

# Business Expansion Incentive Fund



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# Section I – Statement of Purpose

The Business Expansion Incentive Fund (BEIF) was established for the purpose of securing job-creating economic development opportunities through the preservation and expansion of existing business in Chesterfield County. BEIF assistance may be in the form of a low-interest loan or a grant.

BEIF is a key component of the County's goal to be a FIRST CHOICE business community and Chesterfield Economic Development's mission to support the retention, growth, and expansion of the county's existing industries. Chesterfield County Economic Development through the Economic Development Authority will administer the BEIF.

# Section II – Eligibility

## A. Eligible Applicants

To be eligible, a business:

1. Must be for profit (any business entity organized for profit (excluding retail merchants), with a place of business located in Chesterfield County, and which makes a significant contribution to Chesterfield County through payment of taxes.)
2. Must have fewer than 250 employees, or less than \$20 million in revenues annually or less than \$5 million in net worth.
3. Must not be engaged in speculation or investment in rental real estate

## B. Eligible Uses of Funds

Fund may be used for such things as:

1. Public and private utility extension or capacity development on and off site;
2. Technology infrastructure (i.e. fiber optic lines, broadband, redundant fiber optics systems, redundant power systems and lines);
3. Road, rail, or other transportation access costs beyond the funding capability of existing programs;
4. Grading, drainage, paving, and any other activity required to prepare a site for construction;
5. Recruitment, training or retraining costs.
6. Development fees such as site plan, zoning, and building permitting fees.

Funds cannot be used to:

1. Refinance or restructure existing bank debt;
2. Compensate for a fundamental business weakness;
3. Provide permanent or short-term working capital;
4. Venture Capital/Seed Money
5. Purchase or rehabilitate machinery & equipment used in operations or day-to-day business activity

## Section III – Program Requirements

### A. Private Investment Requirement and Employment Requirements

All companies seeking BEIF assistance will be required to make a minimum capital investment of at least \$50,000 and create/retain one job for every \$10,000 in funding requested.

### B. Assistance Limitations

1. BEIF funds cannot exceed 50% of the total project cost.
2. Assistance cannot exceed a maximum of \$50,000 per project
3. The project may not commence prior to the approval of BEIF assistance without the written consent of CED to incur project costs. Commencement of work prior to receiving CED approval will result in the project becoming ineligible for funding consideration.
4. A company receiving BEIF assistance cannot apply for additional assistance until the company signs an affidavit certifying that the capital investment and job creation outlined in the performance agreement have been met upon initial project completion.

## Section V – Security and Penalties

### A. Security

Chesterfield County requires a performance contract between the company and the county outlining the responsibilities of each.

### B. Penalties

1. Private companies are liable for a penalty of up to the full amount of BEIF award, plus an additional penalty of up to 10% of the amount awarded by CED, if the company:
  - a. Fails to operate at the project site for a minimum period of 3 years; or
  - b. Fails to create or preserve the number of jobs specified in an executed commitment letter; or
  - c. Fails to inject the required amount of private investment into the project.
2. CED may waive this penalty at its sole discretion if failure is due to circumstances outside the control of the private company.
3. The penalty may be payable in one lump sum or in installments, with or without interest, as CED deems appropriate.

## Section VI – Application Procedures

The private business entity must submit to CED a letter of intent that is on the company's letterhead and is signed by the chief executive officer or other officer capable of making commitments for the company. An eligible private company must provide the following information in its letter of intent:

1. Legal name and address of the applicant for BEIF assistance.

2. Company's Federal Employer Identification Number (FEIN).
3. Physical address, zip code, and GPIN where the project site is located.
4. How the company is organized, i.e. sole proprietorship, S Corporation, C Corporation, Partnership and if the company is a subsidiary (wholly or partially owned by another company).
5. State if the company is minority, veteran or woman owned.
6. Description of the type of business (what the company does) and its Standard Industrial Classification (S.I.C.) or North American Industrial Classification System (NAICS) code.
7. Amount of BEIF funds that are being requested and a detailed description of the use of the funds that will include project description, an estimated total dollar amount, and estimated commencement and completion dates for the private investment to be made at the site.
8. Statement regarding the current employment levels at the project site, statewide and worldwide and the number of net, new full-time jobs to be created or preserved at the project site and the estimated starting wage level and dollar value of the benefits that will be paid to net, new workers employed at the project site.
9. Any additional information that illustrates the company's contributions to the county's economy and its citizens through community service, creating and delivering products or services to its customers which are innovative, being a leader in valuing its employees, and upholding the principles and standards of ethical business practices.
10. A business plan must also accompany the application letter. The business plan must include 3-year historical financial data and 3 years projected financials.

## Section VII – Application Evaluation

CED determines eligibility for BEIF assistance by evaluating and scoring each request according to the following criteria:

1. Number of jobs created and/or preserved.
2. Quality of the jobs created or preserved jobs as reflected in the average wage information.
3. Level of private sector investment leveraged;
4. Contribution of the project to the reuse of industrial/manufacturing/commercial or retail sites.
5. Return on Investment as calculated by new tax revenues generated as a direct result of the project investment.

In addition to these criteria, the following factors may also be considered in determining a request for BEIF funding:

1. Overall strategic importance of the project to the county.
2. Extent to which the project involves the development or application of leading technologies or investment in technology infrastructure.
3. Active company participation in a neighborhood assistance or community development project, and/or active participation in a school to work program.
4. Impact of the project on the County's economy as reflected in export expansion, investment in workforce skills and/or the potential for impact on other County businesses (suppliers/vendors for example).
5. Use of funds

Applications receiving a score of 60 or greater will be eligible for a grant and those receiving a score below 60 will be eligible for a low-interest loan (3%).

## Section VIII – Procedures for Accessing Funds

### A. Commitment Letter

1. CED, upon approval of the funding request, will mail a commitment letter to the private company notifying them of the BEIF commitment and the terms and conditions of that approval.
2. The private company must sign and return the commitment letter to CED if the company agrees to the terms and conditions of the approval.
3. If the commitment letter is not executed within 90 days of the letter's date, CED, upon written notification, may withdraw the offer of financial assistance that is stated in the commitment letter.
4. If assistance is in the form of a low-interest loan, payment schedule will be negotiated and can be monthly, quarterly, semi-annually or annually based on the company's financial conditions.

### B. Award Agreement

An executed performance agreement between the applicant and CED is required in order for the applicant to receive payment of BEIF assistance. A performance agreement will be sent to the applicant based on the estimated time frame the applicant provides to CED for the use of the funds. Following is a summary of some of the general provisions included in the award agreement.

1. Certification - The applicant shall be required to sign an affidavit certifying that the capital investment and jobs creation outlined in the performance agreement have been met at agreed upon intervals or upon project completion.
2. Nondiscrimination - No assistance is awarded to an applicant under this program unless the applicant certifies to CED that they shall not discriminate against any employee or against any person seeking employment because of race, religion, color, handicap, national origin, age, or sex. All contracts for work to be paid for with BEIF assistance must contain the County's official nondiscrimination clause.
3. Project Records - The applicant must maintain full and accurate records with respect to the project and must ensure adequate control over the records of related parties in the project. CED requires access to such records, as well as the ability to inspect all project work, invoices, materials, and other relevant records at reasonable times and places. The grant agreement requires the applicant to furnish, upon request of CED, all data, reports, contracts, documents, and other information relevant to the project. The performance agreement will specify a periodic reporting requirement for the applicant.

## Section IX – Program Inquiries

Program inquiries should be directed to: Business Expansion Incentive Fund  
Chesterfield Economic Development  
9401 Courthouse Road, Suite B  
Chesterfield, Virginia 23832  
Telephone: (804) 318-8550  
E-mail: [Karen@chesterfieldbusiness.com](mailto:Karen@chesterfieldbusiness.com)

These guidelines can be accessed on-line at [www.chesterfieldbusiness.com](http://www.chesterfieldbusiness.com)