

Program Guidelines

Statement of Purpose

This program is funded by a grant through the Local Share Account Monroe County with the intent of assisting Monroe County small businesses (100 employees or less) to expand their business and create/retain jobs.

Eligibility

- A. Eligible Applicants: Any for-profit business located in Monroe County, PA with 100 employees or less.
- B. Eligible Uses of Funds: Acquisition, Construction, Infrastructure/Site Preparation, Machinery/Equipment, Working Capital, Related Costs including but not limited to Professional Services, Engineering, Inspections, Fees, Insurance, Environment Assessment, Legal Costs, Closing Costs

Job Creation Requirements

Projects that create at least one job in three years are eligible for up to 50% of their loan to be forgiven as a grant. Only projects that promise to create at least one new job in three years will be eligible for 50% forgiveness. Job creating projects will be awarded a loan for the full amount at the closing. From closing through the end of the established term (for job creating projects only) one half of the principle amount will be amortized at the rate and terms as agreed.

At closing applicant will be required to provide a photocopy of the unemployment compensation form showing the number of hours of paid compensation for the applicant business. On the third anniversary of the closing, applicant will be required to produce the most recent quarter's unemployment compensation form. If the form shows at least 1,950 hours of additional compensated time the second half of the original loan will be forgiven.

In the event that the additional hours cannot be demonstrated, the second half of the loan will be amortized from the third anniversary of closing at the same rate and terms as originally approved for the first half.

Examples:

- 1 Borrower has a \$20,000 project and promises the creation of one job. The equipment being purchased has a three-year depreciable life. The project is approved as a job-creation project so \$10,000 is amortized over the three-year period. On the third anniversary of loan origination, if the company's unemployment compensation form

does not show an increase of at least 1,950 hours over the one filed at closing, the remaining \$10,000 is amortized at the same rate +1% and term as the original loan...in this case a three-year term...meaning the total term is six years.

- 2 Borrower has a \$50,000 project and promises the creation of one new job. The equipment purchased has a depreciable life of seven-years. At closing \$25,000 is amortized over seven-years at the agreed-to rate. At the third anniversary the applicant must provide the current unemployment compensation form. If the job creation is proven by the company showing at least 1,950 in increased hours from the form filed at closing, \$25,000 of the original \$50,000 is forgiven. If not, the \$25,000 begins to amortize on the third anniversary of closing at the original rate +1% for a seven-year term. Meaning the loan would not be fully mature until the tenth anniversary of the closing.

Matching Funds

Matching funds are not required for this program but if other funding sources are being used it is more favorable for the application. This program can be used in concert with other programs or funding sources (i.e. Monroe County Revolving Loan Fund, MetroAction, Northeastern PA Alliance etc.)

Application Procedures

Interested applicants must complete the Monroe County Small Business Grant/Loan Application that is attached to these Program Guidelines. Supporting documents that must be submitted with the Application are:

1. A project narrative that describes what the project is, what the funding is requested for and how many full time jobs will be created and/or retained within a 1 year period of project approval.
2. A Business Plan that includes the company's ownership structure, financial projections for at least 3 years, a competitive analysis and marketing plan.
3. Documentation supporting the project costs outlined in the Project Budget on page 2 of the Application. Cost estimates must be prepared by a professional qualified to quote on the work.
4. A project schedule and detailed timeline for the project.
5. Documentation of any other funding sources for the project.
6. Three years of audited financial statements if available. If not, three years of personal income tax returns for all company owners.

Once a completed application is received, it will be reviewed and evaluated by the MCIDA staff member designated for the financial review of projects. It will then be presented to the MCIDA Financial Review Committee. If it is approved by the committee, the applicant will receive a letter of approval and commitment. If it is not approved by the committee, the applicant will receive a letter explaining why it was not approved and applicant will be eligible to re-apply if circumstances change.

Application Time Period

Applications can be submitted anytime and will be reviewed in a timely manner. Project costs may NOT be incurred prior to application approval.

Restrictions and Limitations

1. Any requested changes to the project must be submitted to MCIDA in writing for approval prior to incurring the costs.
2. The maximum amount of funding available for each project will be \$50,000 and if a grant in any amount is requested, a loan must also be applied for in an amount equal to or greater than the grant.
3. The loan interest rate will be 2%.
4. Refinancing or reducing existing debt is not an eligible use of these funds.

Program Requirements

1. Nondiscrimination – No assistance will be awarded unless the company certifies that it will not discriminate against any employee or against any person seeking employment because of race, religion, color, handicap, national origin, age or sex. All contracts for work to be paid for with these funds must include the nondiscrimination clause found in Appendix I of these guidelines.
2. Project Records – Awardees must agree to keep full and accurate records with respect to the project and make available any project records requested by MCIDA.
3. Reporting – Awardees must agree to submit a Project Closeout Report at the completion of the project that includes proof that the funds were spent in accordance with the approved project and an accounting of the jobs that were created and/or retained with their current rates of pay.
4. Bidding – Any construction-related project that exceeds \$10,000 must be publicly bid. Professional services do not need to be publicly bid but an explanation of how the services were engaged is required. It is suggested that a minimum of three arms-length bids from qualified contractors are solicited. See Appendix II for Bidding Procedures.

5. Pennsylvania Prevailing Wage – Any construction-related project that exceeds \$25,000 is generally subject to PA Prevailing Wage. The PA Prevailing Wage Rate Determination must be included in the bid documents, specifications and construction contracts pertaining to the project. A Prevailing Wage Rate Determination can be requested from the PA Department of Labor and Industry on their website at this address:

<http://www.portal.state.pa.us/portal/server.pt?open=514&objID=553543&mode=2>

NOTE: PA Department of Labor & Industry will determine if Prevailing Wage rates apply on a per project basis.

Contact Information

Program questions and applications can be directed to:

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