



## **Entrepreneur Business & Enhancement (EBE) Program Information**

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### **Paperwork used and needed for application process:**

- 1) EBE Program Guidelines
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- 2) Sample of Letter of Request
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  - a. Cash Flow (year 1)
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### **Paperwork performed after qualified and accepted:**

- 4) Questionnaire for EBEP
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# **Entrepreneur - Business Enhancement (EBE) Program**

## **Guidelines – Uses of the Program**

**Originated: 10-1-2007**

**Latest Revision: 7-28-2011**

### **Purpose:**

The purpose of the Entrepreneur - Business Enhancement (EBE) program is to encourage growth and expansion for entrepreneurial businesses in Phillips County. These businesses shall be currently in operation or in the process of being created and/or developed within the county. By financially assisting businesses through a cost-share program such as the (EBE) program, these businesses could reduce the initial start-up burden of fixed costs that are usually incurred during the creation, enhancement, or expansion of a business. Also, a cost-share program allows for fewer burdens to a start-up entrepreneurial business as compared to a loan program.

The objective of this program fund is to provide financial support through cost-sharing on expenses of a business, which provide for such a business to expand, be retained, and or be created in Phillips County. This fund will be used to stimulate economic growth for entrepreneur businesses located within Phillips County. The EBE should be used to encourage businesses to update their buildings, improve their business appearance, and marketing signage. The EBE should also improve the quality of the community through the creation of a stronger business atmosphere, the community's overall marketability through infrastructure improvement, and perception of a community for future entrepreneur development.

The goal of the EBE program is to financially assist with enhancements and/or development costs of businesses in Phillips County; thereby, helping create stronger businesses, encouraging an atmosphere of entrepreneurial growth, providing an additional local mechanism for financial support, and improving the overall benefit to our residents/community from the enhanced business.

### **Expected Results:**

The expected results from having the EBE to assist with business enhancement costs are very broad and impact the economy at many levels. The anticipated direct results from assisting local, entrepreneurial businesses reduce their budgetary outlay and improve business quality and appearance is the following:

- 1) Creates a better growth rate over the short period
- 2) Allows for additional funds within their operational cash flow quicker due to business appearance or efficiency, and because some of the costs were defrayed through cost share
- 3) Permits business better cash flow and opportunity to consider stronger benefits and/or wages for workforce; thus allowing stronger workforce recruitment
- 4) Provides better overall infrastructure for business growth
- 5) Sets a stronger entrepreneurial presence and overall business development atmosphere
- 6) Improves marketability of business atmosphere and business itself
- 7) Improves the overall perception of the business, business area, and the community at large.
- 8) Business improvement creates positive competitiveness and acts as an improvement catalyst for others

### **Fund Creation and Continuation:**

The EBE program creation will be developed by the commitment of a specific amount of monies from the Phillips County Economic Development (PCED) Grant and Loan Reserve fund (GLRF). The specified amount of monies committed to the EBE from the GLRF will be determined by a quorum of the PCED Board during the 1<sup>st</sup> quarter of the year. Any other legitimate sources of funding can be used to match or grow the EBE fund throughout the year by either local, regional, state or national resources. For the continuation of the EBE program, it is highly recommended that local commitments are used as a match to request grants and/or contributions from region, state and national sources. It is recommended that each year continual internal and external commitments for this fund be sought,

through grants or other means, to continue the funds usefulness and vitality for creating an atmosphere for entrepreneurial business growth.

Since the EBE program is a cost-share tool by which there is a direct infusion of funds to a Phillips County business and is not a loan, the continuation of this fund will solely rest on the following: 1) the commitment of monies to the EBE program each year, 2) the commitment of PCED reserve fund monies to match from other financial sources, 3) the resolve to meticulously evaluate each candidate's project and need as per the guidelines, 4) If reasonable, hold back a portion of the fund each year, and , 5) allow for this fund to be maintained in a low-to-moderate interest bearing account to attain some interest to self perpetuate itself or at least help with projects.

### **Limitations of Program Funds:**

The two types of limitations of the EBE are: 1) the guidelines by which the monies can be used by applicants, and 2) the amount of monies available to provide assistance. ***The fund usage guidelines are clearly explained in eligible activities and restrictions.***

The second limitation, which is funding availability, is a strong limiting factor as to the number of businesses of which can be assisted. Due to this limitation, a ceiling (maximum per project) will be placed on the amount of cost share monies given to any one project during a calendar year and/or application period. This ceiling may be changed by the PCED Board before the application period begins, upon knowing EBE program money availabilities. This ceiling will be reviewed by PCED Board annually. Due to the limited nature of the fund, one consideration factor of ranking the applications will be the time an application is received, with preference to quality.

### **Restrictions:**

Restrictions can be added to the EBE by the PCED Board. Any new usage restrictions may only be applied to EBE guidelines for new projects, not previously accepted applications or those applications on file. EBE restrictions are those that impact the guidelines for the usage of the fund's monies. The current general fund restrictions are those below:

Funds of the EBE ***CANNOT*** be utilized for or by:

- Individuals seeking to create a business expansion or development outside the Phillips County area
- Network Marketing Companies (which may include a home based business)
- Businesses that have already received EBE funding within selected application period
- Refinancing or debt payoff of the business
- Marketing immoral practices, services, or products (as indicated by the precedents of the Phillips County area)
- Expansion or Creation of Government entities
- Businesses of which owe ANY property taxes for previous years, notwithstanding the current tax period
- Businesses that do not meet the proper zoning restrictions for the area
- Operational expenses of the business that have been incurred already (debt reduction or financial – bad debt cleansing)
- A Business with intention or commitment to sell within two years of project
- A Not-for-Profit business
- Costs on the project already incurred prior to getting approval for EBE program assistance

### **Eligible Activities:**

All cost-share projects must demonstrate that they would enhance the business through growth/expansion or improve the appearance of the business, its building and its surrounding area. The focus of the EBE will be for entrepreneurial businesses located or willing to locate within Phillips County. The EBE will be available to companies that can show a match of the required portion of the project's total cost. The guidelines for eligibility are outlined below:

Types of Businesses:

Any and all types businesses are considered, except those mentioned in the Restrictions area.

