

ELMHURST CENTRAL BUSINESS DISTRICT

RETAIL BUSINESS GRANT PROGRAM

October 18, 2010



DESCRIPTION OF PROGRAM

The Retail Business Grant Program (“Program”) is sponsored by the City of Elmhurst for the purpose of strengthening retail business activity in the Central Business District (“CBD”), by attracting new retail businesses to the CBD as well as to assist existing retail businesses in the CBD with retail growth initiatives.

Grants available under the Program at any particular time are subject to the then available funding as budgeted from time to time by the City of Elmhurst within City of Elmhurst Tax Increment Financing District 1 (“TIF 1”).

PROGRAM PROCEDURES

Businesses desiring to apply for a grant under the Program should obtain the description of the Program and a grant application form either on the City of Elmhurst website at www.elmhurst.org or from the Community Development desk at Elmhurst City Hall. Questions concerning the details of the Program, or how to complete the grant application, should be directed to Mr. Mike Kopp, Assistant City Manager, telephone (630) 530-3769. Completed applications should be delivered to the Community Development desk at Elmhurst City Hall, addressed to the attention of the Assistant City Manager.

Applications for grants under the Program are reviewed on an as-needed basis by a four person committee (“Selection Committee”) consisting of (i) the Assistant City Manager or his designee, (ii) a designated

alderman who serves on the Elmhurst City Council's Finance Committee ("Finance Committee"), (iii) the Executive Director of Elmhurst City Centre and (iv) the President of the Elmhurst Chamber of Commerce. Decisions by the Selection Committee to recommend or not recommend approval of grants shall be made by majority vote taken at a meeting with all members of the Selection Committee in attendance or by unanimous written consent.

The Selection Committee will advise the City Manager of its decision to recommend approval of a grant application for a specified grant amount. The City Manager will then inform the Elmhurst City Council of the action.

An applicant for a grant that is not recommended for approval by the Selection Committee may request reconsideration of the grant application by the Finance Committee. The Finance Committee has the right on a case by case basis to modify or waive terms and conditions of the Program to accommodate special circumstances involved with a particular grant application. A grant application recommended for approval by the Finance Committee, upon reconsideration as provided herein, will be included on the Elmhurst City Council's agenda for approval.

An approved grant will be effectuated by City staff.

Failure by an applicant, with respect to an approved grant, to abide by the terms and conditions of the Program or for the specific grant as approved may result in forfeiture of the funding for the grant, at the discretion of the Selection Committee.

ELIGIBILITY FOR GRANTS

In General.

Only one grant will be awarded per business for each physical location and/or retail growth initiative.

Business Location and Operation.

- (a) A business must be located or locating within the boundaries of TIF 1 to be eligible for a grant under the Program (in that grants are provided from TIF 1 funds).
- (b) Existing businesses in TIF 1 with economic expansion plans, with such expansion being within TIF 1, are eligible to apply for a grant under the Program.
- (c) Businesses currently located in the City of Elmhurst, outside of TIF 1, are eligible for a grant under the Program only if moving an existing location into TIF 1 or opening an additional location within TIF 1.
- (d) All businesses applying for a grant under the Program must execute a lease for or including a first floor retail space on a public street within TIF 1, of at least a three (3) year duration.
- (e) All businesses applying for a grant under the Program must submit applications prior to the opening or commencement of the retail growth initiative of the business in the TIF 1 area.

- (f) All businesses approved for a grant under the Program must open for business or have completed their retail growth initiative, with respect to which the grant was approved, within six (6) months from the date of grant approval.
- (g) Each business approved for a grant under the Program must submit, to the Assistant City Manager or his designee, copies of all of its sales tax returns filed with respect to sales within the three (3) year period following the date of opening or commencement of the retail growth initiative of the business with respect to which the grant was approved.

Retail Businesses.

To be eligible for a grant under the Program, a business must offer merchandise or services to the public, the sale or providing of which is subject to sales tax (“Retail Sales”), and from which the revenue derived constitutes the majority of the revenue of the business.

Pursuant to the preceding paragraph, (a) restaurants and food service businesses may be eligible for grants under the Program and (b) professional and medical offices, salons and other service businesses are not eligible for grants under the Program.

Notwithstanding the preceding two paragraphs, businesses that include Retail Sales as a complementary use to a primary use other than Retail Sales may be considered for a grant under the Program, at the Selection Committee’s discretion, if the Selection Committee determines that Retail Sales are a significant financial component of the overall business.

CRITERIA FOR APPROVAL OF GRANTS

There are several criteria which the Selection Committee will take into consideration for approval of grants under the Program. The Selection Committee will give weighting to each criterion as it determines to be appropriate in the context of each application. Applications will be reviewed and evaluated as to:

- (a) The anticipated contributions by the business to the collection of sales tax proceeds by the City of Elmhurst.
- (b) The other tangible benefits projected to be provided by the business to the TIF 1 area, including job creation and overall business activity.
- (c) The extent to which the business is considered to be complementary to the overall business environment of the CBD.
- (d) The extent to which the business is thought to add to or enhance the mix of retail merchants in the CBD.
- (e) The viability of the submitted business plan, assessing the combination of financial feasibility, product and market knowledge, and growth potential.

