

## **LAKE REGION GROWTH FUND**

### **GENERAL PURPOSE:**

In The 1980's, the City of Devils Lake received assistance from the Federal Economic Development Administration to establish a 75-acre industrial park and assisted with the establishment of the first manufacturing facility in the park.

The repayment of the original loan was used to establish the "Industrial Park Revolving Loan Fund (RLF). In April of 1993 the citizens of Devils Lake reapportioned the 1% city sales tax and allocated a portion of that tax to enhance the Fund. In September of 1993 the name of this fund was changed to the Lake Region GROWTH Fund.

The Lake Region GROWTH Fund is designed to provide incentive and "Gap" financing alternatives to assist with the retention, expansion, start-up and recruitment of primary sector businesses in Devils Lake and the surrounding Lake Region Area. The purpose of this fund is to retain and create new jobs, create "New Wealth" and contribute to the enhancement of the local tax base.

### **ELIGIBLE APPLICANTS AND PROJECTS:**

Eligible applicants for funds from the Lake Region GROWTH Fund include private developers, development groups, cities or counties, who are taking an active role in an economic development project within the Lake Region Trade Area.

Primary Sector businesses are the focus of the GROWTH Fund; Primary Sector is defined as "any individual, corporation, partnership or association, which through the employment of knowledge or labor, adds value to a product, process or export service, that results in the creation of New Wealth.

Financial assistance available through the GROWTH Fund may be used to provide temporary or permanent financing of business costs related to the following:

1. Existing business retention and expansion projects.
2. New business start-up projects.
3. Business relocation projects.

Consideration for funding will be based upon but not limited to:

1. The job creation potential of a given project.
2. The impact on the community's tax base.
3. The economic impact on the local economy.
4. The creditworthiness of the project.

The GROWTH Fund is considered to be a source of "Gap" and/or incentive financing. Leveraging financing from other sources shall be a necessary consideration in providing funding for a project.

### **HOW THE PROGRAM WORKS:**

The GROWTH Fund has substantial flexibility in the types of financing tools, which can be used (i.e. subordinated loans, equipment and building purchase and lease-back, guaranteed loans, interest buy-downs, equity, loans convertible to grants, or other financial vehicles as may be necessary and appropriate). Each "Project" will be tailored to meet the needs of the applicant while weighing the impact of the business on the local economy. Any assets, personal guarantees or other security positions deemed appropriate by the GROWTH Fund Review Committee and the City of Devils Lake will collateralize financial participation by the GROWTH Fund. Applicants must provide a 10% minimum equity contribution.

### **APPLICATION PROCESS:**

Applicants for GROWTH Fund assistance must first submit a pre-application, which briefly describes the project. Based on the information contained in the pre-application, the Review Committee decides whether the project meets the basic requirements of the GROWTH Fund. If the project seems to merit further consideration, a full application is invited. The loan review committee is responsible for the initial review of the application and negotiating terms with the applicant. The Devils Lake City Commission will review the recommendation and grant final approval or denial for all projects.

### **REVIEW CRITERIA:**

The GROWTH Fund is intended to create new jobs, create new investment in the community, create "New Wealth", expand the property tax base, and diversify the local economy.

The Review Committee and the Devils Lake City Commission will use a number of criteria to rank proposals including but not limited to, jobs created or retained, expansion of the tax base, degree of investment by the applicant(s), quality of jobs created, environmental impact, impact on municipal services and creditworthiness of the project. No single criterion will necessarily be decisive. Because of limited dollars available, the City is unable to fund cultural or artistic projects, retail or local service projects or other projects not deemed "primary sector"

### **HOW TO APPLY:**

For more information, please contact:

Denise Johnson  
Executive Director  
Forward Devils Lake Development Corporation  
PO Box 879  
Devils Lake, ND 58301  
701-662-4933

## **LAKE REGION GROWTH FUND APPLICATION PROCEDURES**

### **I. PRE-APPLICATION PROPOSAL PROCEDURES**

The pre-application proposal submission is intended to provide the Lake Region GROWTH Fund committee with a brief overview of the proposed project. This allows the committee to make a determination regarding the suitability of the venture of the Lake Region Growth Fund.

If the proposal is accepted, the applicant may then submit a full application for committee consideration. If the proposal is not accepted by the committee, and application for GROWTH Fund funds will not be considered. This procedure is generally intended to insure that a judgment about the appropriateness of the request for funds is made early in the process. This saves both the committee and the applicant the time and expense involved in full application processing when they are not within the scope and intent of the development monies available.

It should be noted that the proposal and application process has been designed to allow the Committee the latitude to start the client at the point in the process which best serves the firm/individual, and GROWTH Fund. The general steps are :

- Step 1 : The applicant will visit the Executive Director of the Forward Devils Lake Area Corp. (FDL) of Devils Lake and obtain a copy of the Pre-Application.
- Step 2 : For an appointment to receive proposal assistance from the FDL that is located in the Chamber of Commerce Building, phone 701-662-4933.
- Step 3 : The applicant will complete the pre-application along with the required attachments and return it to the Executive Director of the FDL at P.O. Box 879, Devils Lake, ND 58301.
- Step 4 : The Executive Director will process the proposal to the GROWTH Fund committee for consideration.
- Step 5 : The committee will consider the proposal and render a decision whether to request a full proposal.
- Step 6 : If the proposal does not result in an invitation to submit a full application, the Executive Director of the FDL will process the returned proposal to the individuals concerned.