Structure of Businesses:

All For-Profit businesses are considered, except those mentioned in the Restrictions area.

All For-Profit Organizations must have all of the following (*updated 5-19-08*):

- a. a permanent location (office)
- b. a current federal tax Identification number

Uses of Funds:

1. Building Improvements
  - a. Interior (technology improvement, painting, wiring, fixtures, other items affixed to building)
  - b. Exterior (Paint, Entryway, Parking lot improvements, appearance, awnings) -- Building improvements must not radically change business districts fluid appearance. Any plans must be in harmony with a Main Street plan (if applicable).
2. Machinery and/or Equipment
  - a. Large items (for production or service which are critical for business survival or expansion)
  - b. Smaller items (i.e. tables, chairs, counters or other needed items)
3. Building Structures
  - a. Construction or Re-Construction of Facade
  - b. Necessary foundation structure support
  - c. Needed Demolition work (all or part)
4. Marketing (Signage)
  - a. Affixed to building
  - b. Electronic signs promoting service and enhancing business location
  - c. Website development

Geographic Boundaries:

To be eligible for the EBE program, the business project must be located within the boundaries of Phillips County. A satellite location in Phillips County for a business under specific circumstances may qualify for use of the fund, providing ample proof of ownership and by maintaining an active on-site management either by a home office representative or a hired manager for the satellite location. Phillips County citizens seeking funds for businesses outside of Phillips County will not be eligible.

Specific Other Guidelines:

1. Businesses must currently have or create employees that will work in Phillips County, but the workforce does not necessarily have to reside in Phillips County.
2. Business must have an active and current business plan (either short or long) (*5-19-08*). An entrepreneur developing, expanding, or retaining a business WITHOUT a business plan will NOT be considered to receive assistance through this fund. In such cases, a business plan must be created to apply for assistance. A short plan is defined as a simple three (3) year cash flow projection. Preference may be given to businesses with extensive business plans (*5-19-08*).
3. An entrepreneurial business is limited to only one application to the EBE program fund during a 12 month period.
4. Individuals purchasing used equipment privately for a business must have a tentative copy of the purchase agreement signed by seller outlining what is being purchased. Used equipment value is very speculative, but a fair market value can be calculated; thus in regards to this program, any request of funds cannot exceed an item's fair market value. This value can be determined (for use in this application) by an appraisal, value of used equipment from a depreciation schedule, or its value used by the county appraiser for taxing purposes. (*7-25-2011*)
5. Individuals which are purchasing an existing business must provide the following documents with the EBEP letter of request: 1) Signed agreement between seller and purchaser showing the arranged purchase

price of the business (building, equipment, blue sky, other rights, and/or inventory). If the request includes the purchase of the business and the business value in the request is over \$100,000, a 3<sup>rd</sup> party appraisal and/or detailed outline of costs which make up purchase price, may be required prior assistance approval or release of any escrowed funds committed. (7-25-2011)

### **Application Time Period:**

After adequate monies are achieved within the EBE program, the PCED Board and/or its staff will announce the open acceptance of applications and procedure. The application period will be an ongoing process. After the applicant's are approved, if monies are still available in the fund, a MOU will be signed between PCED Board and applicant. A project invoice will be sent to the county clerk. A letter of instruction with the project request will be sent to the applicant's bank and a check for the authorized amount will be sent to the applicant's bank from the county clerk to be deposited into a special escrow account for the project. The PCED Board may reserve the right to issue assistance to other applicants from time to time that request assistance and fit the guidelines, while sufficient monies remain in the fund. Applicant's that are authorized to receive funding, while there may be insufficient monies in the fund for a project, will have their name kept on a list until such funding can be issued. Allocation of funds for approved projects will be delivered on a first authorized project basis. (8-25-08)

### **Cost-Share Financial Assistance from EBE Program:**

Cost-Share Financial Assistance from the EBE program will be based upon the applicant's ability to meet the following criteria and objectives:

#### Leveraging:

The purpose of the EBE program is to stimulate entrepreneurial business growth while at the same time stretching fund dollars with a match from the business. This two-way contribution assists the business and allows the EBE monies to help more projects. It also holds the business accountable for some of the costs as well.

1. For all business projects equal or above \$10,000, the leverage match will be up to a 1:1. Up to one dollar of EBE monies to one dollar of business match (private capital). This relates as up to a 50% cost-share. (8-25-08)
2. For all business projects under \$10,000 the leverage match required by the business would be up to 25% of the cost of the project. The committed monies from the fund would be up to 75%.
3. A project with more leverage in either category will be given preferred attention and higher ranking status.

#### Special Considerations:

Although all projects that meet the minimum requirements will be considered, preference will be given to those projects that:

1. Are entrepreneurial businesses.
2. Have exceeded minimum leverage requirements / Cost share percentage
3. Have shorter than 12 month project time schedules to complete
4. Create and retain primary jobs in the private sector.
5. Projects utilizing local businesses to complete projects will receive special considerations, although it is understandable that it may be necessary to complete projects with out-of-region supplies, labor, or developers

#### Administration of the Fund:

The EBE program will be administered by the members of the Phillips County Economic Development (PCED) Board and/or the PCED staff.

