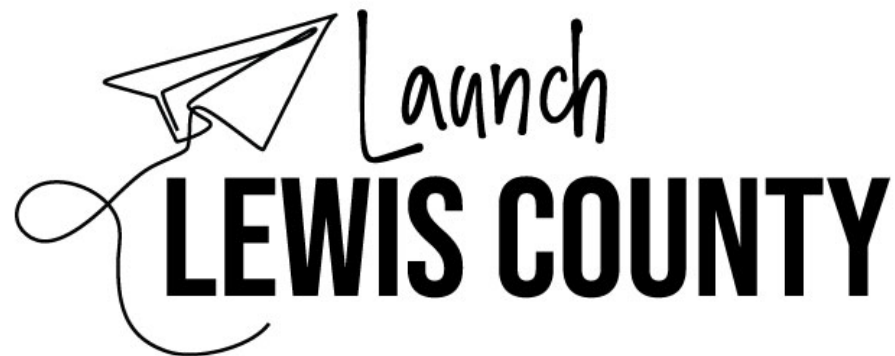


Launch
LEWIS COUNTY

Lewis County Microenterprise Grant Program



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SECTION 1: PROGRAM OVERVIEW

Launch Lewis County is a business competition grant program that helps businesses start or expand. The program will provide a minimum of eight (8) grant awards with training, funding, and the tools needed to successfully open or grow their businesses.

Lewis County, NY is seeking creative entrepreneurs who are looking to start or grow their businesses that will enhance the quality of life for residents and make Lewis County a more attractive place to live, work, and play.

1.1 Timeline

- February 1, 2024 – Launch Program
- March 18, 2024 – Short application and letter of interest to be considered for program due (required)
- Week of April 1st – Meet with Program Administrative Team to score applicants to move onto final round
- April - May 2024 – Entrepreneurial Training Course with SBDC via Zoom (required) for Finalists
- June 13, 2024 – Full Application, Business Plan and Project Budget Due (Required)
- Week of June 24, 2024 – Meet with Grant Committee to select Finalists
- July 1, 2024 – Winners Announced
- July + Beyond – Ongoing Assistance

1.2 Marketing Activities

The Program guidelines and application portal will be available on naturallylewis.com.

Program marketing will be conducted primarily by Naturally Lewis through outreach and presentations to:

- Local media outlets
- Social media
- Chambers of commerce
- Business networks
- Local government networks
- Local government offices
- Local and regional events
- Direct marketing to businesses
- Real estate groups
- Local commercial banks
- SBDC and other business support organizations

The Naturally Lewis office, Development Authority of the North Country, North Country Alliance, Adirondack Economic Development Corporation, local Small Business Development Center (SBDC), and local Chambers will typically be used as referral agencies.

1.3 Support Activities

Applicants and Awardees will have access to assistance at all stages of the program Naturally Lewis and available networks.

Direct assistance will be offered for:

- Application preparation
- Business plan preparation

- Brainstorming
- Market research
- Business counseling
- Legal issues
- Taxes, recordkeeping, accounting
- Financing
- Marketing, advertising
- Employee issues

When additional expertise is called for, assistance and referrals will be offered for:

- Business contacts and networks
- Local government contacts
- Workforce development referrals
- Job training programs

SECTION 2: PROGRAM GOALS

2.1 Program Objectives

The primary objectives of the Program are to:

- Facilitate the expansion and retention of microenterprise activity in Lewis County
- Create and retain employment opportunities for low- to moderate- income individuals
- Foster entrepreneurship in the following areas:
 - Food & Beverage, including value-added processing
 - Tourism businesses that complement our strengths in outdoor recreation and boost tourism spending
 - Small Scale Manufacturing
 - Construction Trades including independent contractors, plumbers, electricians and HVAC
- Improve New York State homes and communities

2.2 Program Impact

The desired impacts of the Program are:

- Improved quality of life and opportunities for low- to moderate- income individuals
- Provide opportunities for business growth and expansion throughout Lewis County
- Improved quality of life, culture and tourism through expanded services and recreation opportunities for residents and tourists
- Provide entrepreneurial pathways for skilled tradespeople and makers in our community
- Increased revitalization of downtown and other priority commercial corridors through additional services with reduced vacancy and blight

SECTION 3: ELIGIBILITY REQUIREMENTS

3.1 Eligible Applicants

Eligible applicants are qualified microenterprises whose plans are aligned with the objectives of the Program, particularly those who seek to create or expand business activities that will make job opportunities available for low- to moderate-income workers.

Requirements for eligibility:

The Program Grant Committee will determine an Applicant's eligibility based on the following qualifications:

- Applicant's business is a microenterprise (as such term is defined in Section 102(a)(22) of the Housing and Community Development Act of 1974, as amended), defined as:
- A private for-profit business entity; corporation, partnership, or sole proprietorship that is legal, licensed and operating consisting of five (5) or fewer employees including the owner(s)
 - This includes both part-time and full-time employees

- One (1) or more of the employees must be the principal and an owner at the time of application
- The principal business activity that will be primarily impacted by the Program financing must be located within Lewis County
- The Applicant's plans are consistent with the objectives of the Program
- The business benefits and will make job opportunities available to low- to moderate-income workers as defined by the United States Department of Housing and Urban Development and consistent with the Federal regulations governing the CDBG program:
 - The owner meets the low- to moderate-income guidelines **-OR-**
 - The business will be creating at least one job to be filled by or made available to someone from a low- to moderate-income household
- Funds will be used pursuant to an eligible activity defined below
- A minimum amount of 10% owner equity contribution to the project is required. Businesses will be required to provide a minimum amount of 10% owner equity contribution in the form of cash.

3.2 Eligible Activities

Funds must be used for:

- An activity eligible for funding under the CDBG program
 - Inventory
 - Procurement of machinery, furniture, fixtures, and equipment
- Activities eligible pursuant to 24 CFR 570.201(o)
- Activities not specifically ineligible (see below)

3.3 Ineligible Activities

Activities deemed ineligible under the CDBG program include:

- The repayment of existing debt
- Construction, building or other improvements when Davis Bacon and Related Acts must be applied (prevailing wage rate requirements)
- Reimbursement of costs incurred prior to grant award
- Political, lobbying or religious activities
- Advancement of funds

Additionally, the following business activities, as further defined by the U. S. Small Business Administration, may not be assisted with Program financing:

- Speculative activities, defined as a business that derives profits from fluctuations in prices;
- Lending activities, including those conducted by banks, finance companies, factors, leasing companies, insurance companies (but not insurance agents or agencies), and similar firms;

- Pyramid sales plans;
- Gambling activities, and
- Illegal activities

SECTION 4: FUNDING CONDITIONS

4.1 Funding Priorities

Funding will be awarded according to the program objectives and desired impacts with priority on food & beverage, tourism, small scale manufacturing and construction trades. Microenterprises in one of these priority areas that lacks access to traditional financing and is struggling to start or grow their enterprise is typically a good candidate for this Program. Other types of businesses will be considered.

Grant awards and amounts will be based upon the following priority system:

- 1st Priority – Food & beverage, including value-added processing, such as dairy, maple, craft beer and other agricultural products
- 2nd Priority – Small scale manufacturers and construction trades businesses with a focus on scaling their idea and/or service offerings.
- 3rd Priority– Tourism-based businesses that compliment Lewis County's strengths in outdoor recreation and align with the North Country Regional Economic Development strategy to increase the number of visitors to the North Country region.

A minimum of fifty-one percent of the Microenterprise fund will be reserved for start-up businesses, defined as new businesses or those in operation for less than six months.