If the proposal is accepted, the Committee will invite the applicant to submit a full application provided by the Executive Director. The Executive Director will insure that the applicant is advised that the invitation to submit a full application does not assure that the request for funds will be approved. The Committee will consider the merits of the application based upon the full application. Invitations to submit a full application remain valid for six (6) months.

## II. FULL APPLICATION PROCEDURES :

Individuals preparing a full application will be advised of the application process, required forms and supporting documentation. The steps are :

- Step 1 : The applicant will be provided copies of the application instructions and forms by the Executive Director.
- Step 2 : After the application is completed, the applicant will contact the Executive Director for an "application submission appointment". At the appointment, the Executive Director will review for completeness the application prior to its acceptance for processing.
- Step 3 : The Executive Director will contact the Chairman of the Lake Region GROWTH Fund Committee and arrange a meeting time and date for Committee deliberation. An advance copy of the application will be provided to the committee members in sufficient time before the committee meeting to allow for a thorough project review before the deliberations occur.
- Step 4 : The GROWTH Fund Committee will convene a meeting to review the application. The applicant may be invited to make a presentation. The committee may request additional outside assistance to analyze and/or review the proposal.
- Step 5 : If the application is disapproved, the Executive Director will return the application to the applicant along with any comments the committee deems appropriate.

If the committee recommends approval of the application, the Executive Director will advise the applicant of the committee's recommendation, and process the application to the Devils Lake City Commission. The applicant will be advised of the date and time of the city commission meeting that will consider the committee's recommendation.

- Step 6 : If approved, all terms and conditions will be outlined and an agreement will be drafted.
- Step 7 : City Commission action.

**LAKE REGION GROWTH FUND  
APPLICATION FOR  
FINANCIAL ASSISTANCE**

One of the first steps in a new venture is the development of a comprehensive business plan. The business plan describes the business: its product(s) or service(s), market, people and financing needs.

The Lake Region GROWTH Fund requires as part of the application for funding a comprehensive business plan. Business plans should be tailored to the specific circumstances of the business and should emphasize the strengths of the proposed venture and address the potential problems and challenges to be faced.

The business plan should include at a minimum (but not limited to) the following:

- \_\_\_\_\_ **I.**        Executive Summary. This should concisely describe the key elements of the business plan. (Please include a copy of the pre-application.)
- \_\_\_\_\_ **II.**        Business Description. A statement as to the type of business to be established, purchased or expanded. This statement should be sufficient in detail to describe the nature and history of the operation.
- \_\_\_\_\_ **III.**       Product(s)/Service(s). Include a description of the present product or service lines. Include a description of the project for which it is undertaken, projected job retention/creation, and salary/wage rates for all employees.
- \_\_\_\_\_ **IV.**        Management. This should include an organization chart, key individuals (including resume'(s) of the owner(s) and/or manager(s) and key personnel) other employees and planned staff additions.
- \_\_\_\_\_ **V.**         Ownership. Including names, addresses, names of board of directors and amount of stock (if applicable) currently authorized and issued.
- \_\_\_\_\_ **VI.**        Market. Describe the industry and the industry outlook. Identify the principal markets. Include industry size currently as well as its anticipated size in the next two years. (Explain the sources of your projections.)
- \_\_\_\_\_ **VII.**       Technology. Describe the technical status of your product (i.e. idea stage, development stage, prototype stage, etc.), and the activities and milestones and other steps necessary to bring the product into production.
- \_\_\_\_\_ **VIII.**      Production/Operating Plan. Explain how the company will perform production or delivery of service. Describe capacity and status in terms of: Physical facilities (including size and location and any planned capital improvements); Supplies; Labor supply; and Manufacturing process.
- \_\_\_\_\_ **IX.**        Financial. Include an estimate of the financing needs that will be necessary to start , buy or expand the business. Itemize the financing needs by purpose (e.g. land, buildings, machinery, equipment, inventory, operating expenses, etc.).