#### Audit:

The EBE program will be audited annually at the same time as the general operational PCED account is reviewed.

#### Conflicts of Interest:

No conflicts of interest shall be permitted. Use of the PCED by-laws and parliamentary procedure according to Robert's Rules of Order will apply to the use of this fund. If any member of the PCED Board, staff or county elected

official has an affiliation with the business (directly or indirectly) that is requesting assistance from this fund, they too shall be governed by the PCED by-law and conflict of interest policy. All applicable federal, state, and local laws shall apply.

Promotion:

The PCED Board and/or its designated staff will submit a plan to promote the use of the EBE program. The marketing of the EBE program will include explanations of usage, application guidelines and an overview of the fund. An explanation of the designated EBE program application period will be given out on a yearly basis. In order to better plan and acquire the needed monies for projects in the future, projects planned by businesses may be continually collected and kept on file for the next application period, if monies are not available.

Amendments to the EBE Program:

Each year the EBE will be reviewed by the PCED Board. From time to time, amendments to this fund's guidelines may become necessary. In such cases, the PCED Board may consult with the county attorney, the PCED director, and any other needed personnel deemed necessary to make the appropriate changes. The date of major alterations to the document will be placed in italics next to changes. Completely new additions to the document will be placed in the new amendments section.

**Procedure:**

The proper procedure for a business/organization to submit an application for usage of the EBEF is stated below:

1. Obtain application form, guidelines for fund, and needed information list to be attached to narrative application for EBE through the PCED office.
  2. Make arrangements with PCED staff to discuss narrative application guidelines in person by making an appointment with PCED director or PCED Board designee.
  3. Schedule a follow-up meeting with PCED staff with candidate to finalize a narrative application if not already completed.
  4. PCED director will submit application to PCED Board during next regular meeting.
  5. Applicants will be required to have a representative available for possible questions by the PCED committee. The conversation by the PCED and applicant about financial assistance to the project will be discussed in an approved executive session (due to proprietary financial issues). Any decision on support of the project will be held out of executive session. (8-25-08)
  6. PCED Board (i.e. PCED Director) will notify candidate via follow-up appointment and/or letter of the project's determination for assistance.
  7. A Memorandum of Understanding (MOU) is signed by applicant. A copy of the MOU, narrative application (minus any financial documents) and a letter of instruction will be sent to applicant's bank (5-19-08).
  8. A check will sent directly to the applicant's bank from the county clerk's office, to be deposited into an escrow account for use by the applicant only for items outlined by the request. These items will be determined by the applicant's bank. (8-25-08)
  9. If applicant's (bids) for the project have varied more than 10%, the applicant must provide copies of the new bids and project costs, and resubmit the changes to the PCED for their approval. The bids used to for the project costs must be included with the application. (8-25-08)
  10. Applicants will submit quarterly updates to the PCED Board.
  11. Upon completion of project – a review will be given to PCED Board or may be given in a written document.
- During the course of the application period, monies may not be available immediately to approved applicants due to limited monies in the fund. In this case, the applicant should understand that some of the project data given in their application will be used to solicit grants for more monies for the fund if current monies are diminished) – this is also in (special agreement section)

## New Amendments:

1. Routine maintenance items will NOT be considered through the EBE program. Routine maintenance items are defined in this program as: items considered intentionally neglected by the current owner or normal wear and tear items. Items carried over from a previous owner, to a new owner, are NOT considered routine maintenance items (5-19-08).
2. Once a project is approved by the PCED board, a check will be written out to the business's bank to be put into an escrow account with instructions to the bank as to project described and the monies usage (5-19-08).
3. An applicant's match can involve the value of their own sweat equity (labor) into the project. This can only be used with building structure and improvements. The value of the labor is based on the cost saved by not using a professionally bid contractor. The applicant must prove to the board during the application that they have adequate experience in this type of construction (sweat equity work) or the ability to utilize and receive supervisory guidance. (5-19-08).
4. An analysis ranking sheet of the project with recommendations will be completed by the PCED director for the board and attached to project for the reviewing of the project by the PCED board. (8-25-08)
5. During the application process, only the PCED Chairman, PCED Director, and (if so requested & needed, a 3<sup>rd</sup> party, financial consultant professional, which has been pre-authorized by the PCED board) will be the only individuals who will have access to review the business's financial data. This financial review will be verbally summarized to the PCED board during the project review as being 1) positive or 2) negative toward the use of the fund. (8-25-08)
6. Businesses using their own employees for labor on the project must use a fair and reasonable cost estimate for the wage levels paid in accordance to the labor's experience with the related work done on the project. Wage levels cannot exceed the wage price of a professional's wage rate that could be contracted for the project. Comparison wage data can be found at the Kansas Department of Labor website: <http://www.dol.ks.gov/LMIS/wagesurvey/wagesurvey.html>. This amendment is to assist with clarification of amendment #3. (8-25-08)
7. New Addendum for applicant to sign upon being approved by PCED committee for funds, if assistance approved is over \$20,000 dollars. (7-27-2010)
8. Specific other guidelines: Individuals purchasing used equipment privately for a business must have a tentative copy of the purchase agreement signed by seller outlining what is being purchased. Used equipment value is very speculative, but a fair market value can be calculated; thus in regards to this program, any request of funds cannot exceed an item's fair market value. This value can be determined (for use in this application) by an appraisal, value of used equipment from a depreciation schedule, or its value used by the county appraiser for taxing purposes. (7-25-2011)
9. Individuals which are purchasing an existing business must provide the following documents with the EBEP letter of request: 1) Signed agreement between seller and purchaser showing the arranged purchase price of the business (building, equipment, blue sky, other rights, and/or inventory). If the request includes the purchase of the business and the business value in the request is over \$100,000, a 3<sup>rd</sup> party appraisal and/or detailed outline of costs which make up purchase price, may be required prior assistance approval or release of any escrowed funds committed. (7-25-2011)

