



Ticonderoga Alliance Entrepreneurs Fund GUIDELINES

Goal: The goal of the Ticonderoga Alliance Entrepreneurs Fund is to stimulate economic growth through gap financing of new and existing micro and small businesses. Our primary interest is in creating sustainable businesses and jobs appropriate to the character of our small-town, family-oriented communities within our purview (Ticonderoga, Hague, Putnam, Crown Point, and Moriah).

Target Population: The target population is motivated, creditworthy entrepreneurs that lack gap financing to realize sound ideas for micro and small business start-up and expansion that will contribute to revitalization through job creation, local procurement of goods and services, and establishment of a mentoring network. Additionally, the Entrepreneurs Fund seeks to promote the retention/attraction of a younger working population, foster businesses owned by women, veterans, and persons with disabilities, and contribute to the overall tax base economic benefit of the community. Applicant businesses may be owned by individuals or corporate entities in the Ticonderoga area (Ticonderoga, Crown Point, Hague, Moriah, Port Henry, and Putnam). Applicants who are not eligible to seek financing from a commercial lending institution due to lack of business credit history, limited asset base, and in some cases the small size of the business project are eligible to apply for support from the Entrepreneurs Fund.

Process: Through private donations, public grants, and ongoing returns/repayment from previously funded projects, the Ticonderoga Alliance's Entrepreneurs Fund will be a long term, sustainable source of funding for economic growth projects. All donations to the fund are tax-deductible contributions under federal 501(c) (3) tax regulations.

The Ticonderoga Revitalization Alliance will maintain an "Entrepreneurs Fund Committee", comprised of three Alliance Board members and three additional members chosen from the local business community, who will review applications and provide recommendations to the Ticonderoga Revitalization Alliance Board for consideration and possible approval.

Alliance Rights:

- Approval or rejection of applicant proposals to the Entrepreneurs Fund is at the sole discretion of the Ticonderoga Revitalization Alliance.

Alliance Responsibility and Commitment:

- The Ticonderoga Revitalization Alliance commits to a fair and transparent application, review, and decision-making process. Committee or Board Members with business or personal ties to an applicant or their business plans will be allowed to advocate for projects, but will otherwise recuse themselves and will not be permitted to play a role in evaluating those applications for funding or dispersing loans or grants.

Ticonderoga Revitalization Alliance is a not-for-profit, local development corporation whose mission is to restore economic prosperity in the Ticonderoga region by serving as a catalyst for innovative ideas and resources, and for public-private partnerships and investment opportunities.

Expectation of Applicants:

- Applicants will be required to submit and present a “Pitch Deck” (an overview of project/business goals and aspirations) using a mandatory outline provided by the Entrepreneurs Fund Committee to obtain initial feedback and potential guidance.
- Applicants will then be expected to submit a full business plan for consideration by the Entrepreneurs Fund Committee. If the applicant requires assistance in preparing a business plan, the Committee may engage with the applicant to create one, or refer the applicant to the Small Business Development Center for similar assistance.
- Applicants will be expected to initially cover at least 50% of project/business expenses “out of pocket”. Entrepreneurs Fund loans and/or grants will then be paid in increments to reimburse the applicant for acceptable expenses (receipts will be required).
- Applicants are expected to have “skin in the game”. Applicants will invest in the project/business from their own sources – target will be 25% of the amount of the loan requested of the Entrepreneurs Fund, although a lower percentage may be acceptable if approved by the Committee.
- Applicants will be contractually bound to engage a Certified Public Accountant and to share financial statements with the Alliance on a pre-determined schedule or upon request.

Financing:

- The Alliance will seek arms-length but formal support from a local financial institution to
 - Check credit history of applicants
 - Provide up-to-date business loan rates from which the Alliance can benchmark its own lending terms.
- The Alliance maintains the right to alter the terms of Fund loans and grants on a case-by-case basis depending upon applicant needs, project risk level, special circumstances, etc. These changes will be presented to the applicant in a Term Sheet and agreed upon in writing prior to any approval.
- In every case, the Alliance will seek security for its investment, and build that into the contractual obligations of the applicant. Security can take the form of collateral, partial ownership of the business, or other forms deemed acceptable and binding by the Alliance.
- When providing loans, the Alliance intends to assess risk of proposals and use the following guidelines in structuring loan conditions:

	Low Risk	Moderate Risk	High Risk
Loan type	Loan requiring repayment of principle plus interest over a term set by the Alliance	Loan requiring repayment of a multiple of original principal over a term set by the Alliance	Loan requiring repayment of a multiple of original principal over a term set by the Alliance
Interest rate	Loan interest rate set by the Alliance	Not applicable except during ramp up period (see ramp-up conditions below)	Not applicable except during ramp up period (see ramp-up conditions below)
Payback: “multiple” of original principal	NA	1.5 – 2x	3x

Ramp up period (short duration special terms to help business get started)	2-3 years	2-3 years	2-3 years
Ramp up conditions	Interest only for 2-3 years	Interest only (rate set by the Alliance) for first year, monthly payments begin in year 2 and ramped up to full amount after 3 years	Interest only (rate set by the Alliance) for first year, monthly payments begin in year 2 and ramped up to full amount after 3 years
Total term of loan	5 years	10 years	10 years
Loan Amount	\$5,000 - \$30,000	\$5,000 - \$30,000	\$5,000 - \$30,000
Administrative Fee	5% of loan amount	5% of loan amount	5% of loan amount

Note: The information in this table are guidelines. All conditions, including payback “multiple”, interest rates, ramp-up expectations and milestones, etc. are at the discretion of the Entrepreneurs Fund Committee and will be spelled out in a business contract prior to final agreement between the Committee and Applicant.

- In cases in which the Alliance is able to provide **grants** rather than loans, it will not expect repayment. Grants will only be considered in special cases. Such cases may include, but are not limited to, helping businesses respond to “act of god” issues (example: storm damage) or in cases where multiple new and permanent jobs are to be created.

Application Process:

1. Applicants will submit an application to the Entrepreneur’s Fund Committee via mail to Ticonderoga Revitalization Alliance, P.O. Box 247, Ticonderoga, NY 12883, or via email to the Executive Director at donna@ticonderoga-alliance.org.
2. The Entrepreneurs Fund Committee will contact the applicant to confirm receipt of application and invite them to present to the committee.
3. Applicants will submit a Pitch Deck (and business plan, if available) in hard copy or electronic form to the Entrepreneur Fund Committee at least 7 days prior to meeting with the Committee. Applicants will then schedule a meeting with the Committee at a time of mutual convenience and present their Pitch Deck/Business Plan.
4. Follow up issues (questions, potential gaps in planning, additional info needed, etc.) which arise during the initial meeting will then be pursued by the applicant and resolved to the satisfaction of the Committee. This may require additional meetings or conference calls.
5. Applications for funding will be evaluated by the Entrepreneur Fund Committee using a standardized evaluation rubric.
6. Applications deemed worthy of approval will be sent by the Fund Committee to the Ticonderoga Alliance Board of Directors, along with recommendations for fund level and terms, for their consideration and possible final approval.
7. Upon final approval by the Board of Directors, the Executive Director of the Alliance will execute the agreement with the applicant.

Ticonderoga Revitalization Alliance, PO Box 247, Ticonderoga, NY 12883

Post Approval Process:

The Entrepreneur Fund Committee together with the Ti Alliance Board of Directors will establish and maintain an **Entrepreneurs Mentorship Network** to guide approved applicants through their start up process. The level of mentorship required (or mandated by contract) will depend on factors such as project risk level, business owner experience, etc., and the stated needs of the business owner.

Mentoring services will also be available to projects that fail to reach the required threshold and wish to reapply for funding. Assistance is provided through TRA's network of business leaders as well as through the Chamber of Commerce, which facilitates assistance through the Small Business Administration and Industrial Development Agency (IDA). Mentoring assistance is an integral component of the Fund to support the long-term success of projects and their potential to contribute to economic development of the area. Mentoring services may include but are not limited to the following:

- Sustainability and profitability strategy;
- Marketing;
- Supply chain strategies, including consolidation with other local businesses;
- Value chain development;
- Production and packaging strategies;
- Growth and distribution;
- Grant application in coordination with local organizations such as the IDA, PRIDE, etc.; and
- Budgeting, financing and tax issues.

All awardees agree to participate as a member of the Mentoring Network. This may be as a mentor to other micro or small businesses or in some other capacity needed to manage the network according to the skills and motivation of the grant recipients and applicant's needs. Recipients must begin to provide mentor services within two years of receiving the award. The time devoted to mentoring will vary but must be commensurate with the amount of the funds received.