



GARDINER GROWTH INITIATIVE – PROGRAM DESCRIPTION

PROGRAM OVERVIEW

In order to realize the full potential for economic growth in Gardiner, Gardiner Main Street, The Gardiner Board of Trade, The Bank of Maine, and the City of Gardiner have collaborated to present an incentive package that will attract high quality, experienced businesses to supplement recent business growth and real estate/infrastructure investment in Downtown Gardiner. In order to bring the market to full maturity, the collaborating parties have established an attraction package that presents an opportunity for established and growing businesses to expand or locate in Gardiner with very little risk. Gardiner Main Street and The Bank of Maine address infrastructure and fit-up expenses through a forgivable loan program. Landlords offer free rent for long term leases. The Gardiner Board of Trade issues micro grants for soft costs such as inventory and working capital. The City of Gardiner offers a tax rebate for qualified real estate/building projects. Preference will be given to Maine businesses expanding by opening an additional location in Gardiner, but will also include those relocating to Gardiner, and expansions of successful existing businesses from a list of priority business types. In rare cases, startups may be considered provided entrepreneur has extensive previous business experience, and an exemplary business plan including strong leverage from other assets and working capital.

PROGRAM GOALS

- To continue the innovative approach of business recruitment of Gardiner Main Street and the City of Gardiner, and to enhance the business mix in our Historic Downtown.
- To encourage successful businesses interested in opening a new location or expansion to consider Downtown Gardiner.
- To provide financial support during the critical first years of market entry so that the business can build a lasting footprint in Gardiner.
- To strengthen the Gardiner economy by complementing the existing business mix while addressing critical gaps in the Gardiner economy's sustainability
- To transform under-utilized or vacant commercial spaces into more vibrant and attractive locations.
- To create excitement and buzz around Downtown Gardiner's economic and cultural resurgence

PRIORITY BUSINESS TYPES

Through a recent retail leakage study and other market research, Gardiner Main Street has developed a list of “Top Ten” business types we would like to attract. Though businesses not on the list may be considered, preference will be given to the following:

- Seafood and Ethnic Cuisine
- Restaurant with ample, dedicated stage/space for live music or other entertainment
- Specialty Clothing
- Home Furnishings Showroom/Specialty Appliances
- Sporting Goods/Marina/Outdoor and Adventure Recreation/Hospitality
- Professional Services (Especially Engineering, Architects, CPA, Attorney, Co-working space)
- Medical Services and Elder Care
- Higher Education
- Specialty Foods and Retail (Especially Meat Market, Seafood, Bakery, Ice Cream)
- Family Entertainment/Museum/Functions/Play Space

Other Considerations:

- Preference given to businesses locating in buildings where owner has enrolled in the Gardiner Main Street “Reduced Rent” program
- Business must locate in Gardiner Main Street’s service territory (see map in program statement, below). Preference given to those locating within the Historic District.
- Funds may be used to support a new business startup in rare cases (more stringent financing guidelines apply; Personal references of business owner and track record of previous business success are required), but we give strong preference to expansion, additional locations, or relocation of existing business.
- Business expansions and additional locations will be given preference over relocation of existing businesses.

INCENTIVES

Forgivable Loan Fund

- No Minimum loan amount - Maximum loan amount: \$50,000. Total capitalization: \$125,000
- Loan amount may not exceed 50% of the total project costs
- Loan is a 5 year, fixed term with interest rates as low as 6%, depending on size of loan and risk profile

- First year of interest is paid up front, held in escrow, and returned at end of Year 5
- Interest in years 2-5 accrues, but payment is deferred until the end of Year 5, at which time it is forgiven if business meets forgiveness criteria as described below.
- At the end of Year 3, 25% of loan principal is forgiven; at end of Year 4, 50%; at end of Year 5, 100% of loan principal is forgiven provided business remains active (open at least 40 hours per week) in Downtown Gardiner, funds are used as described in application, and business submits annual financial reports on time.
- Funds may be used only for fixed assets and business related equipment (no working capital) with preference given for infrastructure investments.

Gardiner Board of Trade Micro-Grants

In order to address startup costs not eligible under forgivable loan funding, including but not limited to inventory, startup costs, and working capital. The Gardiner Board of Trade will make available micro-grants of up to \$10,000 per business. A joint application will be used for micro-grants and the forgivable loan fund. Businesses who are successful in application for forgivable loan will automatically be eligible for micro grant in the amount of 40% of loan amount, up to \$10,000 max. See full micro-grant description for further details about how funds are dispersed.

Up to 100% TIF Credit Enhancement

- For substantial projects which may include specific investments to the infrastructure of a building, the City of Gardiner is offering up to 100% TIF Credit Enhancements to businesses and building owners taking advantage of the Gardiner Growth Initiative. For more information Contact Nate Rudy, Economic and Community Development director: econdev@gardinermaine.com or 582-6888.