## Entrepreneur – Business Enhancement Program

### List of Needed Information for request to be considered

- **Financials**
  - Historical Business “Financial Statements – 3 years” or (3 years) of applicable Personal Income Tax Forms
- **Current Business plan**
  - Business Name
  - Business Ownership
  - Business Contact information (phone, address, e-mail, web-site)
  - Outline Company’s Products / Services
  - Business History
  - Business Management Practices
  - Wage and Employment History
  - Résumé’s on principal owners/managers
  - References
  - Three (3) year (yearly and/or monthly) cash flow project
- **Project Narrative** <<**This information should be in the Letter of Request**>>
  - Scope of Project
  - Need for Project
  - Cost of Project
  - Match funds from candidate – description and amount
  - Budget for the Project
  - Project Participants
  - Why are EBE program funds needed?
  - How will using these funds help grow your business
  - How will the monies saved in using these funds be used within your business
  - Zoning authorization for project by proper officials
  - Explanation of jobs created/saved in expansion/creation/retention
  - Insurance company covering current building and new project (5-19-08)
  - Overview of any insurance claims of which not used pertaining to project request (5-19-08)
- **Bids:** To acquire an official bid, a contractor may need to have an agreement that such a project will be performed; this sometimes is unavailable to the applicant. It is always good to gather multiple bids or estimates for items in the project. The bids used for the project costs must be included with the application. (8-25-08). So we would ask for a copy the estimate/bid from the company of which will be doing any of the following:
  - Construction, Remodeling, Demolition, Additions to buildings
  - Vendor services
  - Equipment, Fixtures
  - Retail items or other project items
- **Appraisal/Bill of Sale:** Individuals purchasing used equipment privately for a business must have a tentative copy of the purchase agreement signed by seller outlining what is being purchased. Used equipment value is very speculative, but a fair market value can be calculated; thus in regards to this program, any request of funds cannot exceed an item’s fair market value. This value can be determined (for use in this application) by an appraisal, value of used equipment from a depreciation schedule, or its value used by the county appraiser for taxing purposes. (7-25-2011).
- **Purchase Agreement:** Signed agreement between seller and purchaser showing the arranged purchase price of the business (building, equipment, blue sky, other rights, and/or inventory). (7-25-2011)
- **Questionnaire for EBEP**

If applicant’s (estimates) for the project have varied more than 10%, the applicant must provide copies of the new bids and project costs, and resubmit the changes to the PCED for their approval.

★ **The PCED Board reserves the right to reject, accept or modify any project request for funds.**

# Questionnaire for EBEP

<< Information Collected will remain confidential and used only for purposes of 'scoring' this request >>  
<< A completed questionnaire needs to be attached to the 'Letter of Request' >>

Please complete the following questions:

- |  |          |   |   |
|--|----------|---|---|
| 1. Are you currently paid up on all business property taxes?                                   | (circle) | Y | N |
| 2. Are you currently paid up on all personal property taxes?                                   | (circle) | Y | N |
| 3. Do you have the financial ability to apply some form of match funding to the project?       | (circle) | Y | N |
| 4. Will you continue the project, if you don't receive grant funds?                            | (circle) | Y | N |
| 5. What is the average salary or hourly wage paid to your employees? _____                     |          |   |   |
| 6. Do you provide health insurance to your employees currently?                                | (circle) | Y | N |
| 7. Do you intent to provide health insurance to your employees in the future?                  | (circle) | Y | N |
| 8. Do you currently have a website?  | (circle) | Y | N |
| 9. Will you downsize your business (number of employees) if grant funds are not received?      | (circle) | Y | N |
| 10. Will this project create new part-time jobs? How many? # _____                             | (circle) | Y | N |
| 11. Will this project create new full-time jobs? # _____                                       |          |   |   |
| 12. Have other sources of funding been investigated and pursued?                               | (circle) | Y | N |
| 13. Have you been turned down from other funding sources for the project?                      | (circle) | Y | N |
| 14. Have other sources of funding been acquired for the project?                               | (circle) | Y | N |
| 15. How much assistance have you acquired for the project already? \$ _____                    |          |   |   |
| 16. Where is this additional assistance coming from? <name of program> & <name of group>       |          |   |   |
| a. _____   |          |   |   |
| b. _____   |          |   |   |
| c. _____   |          |   |   |
| d. _____   |          |   |   |
| e. _____   |          |   |   |
| 17. Have you or your business ever declared bankruptcy?  | (circle) | Y | N |
| 18. Is insurance capable of paying for this project?   | (circle) | Y | N |
| 19. How many part-time employees do you currently have? # _____                                |          |   |   |
| 20. How many full-time employees do you currently have? # _____                                |          |   |   |
| 21. How many of your employees are still in High School? # _____                               |          |   |   |
| 22. Would the EBE Grant and/or E-community RLF be your last option for financing this project? | (circle) | Y | N |
| 23. Will the grant request be for a business expansion project?                                | (circle) | Y | N |
| 24. Will the grant request be for a business creation project?                                 | (circle) | Y | N |
| 25. Will the grant request be for a business succession project?                               | (circle) | Y | N |
| 26. Will any portion of the grant be used for a down payment for a bank loan?                  | (circle) | Y | N |
| 27. Which local bank would be used for this project, if funds are received? _____              |          |   |   |
| 28. What is the name of the banker in your local bank, which you work with often? _____        |          |   |   |
| 29. Will your bank have a first position on collateral used for the loan on this project?      | (circle) | Y | N |
| 30. Have you created a working business plan for this project?                                 | (circle) | Y | N |
| 31. Have you worked a loan into your business plan for paying for most of this project?        | (circle) | Y | N |
| 32. Would you be interested in utilizing a low or 0% percent loan instead of a 'grant'?        | (circle) | Y | N |
| 33. Would you be interested in utilizing a 0% loan (limited years) ALONG WITH a 'grant'?       | (circle) | Y | N |

