

LAWRENCE METROPOLITAN E-COMMUNITY

Revolving Loan Fund Processes & Application Packet

A partnership program of the Chamber of Lawrence, KS, the EDC of Lawrence & Douglas County, and Network Kansas, supporting small business and entrepreneurial growth throughout the metropolitan area of Lawrence, Kansas.



Program Background & Project Guidelines

What is an E-Community:

NetWork Kansas was established as a component of the Kansas Economic Growth Act of 2004 to prioritize entrepreneurship and small business growth throughout the State of Kansas. Launched in 2007, NetWork Kansas' E-Community Program was originally conceptualized to spur growth in rural communities, connecting small business owners and entrepreneurs with expertise, education and economic resources. The rural program proved successful, growing from six to nearly 60 programs in 2017 and having loaned more than \$9 million to 336 businesses throughout the state. Building on this success, NetWork Kansas launched a new program to support distressed/urban areas of larger metropolitan communities, selecting Lawrence and Wichita to house initial pilot programs.

Goals of the Lawrence Metro E-Community:

- Grow a flourishing, sustainable entrepreneurial environment supportive of business startups and expansions
- Engage and/or develop entrepreneurial resources to meet identified community and business needs.
- Create a revolving loan fund to provide matching loans to entrepreneurs and small business owners with local control of decisions and terms.

How the Program Works:

The Lawrence Metro E-Community Revolving Loan Fund provides gap financing for new and existing entrepreneurs. *Gap financing* is the amount of money needed when conventional lenders are unwilling to assume 100% of the risk of lending. Per state law, in order to access program funds, applicants must secure at least 40% of their financing from some other source, such as the Douglas County Revolving Loan Fund or a traditional banking/lending institution.

Loan Example: Assume the applicant needs a total of \$60,000. Also, assume the applicant has \$10,000 of their own capital. Of the remaining \$50,000 needed, the E-Community can provide no greater than 60% of that gap (with a max of \$45,000). The other 40% minimum must come from a financial institution and/or a local/regional funding source.

Who Qualifies:

Qualifying projects include startup and existing businesses, operating for profit, within the city limits of Lawrence, Kansas (non-profits, academic institutions, gambling concerns, speculative concerns, and lending/investment institutions are ineligible for funding). Funding applications will be for low interest loan requests only. The minimum funding request will be \$2,500 with a \$45,000 maximum amount available per applicant business.



As the program’s intent is to spur growth in urban and underserved areas, all Metro E-Community projects must meet **ONE** of the following criteria for consideration:

- Business located in a distressed area (20%+ live below poverty level)
- 51% of business is owned by a woman, minority or disadvantaged entity
- Business’ products/services support disadvantaged/underserved populations
- Business currently employs or will employ low-income employees
- Business’ mission is to serve disadvantaged/underserved populations

Funds May Be Used For:

Funding secured through the Metro Loan Program can be used for: equipment purchases (including vehicles); business inventory; real estate; real estate improvements; collateralized working capital, etc.

Funds May NOT Be Used For:

Metro funding may not be used for: paying off or refinancing existing debt; salary, owner’s draw or payroll taxes; personal vehicles; accounts receivable financing; multilevel marketing or pyramid sales

Repayment:

Terms are assessed on a per project basis, with 1% over New York Prime being standard. There is not penalty for early repayment.

Loan Application

Applicant Information (Please Print)

1. Business name: _____
2. Entity type (i.e. LLC, sole proprietorship, etc.) _____
3. Primary Contact and Title: _____
4. Mailing Address: _____
5. Physical Address of business: _____
6. Phone Number: _____ Cell Number: _____
7. Fax Number: _____ Email: _____
8. Business website: _____
9. Does the entrepreneur or business have a tax liability in arrears with the Kansas Department of Revenue or the IRS? _____



10. Has the business, or any principals of the business, been involved in bankruptcy or insolvency proceedings? If yes, please give date and explanation.

12. Are the funds for a business startup, business purchase, the expansion of an existing business, or something else? Please provide relevant details (length of time in business, business name or entity changes, etc.)

13. Describe the business, its owner and key employees (detailed information should be made available in the business plan):

Requested Funding Information

1. Amount of funds requested from the E-Community program for this project:

2. When are the funds needed? Please provide an explanation if the date is important.

3. Amount of funds being provided by financial institutions (banks, credit unions)? If yes, please provide the name of financial institution:

4. Amount of funds being provided by the entrepreneur or small business (down payment or other investment into the business for this project):



5. Amount of funds being provided by any local or regional funding sources (city/county revolving loan funds, microloan, certified development companies, Kansas Main Street, other):

6. Describe any additional funding that will be utilized in this project (other investors, equity injections, etc.):

7. Describe the project in detail and provide a breakdown of how the funds will be used for this project (i.e. building purchase, land acquisition, equipment, inventory purchase, payoff bank loan, working capital, construction, etc.):

8. Provide projected sales, sales growth and any project employment growth from this project (detailed information should be made available in the business plan):

9. List other NetWork Kansas resource partners that have or will assist with this project and their role of contribution?

10. Are there any other comments you would add as to why you need this funding and how it benefit the county and community?



Marketing Release of Information Declaration

By submitting an application for financial assistance from the E-Community fund, the prospective grant or loan recipient, hereafter referred to as "Client", agree to the following Marketing Release of Information* to be used by the Kansas Center for Entrepreneurship (dba NetWork Kansas) for the purpose of promoting the successful delivery of services to entrepreneurs and small business owners.

