 years

The undersigned is authorized to verify the foregoing application, has read the same and is familiar with the statements contained herein and that the same are true in substance and in fact.

Signature of Owner	Date	Social Security #
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Why Go to the Trouble of Writing a Business Plan?

1. The process of writing a business plan, including the thought and research you put into it up front, forces you to take an objective, critical look at the business in its entirety. It helps you to identify potential problems and to clarify your vision for the business relative to what is already “out there” in the marketplace.
2. Poor planning is one of the primary reasons businesses fail. In most cases, individuals will start a business because they have a particular skill, overlooking the challenges of management. Writing the business plan helps you to identify your strengths and weaknesses relative to management and lets you create a plan for ensuring that the business will be adequately managed.
3. The business plan will serve as your guide in each year of operation. It should be reviewed at least once per quarter to ensure that your business stays on track. During that quarterly review, you will have the opportunity to look at how the business is actually performing and explore your options for reducing overhead, improving efficiency and maximizing profit - then make revisions that will guide the next year of operations.
4. The business plan enables you to communicate your ideas to others: bankers, employees, potential investors, or to individuals interested in buying the business someday. If you use it throughout the life of the business, your business plan is a valuable funding, training and planning tool.
5. Many people start with a “great idea”, then find as they begin writing their plan that the idea will not work as originally conceived. It identifies where you need to cut overhead, consider options for becoming more efficient or more profitable, and may even lead you to decide to postpone or cancel the project. Although that is not what someone wants to learn from the process, if it saves your investment money for a more viable project, then you are better off in the long run.
6. The competitive climate is more intense than it was 20 years ago. In fact, small businesses account for most new jobs created in the U.S. economy. Today, businesses must consider not only their local competition, they also must consider the businesses that will compete with them regionally, statewide, nationally or globally as a result of technological advances.
7. The amount of time it takes to research and write a thorough business plan will depend largely on the type of business and the amount of experience you have in the field. The national average for writing a plan is eight (8) months. However, many can do it in less time if they can devote eight hours per day to the process.

COMPREHENSIVE BUSINESS PLAN OUTLINE

- I. Table of Contents (Show page number for each subject at right side of sheet)
- II. Introduction Why business is being formed; Growth potential; Anticipated profit and return on investment; Industry trends; Pitfalls; Research done; Other
- III. Business Description
 1. Name; Location & Reasons for Selecting Each
 2. Business hours to be maintained; Zoning; Licensing; Parking Facilities
 3. Products and/or Services:
 - a. Describe product line; features; uniqueness or superiority; benefits
 - b. Price and quality comparisons
 - c. Materials; Suppliers; Production methods; Alternative options
 - d. Proprietary position (patents; copyrights; legal considerations)
 4. The Competition:
 - a. Name and address of major competitors
 - b. Minor competitors or indirect competition to be considered
 - c. Competitor's strengths; weaknesses; pricing and marketing methods
 - d. Reasons why customers are expected to do business with us (better prices or quality; better selections; more reliable; faster)
 5. The Market
 - a. Identify target markets (age; sex; location; income; ethnic; etc)
 - b. Determine market opportunities; size of market; expected share
 - c. Customer needs and wants (how were these ascertained)
 - d. Marketing and sales strategies to be used
 - e. Pricing; promotion; and distribution plans (sales channels, credit, etc)
 - f. Business image desired; method of attaining high visibility
- IV. The Management: Business Organization
 1. Form of business organization: Reasons for selection
 2. The officers: their experience and salaries (resumes of key personnel)
 3. The employees: their job descriptions; hourly wage; work schedules
 4. Employee policies: benefits; promotional opportunities; training plan
 5. The Management and Operations Plan
 - a. Long and short term goals
 - b. Timetable and deadlines for accomplishing goals
 - c. Anticipated expansion and growth; capital improvements
- V. Financial Data
 1. Capital investment; equity; fixed assets/indebtedness; repayment schedule
 2. Records to be maintained; financial statements to be made (how often)
 3. Accounting and inventory control systems to be used (accountant's name)
 4. Cash flow and income projections for several years (list assumptions used)
 5. Future financial needs; capital expenditures; budgets; contingencies
 6. Break even sales point
 7. Key business ratios to be used
 8. Insurance coverage; sales and use tax procedures; unemployment tax; other tax
 9. Personal and bank references
 10. Current balance sheet
- VI. Appendices (Attach back-up data; statistics; trade journal articles; etc)

More information on writing a business plan can be found at the following website address:

<http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/index.html>