**<<Letter of Request – Sample>>**

<place on business letterhead>

1-1-2009

<current date>

To PCED Board,

The <name of business> is a locally run and owned <type of service> store. Our products include <types of services or products that will be provided>. All the items a small town resident may need. I purchased the store from a previous owner, , three years ago <a little history>. I worked with the previous owner at the store for years prior to buying it <share some experience information>. Some improvements were made to the store prior to its purchase; such as new registers, programming software <improvements – if any>. Unfortunately, some needed items were left to be repaired or purchased by a future owner. These include floor, ceiling tiles, cabinets, refrigeration units, other items <items that are in request>. The refrigeration units are old and are not energy efficient, and we are considering replacing these in the future, but not now. The most pressing need is the \_\_\_\_\_ <items needed>. The major reasons for this items is \_\_\_\_\_ <why there is a need for item(s) now>.

We currently employ \_\_ full-time and \_\_ part-time employees <employee info>. Most of the part-time employees are high-school students. These jobs are needed for stocking and registering, but also provide the students with job experience. We have a management plan in place to help keep our part-time staff busy doing multiple jobs within the store <about management plan>. The majority of my knowledge for running the business, and I feel we do a good job, is from on-the-job training from working every area of the store when previous owner had the business <current owner experience>. Some references would be Mr. A \_\_\_\_\_, Mr. B \_\_\_\_\_, and Mr. C \_\_\_\_\_. <references>

One reason for initially moving to \_\_\_\_\_, was the small town feeling and being involved with a small business and to have a job in this field while raising a family. My feeling has not changed, just got bigger in ownership rather than being an employee. I realize that \_\_\_\_\_ <location-area-town> is the great place to raise my children. It has a safe environment, a good school, and strong local support. I have also grown from my interest of having a job, to being a business owner <general information about why owner is in area with business>. At times, this can be hard in a small town, especially with limited customers. But we have some very loyal customers, and we feel we give great service for a small town \_\_\_\_\_retail store \_\_\_\_\_ <type of business>. We have given our support, whenever financially possible, to service clubs or events in the community. We are a member of the Chamber <give examples of involvement – commitment outside business> helping with service projects in town.

Our project is simple, but this improvement is needed and would impact our cash flow in a big way without your financial assistance. We need \_\_\_\_\_ <list items needed to complete project>. I have been talking with <local bank>, through \_\_\_\_\_ <banker>, about the project and this program. He is more than willing to loan the money for the required match, if this program could help with funding through a grant for some of the cost of the project. Most all the bids received for project are from inside the county and a few are from outside the county. I feel \_\_\_\_\_ <business with bid chosen to do work> will be able to provide the best roof and guarantee <if a bid was not used, why?>. I also understand how important it is to keep business local, as was another reason for my choice. The total project cost will be \$\_\_\_\_\_ dollars. I really feel this <items improved by project> will be a positive start in protecting the building and helping improve the business and our service <what does these project do to improve business>. It will also allow me to start focusing on internal improvements without worrying about damage from leaking water onto the floor, ceiling tiles, wiring, or inventory. Also, I will not have to worry about safety issues for the customers going through the store when I have the leaks or trying to clean up the mess.

I would like to ask for your help giving financial assistance in the amount of \$ \_\_\_\_\_ through the EBE program <type of PCED program> for this improvement project of \_\_\_\_\_ <name of business>. The other \_\_\_\_\_ <matching amount> which is \_\_\_\_\_ <% match business provides> percent of the project cost, I will provide through a \_\_\_\_\_ <how you will get matching funds..i.e. bank loan, cash savings, 2<sup>nd</sup> mortgage, other> as a match. I have added the other documents required by the EBE program for requesting assistance. I will be available to answer any questions during your meeting or over the phone prior to the meeting.

I too would like to thank you for sharing this program information with me and providing me the opportunity to ask for grant assistance. I understand that grant funding is not guaranteed, but am very thankful that we have this option available for our Phillips County businesses. <any other comments>

Again thanks for your time. I look forward to discussing this request in person with the board on \_\_5-26-2009\_\_\_\_\_ <date of next regular PCED meeting>.

Sincerely;

<your Name> **“always sign document”**

Business Information:

<business name>

<address>

<phone #'s>

<e-mail>

<website address>

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## **Information:**

This sample of the “Letter of Request” is meant to be a guide for those business owners applying for financial assistance to the Phillips County Economic Development (PCED) Committee. It is recommended by the committee and PCED staff that as much information about the project be disclosed (in detail) as possible, to better illuminate the need and viability of the project for the applicant.

This document should NOT be used as an application sheet for funds. Some similarities are expected, but simply just filling in the blank of this sample or duplicating word for word from the sample with no originality for each request, is strongly discouraged.

