

***ECONOMIC DEVELOPMENT
APPLICATION FOR MUNICIPAL SUBSIDY***



Return Application To:

**Susan Arntz, City Administrator
City of Waconia
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Waconia MN 55387
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Overview

The City of Waconia provides assistance for businesses either located in, or relocating to, the City of Waconia. Eligible uses of funds include land & building purchase, building construction, building renovation or expansion, machinery, and equipment.

Application Procedure

The Waconia Finance Director and/or City Administrator serves as the contact for economic development financial assistance. The City Administrator will gather all necessary information on the project from the interested business or individual and verify that the proposed project is eligible for consideration of municipal subsidy assistance.

Approval Considerations

A non-refundable fee of \$ 5,000.00 or 2% of the requested municipal subsidy, whichever is less, shall accompany the application to cover initial legal, administrative, and planning costs.

Following a review by City Administrator the application shall be referred to the City Council for further action. The Developer is responsible for all costs incurred by the City and will be invoiced for administrative and consultant costs over application fee.

The application for municipal subsidies requests information relating to the applicant; a detailed description of the project; a preliminary site plan; the amount of business subsidy requested; the public purpose of the project; the number and types of jobs to be created; the wages and benefits to be paid new employees; verifiable funding sources and uses; and a "but for" analysis which demonstrates the need for public assistance.

The City Administrator will evaluate all submitted information, specifically looking at 1) strengths & weaknesses of the business 2) potential for success 3) overall credit worthiness 4) how well the project supports the economic development goals of the community.

Generally, the following criteria will be used in reviewing subsidy applications:

-  Job creation or retention
-  Collateral coverage
-  Credit worthiness of applicant
-  Economic impact
-  Equity or cash commitment
-  Leveraging of other funds

Application Requirements

The following items must be provided before the City can proceed with their review:

1. Completed Application
2. Copies of the applicant's most recent business plan along with all applicable attachments (see description starting on page 8).
3. Supplemental Attachments (Please contact the City Administrator to verify which particular exhibits are required)

APPLICANT'S INFORMATION

Information will be used for internal purposes and will be used in accordance with the Minnesota Governmental Data Practices Act.

Business Name & Address

Phone Number

Fax Number

Cell Phone

Email Address _____

Website _____

Federal Tax ID # _____

State Tax ID # _____

Name & Address of Business Owner(s)

1. _____

Title _____

% of Ownership _____

SSN _____

2. _____

Title _____

% of Ownership _____

SSN _____

3. _____

Title _____

% of Ownership _____

SSN _____

Please attach a separate page if there are more than three owners.

Name & Address of Bank

Contact _____

Phone _____

Name & Address of Accountant

Contact _____

Phone _____

STRUCTURE OF BUSINESS

____ Sole Proprietorship ____ Partnership ____ S-Corporation ____ C-Corporation

Name of Business: _____

PROJECT SUMMARY

Requested Subsidy Amount \$

Type of Project _____ Construction / New Business

_____ Expansion of Existing Business

Project Start Date _____ Completion Date _____

Briefly Describe Project: _____

PROJECT COST DETAIL

		Use of Subsidy Funds
Land & Site Improvements (For improvements include a cost breakdown on the back page)	\$ _____	\$ _____
Buildings (Attach plan & cost estimates)	\$ _____	\$ _____
Machinery & Equipment (Describe in detail on back page)	\$ _____	\$ _____
Working Capital	\$ _____	\$ _____
Other Project Costs (Provide detail on back page)	\$ _____	\$ _____

Total Project Cost \$

Total Subsidy \$

FINANCING DETAIL

	Equity	Bank	City	Other	Other
Loan Amount	\$	\$	\$	\$	\$
% of Total	%	%	%	%	%
Term of Loan	yrs.	yrs.	yrs.	yrs.	yrs.
Interest Rate	%	%	%	%	%
Monthly Pmt.	\$	\$	\$	\$	\$
Lien Position (i.e. 1st, 2nd, 3rd)					
Approved?					

