

HERKIMER COUNTY MICROENTERPRISE GRANT PROGRAM GUIDELINES

Program Design Plan

The objective of the Herkimer County Micro Enterprise Grant Program is to fill a void in helping small existing companies or start-up companies provide new jobs opportunities, keep existing jobs and ultimately, broaden the tax base of Herkimer County. The Herkimer County Micro Enterprise Business Grant Program is designed to support small businesses with 5 or less employees of whom one is the owner of the business. It is the program's intent to assist with technical assistance targeted to small start-up enterprises where such assistance is deemed applicable, and ultimately grant for businesses which fit the established criteria for assistance for those ventures.

Eligibility Requirements

Eligible Activities

- Eligible activities include providing assistance to businesses that are involved in sectors of manufacturing, warehousing and distribution, agriculture, high technology, research and development and traditional and innovative small business endeavors. Retail projects will be considered if the business is located in a town, village or city's main street or when that business is an integral part of a community's revitalization efforts.
- Project must be located within the County of Herkimer.
- Participation with Mohawk Valley Small Business Development Center (SBDC) to assist with business plan development and completion of its entrepreneurial training Small Business Seminar is required.
- Grant assistance may be provided for any micro business activity that supports the program objectives.
- Result in the creation of at least one new job, which is available to low or moderate-income persons as defined by Office of Community Renewal Guidelines. If there will be no hiring of new employees, the owner must meet low- or moderate-income criteria. If there is more than one owner reporting an LMCMC national objective, at least 51% of the ownership must qualify as LMI.
- Micro enterprise businesses must present a reasonable likelihood for long-term viability based upon issues such as feasibility, marketability, management, competition, and capitalization.
- Grants can be used for capital assets (such as machinery and equipment) and working capital.

Utilization of funds must be eligible pursuant to the guidelines governing the CDBG program and as amended. The use of the funds must meet the requirements set forth in 24 CFR 570.482(e) and Appendix A to Part 570.

Eligible Participants

- A micro enterprise is defined as a commercial enterprise that has (5) five or fewer FTE employees, one (1) or more of which owns the enterprise at the time of application. Projects must result in the creation of at least one FTE job. In the case where no jobs are to be created, the employer and/owner must be low or moderate-income person as established by CDBG at the time of closing.
- Micro enterprise may be a sole proprietorship, partnership, limited liability company or corporation.
- Applicants for financing under this program shall be a bona fide registered United States corporation or partnership or sole proprietorship, be able to repay if found in default of program objectives, and possess good character and reputation and be of legal age.

Ineligible Activities

- Program grant funds will not be utilized for project or activities that consist primarily of investing, speculation or real estate help for primarily ownership purposes for sale or investment.
- No illegal activities will be allowed.
- Grant funds will not be utilized for any activity that does not meet or further the program objectives.
- Applicants will not be accepted where applicant and/or proposed business activity is ineligible for assistance under the Small Business Act, as amended and further described in Chapter 1, Section 3 of the "Standard Operating Procedures" of the Small Business Administration.
- Construction, rehab and renovation activities are not eligible using CDBG microenterprise funding.

Employment Standards

- Meet the project requirements established by the agreement between the County of Herkimer and the Office of Community Renewal to create jobs for low or moderate-income persons to meet the National Objective.
- A minimum of 51% of those jobs created are to be held, or made available, to low or moderate-income persons as set forth in the federal national objective.
- Jobs to be counted are permanent jobs.
- Total of 40 work hours will be considered as full-time job equivalent. Two-part time jobs that total 40 hours a week will be viewed as one position.
- Seasonal jobs will be considered to be permanent jobs if the duration of working period is long enough to classify the job as the employee's principal occupation.
- Part time jobs will be converted to full time equivalents by adding the total part time hours and dividing by 40.
- Supporting documentation must be provided for all accomplishments claimed on the report for economic development activities. Supporting documentation includes Family Income Forms for businesses that qualify under the LMJ National Objective.

Grant Standards & Assistance

- Minimum grant will be \$5,000 for each LMCMC and maximum grant will be \$35,000 for each LMCMC.
- Maximum grant proposed by Herkimer County is \$35,000 in cases where the owner is not low-mod income. Awardees will be eligible to receive \$7,000 per LMJ created.
- Maximum grant proposed by Herkimer County is \$14,000 in cases where the owner is Low-Mod Income. Awardees will not be required to create LMJ positions.
- The funds will provide grants in the following manner:
 1. Financing of capital assets (machinery and equipment)
 2. Working Capital
 3. Grant recipient will provide a minimum of 10% equity in the project.
- Applicant must complete an approved entrepreneurial assistance or small business-training program.
- Business plan assistance offered by the SBDC is provided to all clients at no charge.

