GUIDELINES & APPLICATION

Kansas Economic Opportunity Initiatives Fund (KEOIF)

KANSAS
DEPARTMENT OF COMMERCE
Business Development

The following guidelines outline documents required to apply to the KEOIF program. Additional information may be required on a case-by-case basis.

1) The company must submit a **KEOIF Application** signed by an authorized company representative, notarized, and the original returned to our office at the address below. **Applications must be received within 180 days of the project's announcement to Commerce or encumbered funds will be released and unavailable**.

    - Information from the KEOIF Application will be used to determine the company's job, payroll and capital investment commitments, terms of agreement, and subsequent performance measures.

2) Appropriate City, County, or local/regional economic development organization officials need to submit a **Letter of Support** directed to the Secretary of Commerce providing support for KEOIF assistance on behalf of the business/project. Please include the following information as it pertains to your local community:

    - a brief history of the business (e.g. date established, products/services, etc.);
    - project parameters including jobs created or retained, capital investment and wage levels;
    - historical employment and investment activity for expanding businesses;
    - the business's level of "corporate citizenship" (e.g. sponsorships, chamber member, etc.);
    - the quality of jobs provided by the business (e.g. employee benefits, high wages, etc.);
    - a brief description of your efforts to recruit the business or assist their expansion;
    - general financial impact and benefits of the project on the local economy;
    - level of financial participation, other local incentives considered, offered or committed;
    - infrastructure improvements committed or considered;
    - the specific economic opportunity(ies) addressed by the proposed project; i.e.
        - the expansion of an existing Kansas enterprise,
        - the potential location in Kansas of the operations of a major employer,
        - the award of a significant grant which has a financial matching requirement,
        - the departure from Kansas or the substantial reduction of the operations of a major employer,
        - the closure of a major federal or state institution or facility.

For further information or assistance, please contact Darla Price at (785) 296-1868 or email dprice@kansascommerce.com. Address Letter of Support and Applications to:

Darla Price, KEOIF Program Manager
Business Development Division
Kansas Department of Commerce
1000 SW Jackson Street, Ste 100
Topeka, KS 66612-1354

KEOIF APPLICATION

COMPANY CONTRACT DATA

Company Contact/Title: ______________________

Contact Phone: (   )   -   **Contact Fax:** (   )   -

E-mail: ______________________ **FEIN:** ______________________

Company Legal Name & Address: ______________________

City: ____________ **State:** ____________ **Zip:** ______ - ______

KANSAS PROJECT DATA

Kansas Project Address: ______________________

Street   City   Zip Code

KS Company Legal Name: ______________________

KS Contact Name/Title: ______________________

Phone: (   )   -   **Email:** ______________________

Commerce Project Manager: ____________ **KEOIF Loan Commitment:** $ ____________

NAICS: ________ **FEIN:** ____________ **Projected Avg Wage:** $ ____________

Existing/Retained Jobs (FTE): ______________________

Current Annual Payroll (w/o benefits): $ ______________________

Projected increase in jobs and payroll each year:	**Jobs**	**Payroll**
Increase in Year 1:	FTE	$
Increase in Year 2:	FTE	$
Increase in Year 3:	FTE	$
Increase in Year 4:	FTE	$
Increase in Year 5:	FTE	$

Current KS capital investment value: ______________________

Total projected new KS capital investment: ______________________

(Show investment by year) Yr 1: ____________ Yr 2: ____________

Yr 3: ____________ Yr 4: ____________ Yr 5: ____________

Please provide what KEOIF funds will be used for:

____

Applicant hereby certifies that the above information is true and accurate.