4.2 Funding Amount

Grants awards will be \$5,000 - \$30,000 in increments of \$5,000 with funding not to exceed 90% of the total project cost. Applicants must show, at a minimum, 10% equity into the project. During the application process, applicants will specify their desired grant amount (\$5,000, \$10,000, \$15,000, \$20,000, \$25,000 or \$30,000). Funding will be based on alignment with program objectives, priority, need and quality of plan.

4.3 Funding Terms and Conditions

Financial Conditions

Upon determination of basic eligibility, Applicants must show:

- Project budget is reasonable and financially feasible
 - Project budget will be assessed by Naturally Lewis and Grant Committee, along with industry experts as needed to assure that project financials are in line with reasonable industry revenues and expenses and financially feasible.
- Other non-federal funding sources have been sought and that to the extent practicable, CDBG funds will not be a substitute for available non-federal financial support.
 - Applicants must show they have sought out traditional financing options as well as loan and grant options available through other programs and Industrial Development Agencies

- Applicants must demonstrate that all other private and public sources of debt and equity have either been maximized or are inappropriate, unaffordable, or otherwise unavailable.
- Program grants may be used to assist in securing other forms of financing, but all funding sources must be demonstrated to be committed before final approval.
- To the extent practicable, CDBG funds will be disbursed on a pro rata basis with the other financing.
- The return on the owner's equity investment will not be unreasonably high.

Other Conditions

- All Applicants for this Program must attend a series of technical assistance (TA) classes offered by a Grantee approved local Small Business Development Center (SBDC) or other local private for profit/nonprofit business development agency.
- Each Applicant must submit a Certificate of Completion from the local SBDC or approved TA agency which states, at a minimum, that the Applicant has completed the Entrepreneurial Training Course, has an updated a professional business plan, has adequate management capacity and a defined financial management system in place to operate the existing or proposed business successfully.
- Lewis County may require Applicants to provide collateral to ensure compliance with Program requirements and secure grant repayment if requirements are not met. This may include, but not be limited to liens, guarantees, pledges of assets, assignment of life insurance, etc.

Employment Requirements

For the purposes of calculating employment opportunities, the following will apply:

- Only permanent jobs will be counted; temporary, part-time and construction jobs will not be counted.
- Jobs of 37.5 or more hours per week will be considered as one full-time job.
- Projected employment must be reasonably expected to occur as a direct result of the expanded business activity, and such projection may in no instance extend beyond 24 months from the completion of the financed activities.
- For assistance to start-up microenterprises that are owned by a low- and moderate-income person or persons, any owner of the business will be considered to be an employee if that owner is active in the daily operations of the business. Assistance to existing microenterprises will also be subject to the employment requirements.

Repayment Terms

- Lewis County will require payback of the money if all grant contract terms are not met prior to the end of the grant term. Grant contract terms include, but are not limited to, employment creation objectives and/or training requirements. Lewis County may require and secure collateral to ensure repayment.

SECTION 5: PROGRAM OVERSIGHT

5.1 Program Roles

Program oversight will consist of a Program Administration Team and the Program Grant Committee.

Program Administration Team

The Program Administration Team will provide assistance with grant administration services required for successful implementation of the Program, including the following services over a 24-month period:

Naturally Lewis Executive Director

- The Naturally Lewis Office will serve as the sponsor for the project with the Director serving as the Program Administrator. The Director will oversee all program activities and serve as the program coordinator, whose roles may be delegated as needed.
- Establishing files, books, records, accounts and other materials as required for program start-up and to assure adequate documentation of all program activities and financial matters associated with grant requirements.
- Preparation of all required grant documents, reporting and drawdown requests to HCR
- General advice and assistance during program implementation to identify problems, analyze alternatives and propose solutions to facilitate smooth operation of the grant program.
- Progress monitoring to assure compliance with regulations and satisfactory progress against schedules.