AMOUNTS AND PAYMENT OF GRANTS

Grants will be considered in amounts of up to \$10,000. Grants may be approved for amounts of less than \$10,000.

The amount of an approved grant will be based on the City of Elmhurst reimbursing fifty percent (50%) of Qualifying Expenditures incurred in the course the opening of the business or the undertaking of the retail growth initiative by the business with respect to which the grant application is submitted. (Thus, Qualifying Expenditures of \$20,000 must be submitted to obtain a maximum possible grant of \$10,000.)

“Qualifying Expenditures” are defined for purposes of the Program as costs of (a) build out of space, (b) licensed space designer (ASID) services, (c) signage, (d) retail consulting services, (e) visual merchandising services, (f) launch related media marketing and advertising, and (g) other similar types of items as may be approved in the discretion of the Selection Committee.

Notwithstanding anything herein to the contrary, for purposes of determining the maximum amount for reimbursement of Qualifying Expenditures, costs of build out of space may not exceed fifty percent (50%) of the total amount of all Qualifying Expenditures for which reimbursement is made.

Examples of items which will not be considered as Qualifying Expenditures for purposes of the Program include moving expenses, rent, production equipment, payroll, day-to-day operational costs (e.g. utilities, taxes, maintenance), refuse, and inventory/product.

All Qualifying Expenditures serving as the basis for an approved grant under the Program must have been actually incurred no later than within six (6) months after the date of approval of the grant, and evidenced by an appropriate invoice or receipt satisfactorily indicating payment of the expenses. Documentation for Qualifying Expenditures, enabling payment to the applicant of an approved grant, must be submitted no later than seven (7) months after the date of approval of the grant.

REQUIREMENTS FOR COMPLETION OF APPLICATIONS

All applications must be submitted using the application form attached as Appendix A.

All applications must be accompanied by a business plan, addressing as many matters as possible as set forth in the Business Plan Outline attached as Appendix B. A business plan submitted with an application may not exceed sixteen (16) double spaced pages (including exhibits). Applicants will retain all rights to their business plans regarding their use at all times.

The Selection Committee may request a personal interview, at which the applicant may be requested to present and review the applicant’s business plan. An applicant may be required to submit a personal financial statement or other documents as requested.

In some instances, at the Selection Committee’s discretion, approval may be contingent upon a written lease from a landlord and the applicant.

ELMHURST CENTRAL BUSINESS DISTRICT
RETAIL BUSINESS GRANT PROGRAM

APPENDIX A - APPLICATION FORM

Business Name: _____

Business Address: _____

Business Telephone Number: _____

Amount Requested: \$ _____

Anticipated Date Opening or Completing initiative: _____

Name of Individual Applicant: _____

Home Address: _____

Telephone Number: _____ E-mail Address: _____

Name of Co-Applicant: (if any): _____

Mailing Address: _____

Telephone Number: _____ E-mail Address: _____

References (three required):

Name: _____ Telephone Number: _____

Name: _____ Telephone Number: _____

Name: _____ Telephone Number: _____

Signature of Applicant: _____ Date: _____

Signature of Co-Applicant (if any): _____ Date: _____

ELMHURST CENTRAL BUSINESS DISTRICT
RETAIL BUSINESS GRANT PROGRAM

APPENDIX B

BUSINESS PLAN OUTLINE

- (1) Description of Your Business and Industry (and its history).
- (2) Features and Advantages of Your Product: (a) description, (b) competitive advantage, (c) proprietary position and (d) future potential.
- (3) Market Research and Analysis: (a) definition of your customers and markets, (b) market size and trends and (c) competition.
- (4) Estimated Market Share and Sales: (a) market plan, (b) market strategy, (c) pricing, (d) sales tactics, (e) service and warranty policies and (f) advertising, public relations and promotions.
- (5) Design and Development Plans: (a) development status and tasks, (b) difficulties and risks (c) costs.
- (6) Operation Plans: (a) business location, (b) facilities and improvements, (c) strategy and plans and (d) labor force.
- (7) Management Team: (a) key management personnel (credentials/resume) and (b) management assistance and training needs.
- (8) Overall Schedule: (a) timing of critical activities before opening (e.g. company incorporation, signed lease, suppliers ordered, employees hired, opening date) and (b) timing of critical activities after opening (e.g. expansion, product/service extension).
- (9) Critical Risks and Problems (how will you respond?): (a) price cutting by competitors, (b) unfavorable industry-wide trends, (c) operating cost overestimates, (d) low sales, (e) difficulties obtaining inventory or supplies, (f) difficulty in obtaining credit and (g) lack of trained labor.
- (10) Financial Plan: (a) profit and loss forecasts for 3 years (first year monthly), (b) cash flow projections for 3 years and (c) Proforma balance sheet at start-up, semi-annually in first year and at the end of 3 years.