- \_\_\_\_\_ **X.** Amount of financial assistance requested and a statement as to how it will benefit the business.
- \_\_\_\_\_ **XI.** If purchasing and/or expanding a business, furnish financial statement for the past three years. These statements must include balance sheet, income statement, reconciliation of net worth and income tax returns.
- \_\_\_\_\_ **XII.** If purchasing and/or expanding a business, provide current balance sheets and income statements (less than 90 days old).
- \_\_\_\_\_ **XIII.** If purchasing and/or expanding a business, provide an aging of both accounts receivable and accounts payable.
- \_\_\_\_\_ **XIV.** If purchasing a business, submit a copy of the purchase agreement.
- \_\_\_\_\_ **XV.** Prepare pro forma financial statements including monthly income projections, and monthly cash flow projections for the first year of operation and quarterly for the subsequent two years.
- \_\_\_\_\_ **XVI.** Furnish a schedule of notes payable, giving name of creditor, original date, original amount, current balance, maturity date, interest rate, collateral securing the note, and whether current or delinquent. Total of these itemized notes payable must reconcile with the balance reported on the Balance Sheet.
- \_\_\_\_\_ **XVII.** Prepare a list of collateral to be offered as security.
- \_\_\_\_\_ **XVIII.** Prepare a current personal financial statement on each owner, or partner, or guarantor, or stockholder owning 20% or more of the corporate stock in the business.

**AUTHORIZATION**

The data which you supply to this department will be used to assess your firm's qualifications for a business loan. We will not be able to process your financial application without it. There is a possibility this data might constitute a public record if and when a loan is approved, and, at that time, the data may be examined by anyone.

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

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Return completed application to: Denise Johnson  
 Executive Director  
 Forward Devils Lake Development Corporation  
 PO Box 879  
 Devils Lake, ND 58301  
 (701)662-4933

**LAKE REGION GROWTH FUND  
PRE-APPLICATION FOR  
FINANCIAL ASSISTANCE**

**I. BUSINESS CONTACT :**

Business Name : \_\_\_\_\_  
 Contact Person : \_\_\_\_\_  
 Mailing Address : \_\_\_\_\_  
 Phone Number : \_\_\_\_\_

**II. PROJECT DEVELOPER :**

<u>NAME</u>	<u>TITLE</u>	<u>AGE</u>	<u>YEARS EXPERIENCE</u>	<u>OWNERSHIP PERCENT</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**III. NATURE OF THE PROJECT**

**A. Type of Business :**       Retail     Tourism     Primary Sector     Service

**B. Phase of Development :**  Research & Development     Start-up     Expansion

**C. Business Organization :**

Corporation	_____
Sole Proprietorship	_____
Partnership	_____
Other	_____

**D. Briefly describe the Company's Business (No more than 2 pages)**

**IV. PROPOSED PROJECT :**

**A.** Describe the proposed project for which you are seeking funds. Include trade area to be served, number and types of jobs to be created or retained, justification for financial assistance, community impact, risk and any other information that may help describe the project. (No more than 2 pages)

**B. Describe the required financing :**

1. Uses of Funds :

a. Fixed Assests

Land Acquisition	\$ _____
Construction	\$ _____
Building Rehabilitation	\$ _____
Machinery & Equipment	\$ _____
<b>Fixed Assets Total</b>	<b>\$ _____</b>

b. Working Capital

Inventory	\$ _____
Operating Capital	\$ _____
<b>Working Capital</b>	<b>\$ _____</b>

**TOTAL PROJECT COSTS** \$ \_\_\_\_\_

2. Sources of Funds

	<u>Amount Needed</u>	<u>Amount Committed</u>
Equity	\$ _____	\$ _____
Bank		
(Name)_____	\$ _____	\$ _____
Bank of North Dakota	\$ _____	\$ _____
EDA	\$ _____	\$ _____
CDLF	\$ _____	\$ _____
ND Development Fund	\$ _____	\$ _____
NCPC – RLF	\$ _____	\$ _____
Lake Region GROWTH		
Fund	\$ _____	\$ _____
Other (specify)	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
<b>TOTAL SOUCES OF FUNDS</b>	<b>\$ _____</b>	<b>\$ _____</b>

**C. Briefly describe sources of Equity :**

**D. Briefly describe the Terms and Interest Rate requested from the GROWTH Fund :**

**E. Project start date : \_\_\_\_\_**

F. Briefly describe the collateral available which can be used as security for the proposed financing and what the estimated value is.

G. Do you have a Business Plan prepared ?

H. Briefly describe what experience or other qualifications you have for operating this business :

V. EMPLOYMENT :

A. How many employees does the company have now ?

Full Time \_\_\_\_\_ Part Time \_\_\_\_\_

B. How many jobs will be created or retained directly by the proposed project within two years ?

Created	Full Time _____	Part Time _____
Retained	Full Time _____	Part Time _____

C. What is the salary range of these jobs ? (Please indicate hourly or annually)

\_\_\_\_\_

VI. FINANCIAL INSTITUTION

Name of Current Lender(s) \_\_\_\_\_

Contact Person(s) \_\_\_\_\_

VII. AUTHORIZATION :

I am submitting this pre-application for assistance from the Lake Region GROWTH Fund through the Forward Devils Lake Area Corporation (FDL) of Devils Lake. I verify the above information is correct. I also grant authorization to FDL to confirm this information contained herein. I understand this application will be submitted to the FDL and referred to the Lake Region GROWTH Fund Committee for review.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Return completed application to : Denise Johnson  
Executive Director  
Forward Devils Lake Development Corporation  
PO Box 879  
Devils Lake, ND 58301