Naturally Lewis Program Programs and Partnerships Director

- The Naturally Lewis Programs and Partnership Director will be the designated "Program Administrator." Naturally Lewis Programs & Partnership Director will be the recipient of all applications and will be ultimately responsible for the overall guidance and administration of the program. The Programs & Partnerships Director will lead the overall program marketing and management for solicitation of projects and proposals, ensuring that projects meet all requirements.
- Preparation of detailed program guidelines and other materials as required for implementation.
- Assistance in outreach and marketing to solicit interest in the program among eligible businesses.
- Provision of assistance to potential program applicants
- Assembly of applications and accompanying underwriting documents for review by the Program Advisory and Grant Committees; attendance at Program Advisory and Grant Committee meetings
- Follow up communication with all applicants

Naturally Lewis Finance and Incentives Director

- General program oversight and coordination, quarterly reporting, recordkeeping, regulatory compliance, and closeout functions. Preparation of appropriate documents for subcontracts, agreements, and recordkeeping; meetings with each sub-recipient as part of sub-grant closings; and the monitoring of job creation.

Lewis County Planning and Community Development Director

- Completion of environmental reviews and other activities required to satisfy grant conditions and secure release of funds.

Grant Committee

The purpose of the Grant Committee (GC) will be to assess and make final decisions regarding grant approvals. The GC will receive applications, recommendations, information, and initial scores from the Programs and Partnerships Director following discussions with Program Advisors and Consultants. The GC will use this information, experience and additional resources as needed to make final recommendations. The LCDC shall have sole authority to approve Program awards. Such authority shall include the commitment to grant Program funds, amount of funds to be granted, whether training is sufficient and the requisite security for the grant. The GC will meet monthly, or as needed depending on frequency and priority of applications. The Grant Committee will preliminarily be:

- Kevin Kent – Active Community Member and Retired Commercial Loan Officer – Community Bank
- Emily Phillipe – Business Owner, Certified Accountant – Croniser, Lawrence & Phillipe
- Gerald Haenlin – National Grid
- Gagan Singh – Financial Advisor, Northwestern Mutual, LCIDA Board member
- Eric Tupper – Branch Manager, AmeriCU

5.2 Equal Opportunity Compliance

This Program will be implemented in ways consistent with the Grantee's commitment to state and federal equal opportunity laws. No person or business shall be excluded from participation in, denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part with CDBG program funds on the basis of his or her religion, religious affiliation, age, race, color, ancestry, national origin, sex, marital status, familial status (# or ages of children), physical or mental disability, sexual orientation, or other arbitrary cause.

5.3 Confidentiality

Program Administration and/or any other persons who have access to Program information will respect and maintain the confidentiality of Applicants and Awardees in all aspects and stages of this Program. Any applications, documentation and information shared by Applicants, Awardees or their representatives through the course of this Program are protected information and are

not to be shared, discussed or otherwise disclosed to anyone outside of the Program. Exceptions to this include situations where Applicants, Awardees or the Program Administrator have given express permission or when necessary to speak with representatives of other programs, financial institutions, references or other persons as minimally required to obtain information for decision-making.

5.4 Record Keeping

Program Administration and/or any other persons who have access to Program information will establish and use appropriate systems for record keeping maintaining security, confidentiality and accessibility of Program information for review as needed. In addition, appropriate documents and records associated with Program assistance will be kept for the accounting and collection of Program debt and in a manner consistent with the rules and requirements of the CDBG program and with standard commercial lending policies.

In order to substantiate all expenditures, Program Administration must obtain copies of invoices for inventory or materials purchased, and cancelled checks from the business owners.

SECTION 6: GRANT APPLICATION PROCESS

The Grant Application Process will be managed by the Programs and Partnerships Director as follows:

6.1 Eligibility Determination & Short Form Application

Applicants will submit a Short Form Application and letter of interest to determine basic eligibility. Short Form Applications will be reviewed by the Program Administration Team. To determine eligibility applicants must submit:

- Certification of microenterprise business consisting of five (5) or fewer employees including the owner(s)
- Most recent, one (1) year, business Federal and personal Federal income tax returns for ALL business owners
 - The owner must meet the low- to moderate- household income guidelines **-OR-**
 - The business must demonstrate the creation of at least one job to be filled by or made available to someone from a low- to moderate-income household.
- Project plans that are consistent with the objectives of the Program
- Demonstrate project costs and whether they are requesting \$5,000 - \$30,000 (in increments of \$5,000) towards their project.
- Capacity to provide a minimum of 10% owner equity contribution in the form of cash.