COLLATERAL DETAIL

Collateral Provided (Describe)	Position of City (i.e. 1st, 2nd, 3rd)	Dollar Amount
		\$
		\$
		\$
		\$
		\$

Total Collateral: \$ _____

EXISTING BUSINESS FINANCING OBLIGATIONS

Creditor Name & Contact Information	Original Amount	Current Balance	Monthly Payment	Maturity Date
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	
	\$	\$	\$	

JOB CREATION DETAIL

Applicant agrees to create the following jobs as a direct result of this assistance:

Position	Total Jobs	Annual Hours / Job	Salary /Wage Rate
			\$
			\$
			\$
			\$
			\$
			\$

Total number of full-time& equivalent (2,080 hours / year) positions: _____

Will this project retain any jobs? _____ If so, how many? _____

NOTES

ATTACHMENTS

The following items should be enclosed with this subsidy request application:

1) Business Plan - This should be as recent as possible and include:

A) History & Description of the Business

Briefly describe the past operation of the business and / or events leading up to its creation. Include information on the product lines or services, industry, management and key employees as well as the operation's growth and affiliates.

B) Project Summary

Briefly describe the project you are proposing. Indicate the part of the project the loan would be used for. Include information on any existing financial or legal situations of the applicant that might affect the credit worthiness of this application.

C) Marketing Plan

Detail the marketing strategy and describe how it will support the planned business expansion or start-up. Include information on the following:

- Current customers and target markets (provide copies of any contracts, purchase orders, etc. that relate to the loan request).
- Manufacturing process and materials.
- Major suppliers.
- Competition and comparison of products.
- Pricing, distribution & promotion.

D) Business Financial Statements

Provide balance sheets, income statements and statements of cash flow for the past three fiscal years.

E) Projections

Provide pro-forma balance sheets, income statements and statements of cash flow (in both a monthly & annual basis) for the next three years. Define the assumptions used to derive the projections.

F) Personal Resumes & Financial Statements

Provide resumes of all principals as well as current, signed and dated personal financial statements on all principals with a financial interest in the business.

Include notes indicating the basis of value on the assets (market value or acquisition cost) and explanations of other entries (notes payable, receivables, stocks, etc.). Financial statements should be dated within 90 days of filing this application.

Personal financial statements will be returned to the applicant(s) once the subsidy application has been reviewed and acted upon by the City Council.

2) Income Statements

Provide balance sheets, income statements and statements of cash flow that are less than 90 days old, if the business plan does not contain information this current.

3) Commitment Letters

Include firm commitments from banks and other participating lenders stating the terms and conditions of their financing.

4) Other Required Attachments

- A letter from the County Auditor or Treasurer verifying that there are no outstanding judgments or tax liens against the business, property or owners of the business.
- Evidence of payment of last quarter's payroll and sales taxes.
- Evidence of Worker's Compensation coverage.

SUPPLEMENTAL ATTACHMENTS

The following attachments may be required, if applicable:

Appraisals / Proposed Lease / Purchase Options or Agreements

An independent appraisal paid for by the applicant may be required for any real estate which is a subject of the proposed financing, or which is offered as a major source of collateral to secure the subsidy. Also, include copies of existing or proposed lease(s), purchase options or agreements, or other financial arrangements.

Affiliates

Provide a description of any affiliates or subsidiaries of business or principles requesting assistance, as well as balance sheets, income statements, and statements of cash flow for the past three years for those entities.

APPLICANT AGREES TO THE FOLLOWING:

1. All jobs must be created within the period specified in the development agreement.
2. Subsidy reduction of the “per job cost” (plus interest) will be made for each job described above that is not created within the agreed upon period.
3. Immediate discontinuance of subsidy assistance will occur if the business relocates outside the corporate limits of the City of Waconia.
4. Documentation must be provided to the City of Waconia showing the number and types of jobs created by each anniversary of the effective date of the subsidy.
5. Company financial documents will be available for inspection by the City of Waconia designated staff.

I certify that the firm known as _____ agrees to abide by all the requirements of this application and that all information provided to the City of Waconia for this project is true and correct. Applicant has been given a copy of the Waconia Municipal Subsidy Policy & Guidelines.

An initial fee of \$_____ accompanies this application as defined in the Waconia Municipal Subsidy Policy & Guidelines. Applicant understands that all costs of developing a subsidy program for their projects will be passed through and billed on a monthly basis.

Authorized Signature / Title

Date