Since most loan programs are made up of application sheets, the general public is accustomed to those types of requests. Since grants requests are unique in many ways, especially due to the funding not having the requirement of being paid back, the applicant is expected to request these funds in a more unique and challenging way. This process is done through that of a “letter of request” for funds. In reality, it is a request made formally through narrative style, rather than a fill-in-the-blank style form. As the narrative request is not generally used, the previous example (sample) was given to help guide a newcomer through the process.

In the sample, you will notice that all the requests made in the EBE program are mentioned and addressed. Keep in mind, that the “Letter of Request”, is one of the key parts of the business owners (applicant) request. It is very much like an executive summary. If this was the only item (piece of paperwork) that the PCED board received, they would be able to answer ninety percent of their questions about your project and the request itself. The other ten percent of validation comes from the attached documents, such as the business plan, financials, bids or other requested documents.

**Sample of Simple Business Plan - Cash Flow for (2) years <usually a 3 to 5 year preferred>**

	Jan.	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Cash Receipts:</b>													
From Services - Rental						2,000	3,000	3,000	3,000	3,000	4,000	4,000	22,000
From Outside space (rental)						500	500	500	500	500	500	500	3,500
From Rent						450	450	450	900	900	900	1,350	5,400
From Owner's Investments													-
Business Loan					350,000								
From Incentives					25,000								
From Other Investments													
<b>Total Cash Receipts</b>	-	-	-	-	375,000	2,950	3,950	3,950	4,400	4,400	5,400	5,850	405,900
<b>START UP COSTS</b>													
<b>Cash Disbursements:</b>													
Improvements-Renovation					325,000								325,000
Labor													
Returns and Allowances													
Salaries and Commissions						1,500	1,500	1,500	1,500	1,500	1,500	1,500	10,500
Employee Benefits													
Payroll Tax													
Insurance						350	350	350	350	350	350	350	2,450
Licenses													
Marketing and Advertising						500							500
Property Taxes						1,124						1,124	2,248
Electricity						500	700	700	500	500	500	500	3,900
Phone						75	75	75	75	75	75	75	525
Repairs and Mntce.													
Natural Gas - Utility						200	200	200	200	200	200	200	1,400
Professional Fees						500							500
Misc						100	100	100	100	100	100	100	700
Land													
Buildings					50,000								50,000
Vehicles													
Leasehold Improvements													
Equipment													
Loan Interest													
Loan Principal													
Dividends													
Owner's Draw													
Investors Draw													
<b>Total Cash Disbursements</b>	-	-	-	-	375,000	4,849	2,925	2,925	2,725	2,725	2,725	3,849	397,723
<b>Net Increase/Decrease in Cash</b>	-	-	-	-	-	(1,899)	1,025	1,025	1,675	1,675	2,675	2,001	8,177
<b>Cash Balance</b>	-	-	-	-	-	(1,899)	(874)	151	1,826	3,501	6,176	8,177	
Period	1	2	3	4	5	6	7	8	9	10	11	12	

	Jan.	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Cash Receipts:</b>													
From Services	3,000	3,000	4,000	4,000	4,000	6,000	5,000	4,000	4,000	3,000	3,000	3,000	46,000
From Outside space (rental)	500	500	500	500	500	500	500	500	500	500	500	500	6,000
From Rent	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	1,350	16,200
From Owner's Investments													-
From Other Investments													-
<b>Total Cash Receipts</b>	<b>4,850</b>	<b>4,850</b>	<b>5,850</b>	<b>5,850</b>	<b>5,850</b>	<b>7,850</b>	<b>6,850</b>	<b>5,850</b>	<b>5,850</b>	<b>4,850</b>	<b>4,850</b>	<b>4,850</b>	<b>68,200</b>
<b>Cash Disbursements:</b>													
Raw Materials													-
Labor													-
Returns and Allowances													-
Salaries and Commissions	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Employee Benefits													-
Payroll Tax	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Insurance	350	350	350	350	350	350	350	350	350	350	350	350	4,200
Licenses													-
Marketing and Advertising	500											500	1,000
Property Tax				1,124								1,124	2,248
Utilities	500	500	500	500	500	700	700	700	600	500	500	500	6,700
Phone	75	75	75	75	75	75	75	75	75	75	75	75	900
Repairs and Mntce.			500				500				500		1,500
Office Supplies	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Professional Fees	500												500
Security Deposits	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Land													-
Buildings													-
Vehicles													-
Leasehold Improvements													-
Equipment													-
Miscellaneous													-
Loan Principal & Interest Payment	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	2,019	24,228
Dividends													-
Owner's Draw													-
Investors Draw													-
<b>Total Cash Disbursements</b>	<b>5,994</b>	<b>4,994</b>	<b>5,494</b>	<b>4,994</b>	<b>6,118</b>	<b>5,194</b>	<b>5,694</b>	<b>5,194</b>	<b>5,094</b>	<b>4,994</b>	<b>5,494</b>	<b>6,618</b>	<b>65,876</b>
<b>Net Increase/Decrease in Cash</b>	<b>(1,144)</b>	<b>(144)</b>	<b>356</b>	<b>856</b>	<b>(268)</b>	<b>2,656</b>	<b>1,156</b>	<b>656</b>	<b>756</b>	<b>(144)</b>	<b>(644)</b>	<b>(1,768)</b>	<b>2,324</b>
<b>Cash Balance</b>	<b>6,533</b>	<b>6,389</b>	<b>6,745</b>	<b>7,601</b>	<b>7,333</b>	<b>9,989</b>	<b>11,145</b>	<b>11,801</b>	<b>12,557</b>	<b>12,413</b>	<b>11,769</b>	<b>10,001</b>	
<b>Period</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	