6.2 Entrepreneurial Training Course & Syllabus

Applicants deemed eligible from the short form application are required to complete the 8 Week Entrepreneurial Training Course. The Grantee will require all applicants for this Program to attend and complete an Entrepreneurial Training Course offered by a Grantee approved local Small Business Development Center (SBDC). Each applicant must have a letter of recommendation from the local SBDC which states, at a minimum, that the applicant has completed or updated a professional business plan, has adequate management capacity and a defined financial management system in place to operate the existing or proposed business successfully. The local business development agency will confirm that the business and the owner are both financially sound and possess the capacity to execute the new business plan to be successful with the use of CDBG funds.

The training requirement must be a classroom-style training, offered in person or online, that teaches the fundamentals of owning and operating a business. The training program should help entrepreneurs develop business skills. The entrepreneurship-training component of the Program will include the following Entrepreneurship Training Program modules, to be taught by certified business advisors. The ETC will be customized to ensure that the eight sessions of training are most relevant to the needs of participants.

1. **Module 1: Introduction to Entrepreneurship** (Facilitated by Onondaga SBDC staff, guest speaker NYSBDC Research Network librarian)
 - a. Overview of what starting/owning a business entails

- b. Introduction to Entre Skills, online business plan program
 - c. Market research and identifying your market
 - d. Suggested readings: Review Entre Skills, begin business plan, research your market
2. **Module 2: Marketing your Business** (Facilitated by Onondaga SBDC staff, guest speaker marketing professional)
- a. Defining your brand
 - b. Marketing, advertising and public relations strategies for microenterprises
 - c. How to use social media to grow your business
 - d. Suggested readings: continue work on business plan marketing modules in Entre Skills
3. **Module 3: Legal Entities and Issues** (Facilitated by Onondaga SBDC staff, guest speaker business attorney)
- a. Understanding different forms and taxation structure of business ownership
 - b. How licensing and state/local regulations impact your start up
 - c. Common legal issues when starting a business
 - d. Suggested readings: continue work on business plan, review legal issues module in Entre Skills
4. **Module 4: Bookkeeping for Start-ups and Small Businesses** (Facilitated by Onondaga SBDC staff, guest speaker bookkeeper/accountant)
- a. Accounting and bookkeeping overview, including developing financial reports
 - b. Best practices for your entity
 - c. How to start out, and stay, organized
 - d. Suggested readings: continue work on business plan, review accounting module in Entre Skills
5. **Module 5: Risk Management** (Facilitated by Onondaga SBDC staff, guest speaker insurance broker)
- a. Assessing risk factors
 - b. Protecting your assets
 - c. Understanding necessary coverages and limits
 - d. Suggested readings: continue work on business plan, review risk module in Entre Skills
6. **Module 6: Location, Location, Location** (Facilitated by Onondaga SBDC staff, guest speaker commercial real estate broker)
- a. Understanding commercial real estate
 - b. Determining the best location for your business
 - c. Pros and cons of building ownership
 - d. Suggested readings: continue work on business plan in Entre Skills
7. **Module 7: Obtaining Financing** (Facilitated by Onondaga SBDC staff, guest speakers from local lending community)

- a. What lenders look for in loan candidates
 - b. Your credit score and what it means
 - c. An overview of business loan products available
 - d. Suggested readings: continue work on business plan in Entre Skills
8. **Module 8: Bringing it All Together** (Facilitated by Onondaga SBDC staff)
- a. Determine next steps in the process beyond this course
 - b. Prepare for financing and steps needed to get business started
 - c. General questions

NYS CDBG Microenterprise training funds cannot be used to subsidize the cost of conducting a training program.