Application Processing

For the project request to be processed all information must be included, complete and additional information may be requested. The participation in a technical assistance, training and mentoring effort will be required. The Herkimer County IDA will process the application as follows:

1. Reviewed for completeness including development and completion of approved business plan.
2. Reviewed for eligibility to grant guidelines 24 CFR 570.482(e) and Appendix A to Part 570 regulations.
3. Determine economic feasibility, credit check analysis, and risk assessment.
4. Provide recommendation to IDA Grant Review Committee detailing request, review and recommendation.

Grant Review, Approval and Timing

Each grant must receive the approval of the Grant Review Committee of the HCIDA and also the approval of the HCIDA board of directors.

The IDA has the ability to disapprove a grant based upon incompleteness or ineligibility to program criteria as set forth in this guideline and Office of Community Renewal guidelines. The applicant will be notified of the Board's decision in a timely manner.

Guidelines for Review

In reviewing applications for grants, the IDA will consider the following factors in addition to other terms set forth in this document:

1. Appropriateness of Assistance- Feasibility of the proposed project must be contingent upon receipt of funds under this program.
2. Job Creation- Each applicant must demonstrate the total number of permanent new jobs created by the proposed project. Particular emphasis and priority will be given to those projects, which create the highest number of permanent job opportunities for low or moderate-income Herkimer County residents.
3. Location of Business- the principle of the program is based on the fact that a job in one section of Herkimer County benefits the entire County. Applications will be accepted and reviewed on a "first-come, first served" basis with no geographical distinction as long as they meet the program criteria. If program financing is to be used to locate or expand an existing business from one section of the County to another, it must be clearly demonstrated that the project is not feasible in the municipality wherein the business exists at the time of application. The elected head of the municipality shall be informed of the application prior to review by the IDA and entitled to submit written comments concerning the proposed project.
4. Relocation Penalty- Any borrower who chooses to move its company from Herkimer County prior to the end of the borrowing period will be subject to complete repayment of the grant at the time of the decision to relocate.
5. Collateral- the IDA will require collateral on all grants to the fullest extent possible. In the event the grant recipient goes out of business or seriously defaults on the original intent of the grant's usage within a period from the date of the award up until the time of grant close-out, 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 Year	Percentage Returned
12 months or less	100%
13-24 months	66%
25-36 months	33%

Post Grant Approval

- A commitment letter will be provided detailing the approved grant, terms, requirements, conditions, and next steps to be taken to close on the grant.
- Grant closing will be carried out by IDA staff and by IDA's attorney when necessary, once all conditions are met and documents are provided by the grantee. Closing documents will include grant agreement and all other appropriate documents.

- Grant disbursement will comply with terms meeting grant closing & related documents, and evidence that all equity is committed.

Program & Grant Administration

Program funds are to be administered by the Herkimer County IDA, through the Grant Review Committee and the Board of Directors.

The Grant Review Committee is comprised of three of the seven members Board of Directors. It is anticipated that the Committee will make recommendations subject to approval of the full Board of Directors.

In the case where default (defined as failure to comply with program guidelines) occurs the grantee will be notified in 30 days. A determination will be made if further information is required.

Conflict of Interest

Recognizing that the size of the community is such that many personal and business relationships between prospective grantees and IDA Board members may exist, an IDA member will disqualify himself or herself from participating in the action on a grant application where the IDA board member has a close personal or familiar relationship with the applicant or principals of the applicant; or where the IDA Board member has professional-client relationship with the applicant or principals of the applicant; or where the IDA Board member is, or represents a significant creditor of the applicant or principals of the applicant, or in any other perceived conflict.

Program Objectives and Impact

The program is expected to create sustained growth for currently underserved components of our community such as agriculture, downtown merchants and other difficult to serve markets. New jobs, increased investment and more vibrant downtowns are some of the expected outcomes.

Marketing

It is expected that the program will be marketed county wide with a very large volume of anticipated interest. Long term success from the partnerships developed and the expected impact on a vastly underserved segment of our community.

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