Signature/Title: ______________________ Date: ____________

Notary:

KEOIF FORGIVABLE LOAN

EXAMPLE

The project company is new to Kansas and will create 200 jobs over a five-year period. Assume a KEOIF loan of $100,000 at zero percent (0.0%) interest for a term of five years. The KEOIF Loan Agreement reads as follows:

*2) **Forgiveness of Debt**: The Agreement is entered into based on the Borrower's promises to maintain a base employment level of 0 and create 200 additional jobs reflected in full-time equivalent (FTE) positions for a period of five years at its Project Facility. The following table outlines cumulative job and payroll commitments and annual capital investment projections for each year:*

	Year 1	*Year 2*	*Year 3*	*Year 4*	*Year 5*
Jobs	*130*	*165*	*200*	*200*	*200*
Payroll	*$3,900,000*	*$4,950,000*	*$6,000,000*	*$6,180,000*	*$6,365,400*

Job figures are reflected in full-time equivalent (FTE) positions only. One FTE is equal to 2,080 hours earned per year including vacation. Payroll is based on gross earnings taxable to the individual employee. The Lender may verify reported employment figures through information available from the Kansas Department of Labor.

The start of Year 1 and subsequent anniversary reporting dates will coincide with the initial disbursement of loan monies and be recognized on the 1st day of the following quarter. At each scheduled anniversary, one-fifth of the original loan amount and any interest accrued since the previous anniversary date are forgiven if the scheduled job and payroll commitments are met.

In the event of a technical default under this section, the Borrower has the right of appeal, if compelling evidence can be presented demonstrating that the default is the result of dramatic, unforeseen changes in economic or market conditions. In the event of an appeal, the Secretary will have the sole discretion to enforce the provisions as set forth in Section (17) in this Agreement.

*17) **Default**: This Agreement shall be considered in default:*

(A) Upon any default or failure to properly perform under any clause in this Agreement (or the provisions of any security agreements or mortgage documents which secure this Agreement).

(i) If reported employment and/or payroll fall short of the scheduled commitments specified in Section (2) of this Agreement, the following repayment is required:
a) a blended performance will be calculated by dividing the actual performance figures reported by the scheduled commitments specified in Section (2); any resulting percentage of performance shortfall will be multiplied by one-fifth of the original loan amount to produce the proportionate performance shortfall payment immediately due and payable for the reporting year, plus
b) any interest accrued since the previously scheduled anniversary date will be multiplied by the blended performance shortfall percentage to produce the proportionate amount of interest due.

(ii) If the reported employment level falls below the base employment level of _____, the Secretary will have sole discretion to require the following repayment for the current reporting year:
a) one-fifth of the original loan amount, plus any interest accrued since the previously scheduled anniversary date will be immediately due and payable.

In our example, the project has come to the third anniversary date and actual job creation and payroll is reported by the company as follows:

	Year 1	*Year 2*	*Year 3*	*Year 4*	*Year 5*
Jobs	*130*	*165*	*175*	*(Performance to be*	
Payroll	*$3,900,000*	*$4,950,000*	*$5,550,000*	*determined in future)*	

FORGIVENESS & DEFAULT PAYMENT CALCULATION

In our example, one-fifth of the original principal balance ($100,000/5 = $20,000) and any interest may be "forgiven" each year if the job and payroll commitments in the Agreement are met. If individual job and payroll commitments are not met or exceeded, a blended percentage of performance is calculated for our example as follows:

- $20,000 principal and all accrued interest (if any) would be forgiven for each Year 1 and 2 providing a total of $40,000 in principal forgiven because the job and payroll commitments were met or exceeded.
- In Year 3, a shortfall performance percentage will need to be calculated for repayment. 175 of 200 jobs created in Year 3 provides an 87.5% actual performance on the jobs committed [(175/200) * 100]
- An annualized payroll of $5,550,000 provides a payroll performance of 92.5% [(5,550,000/6,000,000) * 100]
- Equal weight is given for calculating the actual job and payroll performance providing a blended percentage of 90.0% [(87.5 + 92.5) / 2]
- Therefore, the performance shortfall is 10.0% [100% - 90.0% blended performance]
- The shortfall performance to be repaid by the company for Year 3 is $2,000 [($100,000/5) * 10%)]
- The proportionate amount of accrued interest due (if any) is the accrued interest times 10.0%

If you have any questions, please contact Darla Price at (785) 296-1868 or email dprice@kansascommerce.com.