At the conclusion of the course, each applicant will receive a Certificate of Completion, which will be submitted with the full application during the next phase.

6.3 Full Application: Complete Business Plan, Project Budget, Environmental Review and Cost Estimates

Applicants will submit a Long Form Application, Business Plan, Project Budget and Cost Estimates, and Environmental Review.

- Long Form Application
 - Project Employment Plan (if applicable)
 - Business Deposit Accounts
 - Business Debts
 - Owner information
 - Economic and Community Impacts
 - Authorization to release credit information
 - Bankruptcy, litigation and felony history
 - Documentation
 - Most recent, 2 years, business Federal and personal federal income tax returns
 - W2s and current Pay Stubs for each owner/guarantor, for proof of income.
 - Income & expense/financial projections that will result from this project request.
 - Copy of Business filing certificate
 - Other Secured Financing (if applicable)
- Business or Project Plan
 - Applicants are required to work with the Small Business Development Center to submit a business or project plan with their Launch Lewis County application
- Project Budget and Cost Estimate Requirements

- Sources and Uses
- Third party estimates for ALL equipment, machinery, furniture, fixtures, or inventory plan to purchase with grant funds.
- Cost estimates must equal the total project cost.
- Environmental Review Documentation
 - Being that this funding is provided through the New York State Community Development Block Grant program, recipients of Launch Lewis County awards must comply with all State, Federal, and local environmental and historical regulations and laws.
 - At minimum, all eligible recipients must submit a signed New York State Environmental Quality Review Act (SEQR) Short Environmental Assessment Form (SEAF) with their full application.

SECTION 7: GRANT APPLICATION REVIEW & APPROVAL PROCESS

7.1 Application Review & Requirements

Grant applications will be directed to the Program Administrator. The Program Administrator will give all applications a cursory review for reasonable completion of all information. Incomplete applications will be returned to Applicants for revision.

The Program Administrator will review each application to ensure it is sufficient for analysis of the project and appraise the Applicant and project to determine if Applicant and project meet program requirements, whether adequate funding has been sought from other sources, availability of equity, Applicant readiness, economic feasibility, and assessment of risk. The Program Administrator will determine if application is ready to move on to the Grant Committee. If the Program Administrator and Program Administration Team determines a project is clearly ineligible or unsuitable, it may choose to table the application, but must inform the Grant Committee of this decision and reasoning. If the Grant Committee agrees, the application will be denied. After initial review and discussion, if the Program Administrator believes the application has merit, the application will undergo formal review involving an underwriting and detailed review of the application. The review will be based on application plan-development meeting(s), application materials, and follow-up interviews with Applicants as necessary. The following are the review requirements:

- The Program Administrator will ensure obtainment of a breakdown of all project costs and that each cost element making up the project be reviewed for reasonableness. Third-party quotes must be provided to help determine the reasonableness of cost elements or conduct a cost analysis using appropriate estimating manuals or services.
- The Program Administrator will ensure review of all projected sources of financing necessary to carry out the project to ensure that time and effort is not wasted on assessing a proposal that is not able to proceed. There will be verification that sufficient sources of funds have been identified to finance the project; all participating parties providing those funds have affirmed their intention to make the funds available; and the participating parties have the financial capacity to provide the funds.
- The Program Administrator will ensure a financial underwriting analysis is conducted, including reviews of appropriate projections of revenues, expenses, debt service and returns on equity investments in the project to ensure that CDBG funds will not be used to substantially reduce the amount of non-Federal financial support. Attention will be paid to private debt financing and equity participation to determine if reasonable amounts have been determined. Applicants must therefore demonstrate that all other private and public sources of debt and equity have either been maximized or are inappropriate, unaffordable, or otherwise unavailable. The Program will assist businesses that have been struggling to find private financing, therefore the CDBG funds will not be substituting non-Federal funds.