\* Loan Principal and Interest Payments are based on \$350,000 at .5% tax rate for 15 years



**Entrepreneurial Business – Enhancement Program (EBEP)**  
**PHILLIPS COUNTY ECONOMIC DEVELOPMENT**

**Memorandum of Understanding (MOU)**

This Memorandum of Understanding (MOU) is between the Phillips County Economic Development committee (PCEDc) and the (business) \_\_\_\_\_ (Known hereafter as the applicant). The Entrepreneurial Business & Enhancement Program (EBEP) guidelines were given to the applicant prior to the request made to the PCEDc. Applying for these EBEP funds did not guarantee or constitute the applicant would receive any funds. The applicant provided all required project information as indicated in the “items required” section. The applicant was APPROVED for EBEP funds by the PCED committee for the project, which was presented in writing. EBEP financial assistance was committed to the project in the (amount) of \$\_\_\_\_\_ dollars. Approval for the project was given by an affirmative vote of the PCEDc during their regular meeting on \_\_\_\_\_. The applicant is providing “applicant” match monies for the project in the amount of \$ \_\_\_\_\_ dollars. This match represents \_\_\_\_% percent of the total project cost, which is \$ \_\_\_\_\_ dollars. The “applicant” match meets or exceeds the required minimum for the program. It is understood by the applicant that the financial assistance for this project will be made out to the applicant’s bank, and funds will be provided through an escrowed account at the applicant’s bank, \_\_\_\_\_(name of bank) at \_\_\_\_\_(bank address). A copy of the “letter of request”, its attachments and this signed MOU will be given to the applicant’s bank, and any other applicable organization involved with this project request.

The applicant understands and will adhere to all the guidelines for and within the Entrepreneurial Business & Enhancement Program (EBEP). Any special requirements in the (non-profit) section of the EBEP guidelines or other more specific guidelines added by the PCED committee of which is **checked and in highlighted in ‘red’** below will apply to these funds and/or applicant:

- Twenty percent (20%) of approved EBEP funds provided will be held in the escrow until project is documented complete, by the following \_\_\_\_\_.
- Approved EBEP funds will be provided in smaller denominations over specific time periods within the project. These special allocation periods are:
  - Time Period #1 \_\_\_\_\_
  - Time Period #2 \_\_\_\_\_
  - Time Period #3 \_\_\_\_\_
- Approved EBEP funds will be provided after completion of a special study/analysis being performed and a copy of such study is provided to the PCED committee. This requirement does not prevent the applicant from requesting special assistance from the PCED committee for such a special study to be performed through another separate request.
- Special Addition to the MOU agreement must be signed (*attached*)
- Any other special requirements, placed on the applicant by the PCED committee listed:

\_\_\_\_\_  
\_\_\_\_\_

The signature of the PCEDc chairman on the bottom of this MOU is a commitment of these EBEP funds for the specific project outlined which was approved by the PCED committee on \_\_\_\_\_. A signature by the applicant at the bottom indicates an understanding by the same that the rules applicable to these EBEP funds will be met as indicated in this MOU and throughout the guidelines of the Entrepreneurial Business & Enhancement Program. It is understood by applicant, that a follow-up report will be given to the PCED committee after completion of project. Acceptance of funds, allows the PCED committee to use and acknowledge the applicant's business as a recipient of EBEP funding through media sources. A testimonial by the applicant will also be given to PCED staff for use on its development website upon completion of the project.

\_\_\_\_\_ Date: \_\_\_\_\_

Paul Merklein, Chairman - PCED committee

\_\_\_\_\_ Date: \_\_\_\_\_

<Applicant-business name>. – <owner name>, <title> (applicant)

# *Addendum A to (MOU) agreement*

*(for business receiving more than \$20,000 of support from the EBEP)*

This Addendum A to the Memorandum of Understanding (MOU) is between the Phillips County Economic Development committee (PCEDc) (a political subdivision of Phillips County, Kansas) and \_\_\_\_\_ (hereafter referred to as the “Applicant”). Due to the request and approval of funds through the Entrepreneurial Business & Enhancement Program (EBEP) being over \$20,000 dollars, Applicant agrees to specific contractual obligations in the form of conditions precedent and conditions subsequent to the receipt of the funds by Applicant. In consideration for the receipt of the funds specified herein, Applicant hereby covenants and warrants to PCEDc as follows:

- Applicant intends to develop and expand its business in Phillips County.
- Applicant intends to continue this business for a period of more than five years, absent any reasonably unforeseeable circumstances that would have a material impact on its business requiring closure or cessation of operations.

In the event circumstances occur which are not reasonably within the control of Applicant, and its business should close or cease to operate for a period exceeding ninety (90) days, Applicant dissolves or forfeits its articles of incorporation or organization, or Applicant files for bankruptcy protection (hereinafter referred to as “Events of Default”), then Applicant agrees to repay specific amounts of the EBEP funds on a percentage basis tied to the number of years the business was operational from the time EBEP funds were given as specified below. Specifically, if an Event of Default occurs within five (5) years from the date Applicant receives the EBEP funds, the Applicant understands and agrees to repay a percentage of the EBEP funds based on the following times and percentages listed below:

<u>Length of Time Business Operates</u>	<u>Percent of Fund Repayment Due</u>
Within 1 year from receipt of funds:	100% of EBEP funds
Between 1 year and 2 years	80% of EBEP funds
Between 2 years and 3 years	60% of EBEP funds
Between 3 years and 4 years	40% of EBEP funds
Between 4 years and 5 years	20% of EBEP funds
After 5 years (no repayment required)	0% of EBEP funds

Applicant’s signature on this Addendum A indicates an understanding of these contractual obligations undertaken by the Applicant upon receiving the EBEP funds. This Addendum A, including the Unconditional and Continuing Guarantee set forth below (if executed), shall be attached to the MOU and shall be incorporated by reference as though fully set forth therein.