Free Rent

- Select landlords are offering 6 months free rent to a business enrolled in the initiative that signs a 3-year lease, and 12 months free rent to a business signing a 5-year lease.

Six Months Free Merchant Services

- The Bank of Maine is offering Merchant Services free of charge for 6 months.

Pledged Support from Large Employers

- Gardiner is home to several large employers who have pledged to support businesses locating in Downtown Gardiner through the Gardiner Growth Initiative by encouraging their employees to support these businesses and, where appropriate, initiating their own purchasing through these businesses.

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| APPLICATION PROCESS |
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All inquiries should be directed to: Patrick Wright, Executive Director, Gardiner Main Street
director@gardinermainstreet.org
 582-3100
 PO Box 194
 Gardiner, ME 04345

Eligible businesses will be encouraged to submit the preliminary proposal included in this program statement, and will be accepted on a rolling basis on a first come, first served basis. A committee will review initial proposals and may decide to invite the applicant to submit a full proposal which will include significant financial background and projections, as well as a business plan that will be measured against underwriting standards to be disclosed prior to full application.

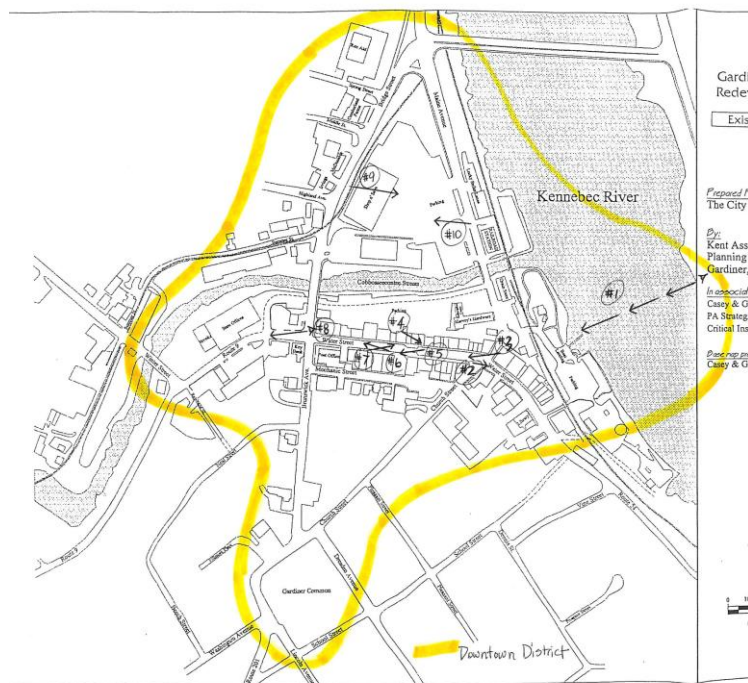
There is no deadline; funds will be available until they are exhausted. Businesses may apply as early as March 15, 2014. The committee will review applications by April 30, June 30, August 30, Sept. 30, and Nov 30 2014 as needed. A program evaluation will occur by Jan 1, 2015, at which time availability and terms of future awards may be modified and/or extended.

Full proposals will be measured against underwriting standards and reviewed by our forgivable loan/micro grant committee. Application and documentation/origination fees will apply. Forgivable loan will include a promissory note. If business does not meet requirements of forgiveness, alternative payback terms apply.

Program funds may not be disbursed to any person who is an officer, director, substantial contributor, or key employee of GMS or who is related to such a person, or to any corporation, LLC, partnership, trust or other legal entity in which more than 10% of the entity is beneficially owned or allocable to such a person.

All recipients of awards under the program should consult with their own tax advisor regarding the potential income tax characterization of the awards. Neither GMS or the City of Gardiner bears any responsibility for any liability of the taxpayer related to the taxpayer's mischaracterization of the awards for tax purposes or failure to consult a tax advisor.

Gardiner Main Street Service Territory



Preliminary Proposal - Gardiner Growth Initiative

Name _____

Business Name _____

Phone _____

Email _____

Address _____

Brief Description of your business (include years in business, current operations, track record of success):

Preferred location of business, or approx. square footage needed, any other special needs:

Amount of Forgivable Loan Request: _____

Amount of Micro-Grant Request: _____

Total Project Amount: _____

Would you still be interested in an amount less than the full request? _____

Gardiner Business Concept (number of anticipated employees, expected sales, unique value proposition, connection to existing business mix, etc.):

(Proposal may include additional space if needed)

Forgivable Loan Review Process

GMS receives initial proposal



GGI Review Committee scores proposals,
invites full application



Applicant Receives Checklist and Submits
Materials and App Fee to GMS sufficient to
cover underwriting expenses (final amount
TBD)



GMS submits materials to 3rd Party



3rd Party produces credit memo, presents to
loan committee



Committee Approves Loan



3rd Party produces commitment letter and
closing docs, submits bill prior to closing.
Applicant pays doc/origination fee to 3rd
party directly, and interest for year 1 to City.