- The Program Administrator will evaluate the financial viability of the project including all assumptions about market share, sales levels, growth potential, projections of revenue, project expenses and debt service were determined to be realistic and met the project's break-even point. A financially viable project will be expected to project sufficient revenues to provide a reasonable return on equity investment. The experience and capacity of the business owners to manage the business to achieve the projections will be evaluated. Elements will be identified that pose the greatest risks contributing to the project's lack of financial feasibility.
- The Program Administrator will seek to ensure that the owner does not receive more than a reasonable return on investment. The amount, type and terms of the CDBG assistance will be adjusted to allow the owner a reasonable return on his/her investment given industry rates of return for that investment, local conditions and the risk of the project.
- The Program Administrator will seek to ensure CDBG funds are used on a pro rata basis with other funding sources. Care will be taken not to place CDBG funds at significantly greater risk than non-CDBG funds. Steps will be taken to safeguard CDBG funds in the event of a default, such as insisting on securitizing assets of the project.
- Detailed financial statements, evidence they have sought out traditional financing options as well as options available through other programs, credit checks, and potential collateral will be required.
 - The Program Administration Team will conduct any environmental reviews and reports necessary and prepare a written report to be discussed and shared with the grant committee
 - The Director of Planning and Community Development will review the submitted SEQR SEAF to ensure that the proposed project can be funded with New York State CDBG funds. Part of this process will include consultation with the State Historic Preservation Office (SHPO) to identify whether there are any historic properties on the project site or whether the project will have an effect on historic properties. Consultation will also be initiated with the Tribal Historic Preservation Office (THPO) to determine if the project will have an impact on tribal lands. A "No Effect" finding by both SHPO and THPO is required.

7.2 Grant Committee Evaluation

The Grant Committee will review applications and will receive input from the Program Administration Team. The Grant Committee will recommend approval, disapproval or delaying a decision for each application. All applications that meet basic eligibility criteria will be scored on a total 100-point scale in the following categories:

Project Suitability

- Does the Applicant meet the criteria for eligibility?
- Is the project consistent with the objectives of the program?

- Will the project impact the desired outcomes?

Evaluation Criteria

- Applicant Experience and Capacity
 - Does Applicant have any prior experience running a successful business?
 - Has the Applicant met with a business advisor (i.e., SBDC)?
 - Does Applicant demonstrate a clear understanding of what will be required to operate a business?
 - Can the Applicant establish and operate the business sustainably on a financial and personal level?
 - Does Applicant demonstrate a good track record of financial management?
- Business Plan
 - Does Applicant have a clearly written and well-researched business plan?
 - Is the business idea tied to a specific market need or just something the Applicant enjoys doing? Have they done due diligence to back up any assumptions?
 - Has Applicant done any market research to support their plan?
 - Is the budget reasonable and feasible?
- Job Creation
 - Can the Applicant show a legitimate need for additional jobs and a plan for job creation and sustainability?
 - Is the impact on low- to middle- income workers substantiated?
- Need of Funds
 - Does Applicant have cash or other financial resources at their disposal they could use to achieve the goals set forth in their application?
 - Has Applicant been seeking other financing for their project and been turned down?
 - Is this business idea the result of serious planning or the result of economic hardship?
- Use of Funds
 - Can the Applicant demonstrate a legitimate need for machinery, furniture, fixtures and equipment; or inventory purchase clearly tied to ability to start-up or expand?
 - Can the Applicant document the cost?

7.3 Grant Disapproval

Grant applications may be disapproved by the Grant Committee for any reason or reasons that represent a reasonable determination that the approval of the Program application would not meet the objectives of the Program and/or would not represent an appropriate or prudent use of Program funds. In general, decisions should be reasonably based on criteria such as (though not limited to):

- Eligibility requirements
- Ability to comply with program requirements
- Applicant readiness
- Quality of business plan and concept
- Reliability and thoroughness of documentation
- Financial feasibility
- Availability of other funding options
- Applicant credit
- Documentation of need

Applications can be formally disapproved only by the Grant Committee and at its sole discretion. The Applicant will be notified in writing of the reason(s) for disapproval.

