

# City of Elk Point, South Dakota

## *UDAG Fund Guidelines*

### **Objectives:**

The main objective of the *Elk Point Urban Development Access Grant Fund* is to create jobs in Elk Point, South Dakota. Jobs are derived from businesses that bring new income into the area, have a stimulating effect on other businesses or assist Elk Point in diversification and stabilization of our economy.

The *Elk Point Urban Development Access Grant Fund* may also be used to improve the quality of life in Elk Point through the development of services available to the residents of Elk Point. These services should be such that would make Elk Point a more desirable place to live or do business.

The final way the *Elk Point Urban Development Access Grant Fund* may be used is to improve the appearance of the City of Elk Point in order to make Elk Point more attractive to potential new businesses or residents.

### **Eligible Applicants:**

All for-profit businesses located or locating within the city limits of Elk Point are eligible to apply, whether they are business start-ups, expansions, or relocations from outside Elk Point, South Dakota. Regardless of the industry, in accordance with the goals of the UDAG fund, the for-profit business should:

- Create NEW, quality, primary job opportunities;
- Create capital investment in Elk Point;
- Diversify the local economy;
- Not be in direct competition with existing local businesses.

All non-profit organizations located within the city limits of Elk Point, including the City of Elk Point are eligible to apply. Regardless of the charter of the organizations, in accordance with the goals of the UDAG Fund, the non-profit organization should use the funds to:

- Improve the quality of life in Elk Point;
- Not be indirect competition with existing local businesses;
- Provide services that would not normally be provided by for-profit businesses.

## **Costs eligible for participation may include:**

The following costs are eligible to be paid with UDAG Funds. The City of Elk Point will file a lien against the business equivalent to the amount of funds loaned from the UDAG Fund.

### UDAG Funds may be used for:

- Land Acquisition;
- Site improvements;
- Construction, acquisition or renovation of buildings;
- Purchase of machinery and equipment

### UDAG Funds may NOT be used for:

- Refinancing of existing debt;
- Short-term, interim financing for the construction or acquisition phase of a project;
- Trade receivables;
- Inventory;
- Other working capital needs;
- Fees, services and other costs associated with construction;
- Preliminary design stage costs which include, but are not limited to market research, written cost estimates, development of a business plan;
- Preliminary product development costs.

## **How to Apply:**

The application form is completed and submitted to the Elk Point Economic Development Corporation (EP EDC) Board of Directors for review. The applicant will also submit a business plan and the financial package for the proposed project. Applications may be turned in to City Hall at 106 W. Pleasant Street.

The application will be submitted to the EP EDC Board before their regular meeting on the first Friday of the month. The applicant will attend the Board meeting to present their application and answer questions that may arise. Based on the projected impact to the City of Elk Point, the job creation, wages paid, quality of the business and available funds, the EP EDC Board will recommend a loan amount, term, interest rate and collateral to the City Council.

Loans are financed over a period of time, not to exceed 10 years. Repayment will be monthly and automatic withdrawal of funds is required.

Upon approval and receipt of all documents requested, the City Finance Officer will issue a check to the applicant for the amount allocated by the City Council. The City Attorney will file the appropriate liens against the collateral listed on the application.

If the UDAG Fund application does not meet the guidelines as defined or there is insufficient collateral, the loan will be denied. The reasons for denial will be explained to the applicant and noted in the minutes of the City Council meeting. The application may be re-filed at a later date.