DECD

State of Connecticut Department of Economic and Community Development

Small Business Express Program

PROCEDURES AND GUIDELINES

Introduction

The Small Business Express Program (EXP) supports the retention and growth of small business in Connecticut through a combination of loans and grants. EXP incorporates a stream-lined process that provides financial assistance in the form of revolving loan funds, job creation incentives loans; and matching grants.

I. Program

This program is designed to provide small businesses with access to capital, support job creation, increase skill development and encourage private investment. SBEP loans and grants are intended to have a positive impact on the growth of the companies receiving the funds, and correspondingly on Connecticut's overall economy.

II. Types of Assistance

Applicants may seek assistance in the form of a loan or grant. Funding is subject to the availability of funds and the applicant's ability to meet program eligibility criteria as discussed in Section V of this document. An applicant may receive combination of a loan and a grant; but cannot receive two loans.

III. Maximum Award Amounts

- **Small Business Express Revolving Loan Fund** - Loans are available at a minimum of $10,000 to a maximum of $100,000 to assist small businesses with capital and operational needs.
- **Small Business Job Creation Incentive Program** - Loans are available at a minimum of $10,000 and a maximum of $250,000 to assist small businesses to spur growth. DECD may forgive part of the loan based on the attainment of job creation goals and deferral periods can be offered.
- **Small Business Creation Matching Grant Program** - Grants are available at a minimum of $10,000 and a maximum of $100,000 to provide a dollar-for-dollar matching grant for specific job creation, capital investment and working capital goals.

IV. Eligibility Requirements

Under all components of the EXP an eligible applicant shall:

- Employ not more than 50 employees;
- Be a Connecticut-based business with operations in Connecticut;
- Have been registered to conduct business in this state for not less than 12 months; and
- Be in good standing with the payment of all state and local taxes

In the event the company relocates its entire operation outside of Connecticut within five years of receiving funding, penalties will be imposed on the company.

V. Eligible Activities

All applicants requesting entrance into the EXP are assessed to determine if the proposed use of the funds is consistent with overall program goals. Typical uses of these funds include but are not limited to the following:

- **Small Business Express Revolving Loan Fund** – loans shall be used for:
    - acquisition of machinery and equipment;
    - construction or leasehold improvements;
    - relocation expenses;
    - working capital
    - other related business expenses as authorized by the Commissioner of the Department of Economic and Community Development.

  Note: Loans will be made at a rate of up to 4% for a term of five years.
- **Small Business Job Creation Incentive Program** – loans shall be used for:
    - training
    - marketing
    - working capital
    - other related business expenses as authorized by the Commissioner of the Department of Economic Development that support job creation.
- **Small Business Creation Matching Grant Program** – matching grants shall be used for:
    - training
    - working capital
    - acquisition of machinery and equipment;
    - construction or leasehold improvements;
    - relocation within the state
    - other related business expenses as authorized by the Commissioner of the Department of Economic Development.

- **NOTE**: For loans, if the employment obligation is not met, the loan interest rate will be increased. For Grants, if the employment obligation is not met, partial repayment of any grants provided will be required.

VI. Marketing and Outreach

DECD and with its lending partners will market EXP based on the availability of funds in order to maintain an active pipeline of applicants under all components of the program.

VII. Application Procedures

Eligible companies may apply by submitting an application along with supporting documents via mail, fax, or e-mail. EXP applications are available on DECD's website at www.decd@ct.gov or by contacting Michelle Lugo at (860) 270-8052. Applications will be reviewed and processed on a first-come, first-served basis. In most cases applications will be reviewed, approved within 30 days after the receipt of a complete application.

As applications are submitted, they are entered into a central database in the order that they are received within each specific program component.

Each application is then reviewed to ensure eligibility and appropriateness of the use of funds within each specific program component.

VIII. DECD's Approval Process

The EXP program uses a three-step approval process.

- **Step 1** consists of a review of the loan/grant application to determine eligibility of the applicant and proposed use of funds;
- **Step 2** consists of a financial review and evaluation by DECD; and
- **Step 3** consists of DECD's intent.

Step 1 - Eligibility Determination
In order to be considered for funding under the SBEP program, the applicant must satisfy the elements of the program, the application must be complete, and the proposed use of the funds must be consistent with the goals of the SBEP program.

Application Completeness
In order for an application to be considered complete, it must contain the following:

- Business Plan (does not need to be full-blown plan)
- Full project description
- Applicant Structure Documents (e.g. Articles of Incorporation, By-laws, Secretary of State Certificate of Good Standing)
- Project Financing Plan and Budget
- Last three years of historical financials. If not available, most recent three year tax returns.

Applicants will be given an opportunity to provide clarification on sections of the application where the information may be unclear or subject to interpretation.

Any applications that fail to meet the criteria or applications that are deemed incomplete will not be funded. Written notification will be sent to the applicant that will include suggestions for the company to follow should they wish to re-submit their application.

Step 2 – Financial Review & Evaluation Process
The EXP uses a standardized evaluation process to assess and evaluate information gathered during the financial review process. This process includes review and analysis of the following:

- Company's risk/mitigation factors
- Employment (retention/creation of jobs)
- Eligible project and use of funds
- Availability of state funds
- Performance/condition of the company
- Within the Small Business Revolving Loan Fund and the Small Business Job Creation Incentive Program components, the review process will look at the company's ability to:
    - make repayment and
    - secure the funding (DECD will determine collateral requirements)
- Appropriate deal structure

Step 3 – Intent to Fund
Following completion of the financial review and evaluation process and determination that the project can be funded, DECD will send a standardized letter of intent to the company along with the following supporting documentation:

- Corporate Resolution
- Non-Discrimination Certification
- W-9 Taxpayer Identification Form
- Dept. of Labor Release Form
- Gift Affidavit

- Letters of Good Standing
    - Dept. of Labor
    - Dept of Revenue Service

Upon agreement to the terms/conditions as well as execution of the letter of intent and the supporting documents the company will return the package to DECD. If it is determined the applicant is not eligible a declination letter will be sent.

IX. Assistance Agreement (AA)

Applicants approved for a loan/grant under the EXP will be required to execute an assistance agreement with DECD. Once the executed letter of intent package is received by the department, the DECD project manager will assemble the AA package for submittal to an established outside counsel. The AA executed between DECD and the company will include reporting requirements and a payment schedule.