The Applicant has the right to appeal if their application is denied. The appeal must be made in writing to the Grantee. A written response to the appeal will be provided to the applicant by the Grantee within thirty (30) days of receipt of the applicant's appeal letter. In a written appeal, the Applicant may request or be given an opportunity to revise their application for resubmission or be given an opportunity to appear before the Grant Committee. The Grant Committee reserves the right to deny these requests.

7.4 Final LCDC Board Approval

Once the Grant Committee has evaluated the application and determined approval of project, the final approval will go through the LCDC board. The Board will make a motion to accept approval, and next steps will be taken in the grant post-approval process.

SECTION 8: POST-APPROVAL PROCESS

8.1 Award Letter

Within 10 calendar days from approval of a Program grant, an award letter shall be sent to the Applicant that includes, at a minimum, the following information:

- The amount of the approved grant, the terms of repayment, and the expiration date of the commitment.
- The required use of the grant funds
- Requirements for collateral and additional security
- Summary information regarding employment requirements
- A listing of conditions and requirements of the Awardee that must be fulfilled precedent to a grant closing
- Any other conditions of the grant
- Any other information that could reasonably be expected to influence the Awardee's decision to accept the terms of the grant commitment

8.2 Grant Closings

The Program Administrator will have the responsibility to prepare and/or require the preparation of all appropriate closing documents. Such documents will generally include the following:

- A grant agreement that includes a description of the grant terms, appropriate representations and warranties, the conditions of lending, affirmative and negative covenants (including compliance with applicable federal laws and regulations), requirements regarding employment creation and reporting, default provisions, and any other provisions which may be appropriate.
- A note or notes to evidence the indebtedness and the terms of repayment.
- The appropriate documents to evidence and record mortgages, liens, guarantees, and such other security as may be required by the terms of the grant.
- Other appropriate documents as determined by the Program Administrator and/or Program Consultant

8.3 Security

The County Attorney and/or LCDC Attorney, will be responsible for perfecting all security interests including, where appropriate, the execution of security agreements, the filing of financing statements, the execution and filing of mortgage documents, the execution of guarantees, and any other appropriate actions to adequately protect the County's security interests. Inter-creditor agreements may be executed where appropriate to further protect County's interests and to facilitate the processing of defaults and foreclosures.

8.4 Grant Disbursements

The following guidelines shall generally apply to the disbursement of a Program grant:

The County may request and subsequently disburse grant proceeds from CDBG subject to:

- The Awardee's compliance with the terms and conditions of the grant agreement
- All documents evidencing and securing the grant are confirmed
- The Awardee's completion of the training requirement
- Presentation of vouchers and such evidence satisfactory to the County which represent paid or accrued expenses of the Awardee and which are eligible costs as determined by the County
- The Awardee obtaining of a DUNS/Unique Entity ID number
- Where other debt, equity, or grant funding is to be used in conjunction with the Program financing, such funding must, in the opinion of the County, be firmly committed for such use. Evidence of the commitment(s) must be submitted by the Awardee.
- All required collateral secured
- Once disbursement has been requested to NYS, it should take 3-4 weeks before the awardee receives reimbursement check from the LCDC.

8.5 Defaults

The Lewis County Development Corporation will continue to monitor the projects for three years from the date of reimbursement. In the event the grant recipient goes out of business, sells the business or contents of the grant, or goes into defaults on the grant agreement, the grant will be subject to recapture. The amount to be returned will be based upon years of successful, legitimate operation according to the following schedule:

- Default within One Year – 100% Recapture
- Default within Two Years – 50% Recapture
- Default within Three Years – 25% Recapture