Applicant submits annual reports. Interest
accrues beginning year 2, is forgiven at end
of year 5. Principal is forgiven – 25% after
year 3, 50% after year 4, 100% after year 5.
At end of year 5, first year's interest is
returned.

Review criteria for invitation for full proposal

Gardiner Growth Initiative

To be invited for full application, business must score 75 or higher – 100 points possible

Business Name _____

1. Creates a sustainable ecosystem within the business community based on preferred business types/sectors – (25 pts possible) – 25 Points if on list, 10-20 if similar to listed types, or would have synergy with identified types, 0 if not on list or incompatible.
2. Is a well established, well known, healthy “anchor tenant” that will drive foot traffic due to its inherent status as a “destination” business, or employs a significant number of professional employees. (20 pts possible) – (15-20 Immediately recognizable regional or statewide brand or 20+ employees, 5-15 well known brand within region or 10-20 employees, 1-4 Limited recognition of brand or 5-10 employees, 0 Startup)
3. Business model/concept is proven in other markets, approach is sound for Gardiner. If startup, has well crafted, thorough, and financially supported business concept – (20pts possible) – Sliding scale based on materials provided and/or history of sales/success.
4. Loan request is reasonable for size of business operation/impact (loan amount may not exceed 50% of total project costs) (15 pts possible) – 15–10 pts 1-25% of project costs; 5 pts if 25-50% of project costs, additional bonus points may be awarded if impact is exemplary, but total points for this item will not exceed 15)
5. Fills currently unoccupied/under occupied spaces within historic district (must be located in GMS service territory to be considered)– 5 pts
6. Proposal includes infrastructure improvements to building (roof, plumbing, electrical, façade, energy efficiency) – 5 pts
7. Compliments existing businesses, does not unduly compete with existing businesses. – 5 pts
8. Has arranged to locate within building where owner has enrolled in “Reduced Rent” program – 3 pts
9. Added location or expansion of existing business rather than relocation. – 2 pts

Total Points _____

Committee Member _____

Notes:

Gardiner Board of Trade Micro Grant Program Description – Gardiner Growth Initiative

Overview

The Gardiner Growth Initiative's Forgivable Loan program is limited to the purchase of fixed assets, equipment, and building fitup associated with a business expanding in Gardiner. The Gardiner Board of Trade is offering Micro-Grants to well qualified businesses that also require funding for soft costs such as inventory, working capital, or other needs that are typically not allowable as collateral for the purposes of securing a loan. This grant program is meant to allow a business to preserve cashflow in the pre-revenue and startup periods. Only the most desirable candidates will be eligible for this limited boost of capital.

Qualification

Businesses that close a loan under the "Forgivable Loan Program" will automatically be eligible to receive micro grants in an amount of 40% of the loan amount, not to exceed \$10,000, until funds are exhausted. Businesses that do not wish to take advantage of the Forgivable Loan, but would like to secure a Micro Grant will be considered only if they score 90 points or greater on the initial proposal review by the GGI Review Committee. A business plan must accompany application.

Dispersal

The review committee will ask for a schedule of uses of micro-grant funds, and based upon that schedule, will offer a letter of commitment to successful candidates. At least half of the uses in that schedule MUST be dedicated to purchase of specific supplies, inventory, or services related to startup. The other half may be reserved for working capital. The successful business will submit invoices directly to the Gardiner Growth Initiative Review Committee with appropriate documentation of qualified expenses related to startup. Upon submission, the Board of Trade will submit the entire payment specified in the letter of commitment directly to the business, including invoiced expenses and working capital request. The business will need to report this entire amount as income for tax purposes, and should consult with its tax professional.

Agreement

The commitment letter, signed by the chair of the Board of Trade and the Business will include a provision for repayment of the micro grant if the business does not remain in the Gardiner Main Street service territory for a period of at least five years from the date of commitment.

Gardiner Board of Trade Micro-Grant Schedule of Uses Table

(To be submitted along with application)

Business Name _____ Authorized Representative Name _____

Amount of Forgivable Loan _____ Amount of Micro Grant _____

Startup Needs (Invoice to be provided prior to disbursement – At Least 50% of request)

| Item | Amount |
|-------|--------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Total Startup Needs: _____

Working Capital Request (May not exceed 50% of Micro Grant)

Authorized Business Representative Signature _____ Date _____