\_\_\_\_\_  
Paul Merklein, Chairman - PCED committee

Date: \_\_\_\_\_

APPLICANT: (Coomes, Inc)

\_\_\_\_\_  
Applicant Signature

Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**UNCONDITIONAL AND CONTINUING GUARANTEE**

The undersigned Guarantor(s) unconditionally guarantee the payments referenced in this Addendum A to the MOU Agreement, including any costs associated with the collection of said payments, to include but not limited to reasonable attorney’s fees. I/we understand that if more than one Guarantor signs this Unconditional and Continuing Guarantee (“Guarantee”) the obligations of each Guarantor shall be joint and several. If Applicant is a corporate entity or partnership, PCEDc may proceed directly against any Guarantor for the performance hereby guaranteed without first taking any action against the Applicant or any other person or entity and without proceeding to foreclose on any collateral in which you have an interest, and I/we hereby waive any right to require you to first proceed against the Applicant or any other person or entity, or to exhaust any collateral before enforcing this Guarantee. I/we hereby waive any claim or defense arising by reason of any statute of limitations or disability or other claim or defense of Applicant, its successor(s) or assigns. This is a continuing guarantee and I understand and agree that it shall remain in full force and effect until all payments hereunder have been paid or the terms of this Addendum A expire of their own accord. If any provision of this Guarantee is invalid or cannot be enforced for any reason, the remainder of this Guarantee shall remain in full force and effect. Any provision of this Guarantee that is contrary to any applicable law shall be considered to be modified to the extent required to conform with the law, if possible, and if not possible, shall be omitted from this Guarantee. This Guarantee, the MOU and Addendum A to the MOU constitute the entire agreement between PCEDc and the undersigned, and no modification hereof shall be enforceable unless such modification shall be in writing signed by Applicant, Guarantor and PCEDc.

\_\_\_\_\_  
Signature of Guarantor

\_\_\_\_\_  
Signature of Guarantor

STATE OF KANSAS            )  
  )  
COUNTY OF PHILLIPS    )

Before me, the undersigned, a Notary Public, within and for said County and State, on this the \_\_\_\_ day of \_\_\_\_\_, 2010, personally appeared \_\_\_\_\_ and \_\_\_\_\_, to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that he/she executed the same as his/her free and voluntary act for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last written above.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Printed Name  
My Commission Expires: \_\_\_\_\_

**The Letter of Instruction – this will be created and sent to the Applicant’s bank after approval**

<Date>

<Applicant’s Bank Address>

RE: Letter of Instruction for EBE Program Funds

To \_\_\_\_\_,

It is my pleasure to report to you that the PCED committee has authorized usage of \$\_\_\_\_\_ dollars from the Entrepreneurial Business & Enhancement Fund Program for use by \_\_\_\_\_. This fund was specifically created to assist our existing small businesses in the areas of building improvement, equipment and marketing (signage).

One measure of protocol in the funding process for this program is to directly give requested funds to the bank of the approved applicant, so that these funds can go into an escrow account. When the business needs the funds for the particular project, he or she can then request those monies in full or in part from the escrow account. The purpose for this protocol is to add an addition safeguard against any abuse (use of the monies for items other than those designated in the application) of public monies.

We would ask for your assistance in receiving and distributing of these specifically designated funds for \_\_\_\_\_ through the following instructions:

1. A check will be sent to <applicant bank> from the county clerk within the next 10 days payable to the <applicant bank> with identification remarks as special project – EBE.
2. A copy of the Memorandum of Understanding (MOU) and original application to the PCED committee for the project will be sent to you for reference.
3. Place these funds in an escrowed account (already established or new), which can be readily and easily accessible upon request from <Applicant>.
4. When <Applicant> requests funds from the escrow, the usage of funds should be checked according to the original application request (attached to MOU document)
5. Once usage is validated by comparing the request versus the application, funds for the requested amount up to authorized amount (stated above) can be given to <Applicant>. There may be circumstances that arise as to how the money is issued. We would heavily rely on your relationship and background knowledge with the client as to what was prudent and feasible. The most advisable suggestion would be an issuance of the funds by check (or similar vehicle) with multiple endorsements; such as, <Applicant> and (business of whom product or service is being rendered for the needed project). We understand this may not be workable in every circumstance, so we would rely on your experience as to the best way to accommodate the business request.
6. Once all monies are used for the particular business in the escrow, please inform PCED staff, and send copies of any documentation kept on the bank’s behalf in regards to this

business's withdrawals of the monies from the escrow account; specifically, the date of withdrawals and whom the monies were made out to.

We have tried our very best to create a development tool for assisting our local entrepreneurial businesses and at the same time simplifying the processes as much as possible without sacrificing accountability. We hope that these instructions will be adequate to assist you with the allocation of these funds. If you have any questions as to the fund, instructions or the project of which the business has usage of the funds, please feel free to contact the PCED office.

Again, we thank you for your support of development practices in Phillips County and your assistance in implementing this program. You are very much appreciated.

Sincerely,

Paul Merklein  
Chairman – Phillips County Economic Development committee

CC:  
<Applicant>