Upon receiving notification that the E-Community has selected the Client to receive financial assistance, the Client agrees to provide pertinent information to NetWork Kansas for the purpose of preparing a news release for distribution to other Resource Partners and media outlets as determined by NetWork Kansas; Information for the news release will be obtained primarily for the application, corresponding documents, the Resource Partner and the Client's web sites and previously published information, and by phone interviews with representatives of both parties.

NetWork Kansas will make accommodations to withhold all information identified by the Client as being sensitive or competitive in nature, particularly when this information is not previously published. All parties named in the release will receive a final copy of the news release prior to distribution in order to verify the accuracy of all information contained therein;

NetWork Kansas will disseminate a news release and related information to external media outlets only after the loan or grant is approved and closed by the Resource Partner;

In addition to disseminating the resulting news release to media outlets, NetWork Kansas may distribute all or part of the news release and related information to organizations, networks and individuals via Email, NetWork Kansas and third-party Web sites, blogs, instant messaging, chat rooms, message boards, etc.

Annual Progress Reports

By submitting an application for financial assistance from E-Community fund, the Client agrees to provide annual progress until the loan is paid in full or the business closes.

In order to track the success of our programs, NetWork Kansas will contact the name listed below annually to update job, revenue and net income/loss information.

Please provide the contact information of the person we should get in touch with to obtain this updates. The contact may be the Client, Client's accountant, or the NetWork Kansas Resource Partner.

Name: _____ Title: _____

Phone: _____ Email: _____

Mailing Address: _____

Which method of contact does this person prefer for the progress report (Email, Phone?) _____

Final Loan or grant recipient (Client) signature: _____

Printed name and title: _____

Date: _____

I have read and agree to the terms described in the Marketing Release of Information Declaration.

Signature of Authorized Business Representative

Date



SCORING RUBRIC

The Financial Review Board will use this rubric to score all applications made for funds through the E-Community Program.

Criteria	Strength (1-4)	Weight (% of total)	Weighted Score
Financial Soundness		15	
Owner/Operator Experience		10	
Business Plan		10	
Projected Growth & Economic Impact		25	
Business Development Partnerships		10	
Quality of Life Impact		10	
Owner/3 rd Party Funding		10	
Community Commitment		10	
TOTAL			

RUBRIC GUIDELINES

SCALE

- 4 = Exceeds expectations
- 3= Meets expectations
- 2= Partially meets expectations
- 1= Does not meet expectations

GLOSSARY OF TERMS

Financial Soundness – This will be determined by examining applicant’s financial statements

Owner/Operator Experience – This will include a review of resumes and references as well as the interview process. One resume and three references will be required with each application.

Business Plan – All business plans should include key elements such as:

- Executive Summary
- Business Description
- Products or Services
- Project Financing
- Management



- Ownership
- Marketing Strategy
- Description of Major & Prospective Customers
- Description of Market & Competition
- Financial Information

Contact "List name/number for KSBDC, Enterprise Facilitation, etc.." for assistance in developing your business plan, "List phone number".

Projected Growth & Economic Impact – This will be based on applicant’s identified long-term and short-term goals and financial information.

Business Development Partnerships – We will be looking for applicant’s use of local/regional NetWork Kansas resource partners during the planning and implementation process (i.e. working with Kansas Small Business Development Center, local Economic Development organizations, Kansas Department of Commerce Business Development, Enterprise Facilitation and others available to help entrepreneurs. Resource partner list found at www.networkkansas.com)

Quality of Life Impact – These questions will help determine the Quality of Life score:

- Does the business provide an unfulfilled need within the community/county?
- Does the business expand upon current business offerings?
- Does the business provide jobs for highly skilled and or educated employees?
- Will the business enrich the community with aesthetically and environmentally friendly facilities?

Owner/3rd Party Funding – This will be based on information in the applicant’s financial statements.

Community Commitment – Does or will the business participate in local organizations and projects through membership, volunteerism or financial contributions?
Is applicant a member of the Chamber of Commerce?



Lawrence Metropolitan E-Community Application Process

- (a) Applicants will be required to complete E-Community Application and return to the Lawrence Chamber: 718 New Hampshire, Lawrence, KS 66044, Attention: Adam Handshy
- (c) Upon receipt of an E-Community Application, the E-Community Financial Review Board will meet (on an as needed basis) to review the application.
- (d) After coordinating an application review meeting, the Financial Review Board will schedule and conduct an interview with applicant.
- (e) After reviewing the application, the Financial Review Board must approve or reject all applications with a majority vote (X members). A formal letter of acceptance or rejection will be sent to the applicant with the contingency that matching funding is secured through E-Community (60%) and another partner (40%). Communication to the full E-Team will be made notifying them as the status of the application.
- (f) An E-Team media release will be created announcing acceptance of applicant and will include business summary, amount to be awarded, funding partners, NetWork Kansas partners assisting with project, and description of how funds will be utilized to add resources, jobs, increase tax revenue, and/or improve the quality of life in the community.
- (g) The “name or administrative support organization” will administer the loan for a fee equal to “negotiated amount” to be paid at the time of loan closing.

Application Checklist – Be sure you have included/attached the following to your completed application.

___ Financial Statement

___ Applicant Resume

___ Three Letters of References

___ Business Plan

___ Does your application address projected growth & economic impact; quality of life impact and demonstration of community commitment?