



BUSINESS INCENTIVE PROGRAM (BIP) GUIDELINES

Program Objectives

The City of Flatonia Economic Development Corporation (FEDC) is organized for charitable purposes under section 501(c)(3) of the Internal Revenue Code for the further purposes of benefiting and accomplishing public purposes of and to act on behalf of the City of Flatonia (“City”) by financing any project as described in Chapter 501 and 505 of the Texas Local Government Code (TXLGC).

In addition, TXLGC Chapter 380 provides for the following:

Sec. 380.001 – ECONOMIC DEVELOPMENT PROGRAMS

- (a) The governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality. For purposes of this subsection, a municipality includes an area that:
 - a. Has been annexed by the municipality for limited purposes; or
 - b. Is in the extraterritorial jurisdiction (“ETJ”) of the municipality.

Based on TXLGC Chapters 380, 501, and 505, the City has adopted and authorized the FEDC to implement the program outlined herein to assist commercial property owners in their venture. The FEDC wishes to incentivize business development by offering financial grants to commercial entrepreneurs in the following area:

Business Incentive Program (BIP)

A grant program to assist commercial entrepreneurs in their “project,” which includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements.

TXLGC Section 505.158 Requirements for Type B Corporation Expenditures

Projects that require an expenditure of more than \$10,000 may not be authorized until the Flatonia City Council (“Council”) adopts a resolution authorizing the project and the resolution has at least two separate readings.

Business Incentive Program (BIP)

Objective

The objective of the program is to retain and create jobs and increase investment within the City. The FEDC offers grants to businesses for construction or renovation of a building, to purchase equipment or land, or to relocate a business to the City.

Eligibility

1. Any business located in or relocating to the Flatonia city limits or ETJ.
2. Neither the owner of the business nor the owner of the building where the business is located shall have received a BIP grant within the last three (3) years.
3. The business must be in operation at the time of filing the application and have been operating for not less than six (6) months.
4. The business must not owe any debt to the City.

Grant Amount and Limits

Each year the FEDC will set aside an amount to be offered in grants for that fiscal year in its budget. It may not be the same amount set aside or amount for each grant each year as it will depend upon several factors. All funding of the BIP grant will be subject to the funds available. Applications will be accepted, reviewed, qualified, and awarded on a first come first served basis following notice of availability. Grant amounts will be calculated as follows:

1. Twenty-five percent (25%) of the allowable project costs for projects in the City or the ETJ; OR
2. Thirty percent (30%) of all allowable project costs for projects on existing structures that are located in the Flatonia Historic District.

There shall be a maximum of \$10,000 per grant (subject to all applicants and availability of funds) with a limit of one (1) grant per business and/or owner of location/business every three (3) years, unless approved by the FEDC and the Council in accordance with TXLGC Section 505.158. The FEDC approved effective date of the agreement shall establish the base date for the grant.

Grants shall be for the cost of construction, renovation, or purchase of land, equipment, furniture, and fixtures. No inventory, vehicle repair costs, or routine building maintenance costs shall be included in the project total. Grants are a reimbursement of allowable costs incurred from a period beginning after approval extending to no later than twelve (12) months after the base date set by the FEDC.

Grant Funding

Grants will be paid upon completion of the project. If the required documents requesting reimbursement of expenses is not received within twelve (12) months of the base date, the grant application shall become null and void. When the project is completed, the applicant will submit a statement of project costs with supporting invoices. The statement will be reviewed, and the grant amount will be calculated. Upon agreement with both parties, the grant will be paid.

Application Instructions

Please complete the application in its entirety. Incomplete applications will not be processed and will be returned. To be eligible for the BIP, the project should show how it creates and/or retains jobs. In addition, the applicant shall attach a business plan that contains the following:

1. **The Product or The Service** – Give a clear description of what exactly the product or service is. Is this a new product or service for the City or surrounding area?
2. **The Market** – Who is your market? Who are the customers? Are they new customers?
3. **Marketing** – How will you let people know your business exists and then convince them you have something they want? What makes it unique? How much money will you spend and where will you spend it? What is your marketing budget (please show an example)?
4. **Competitors** – Competition, present and potential: is anyone doing anything like this or similar? Who is it? How do you intend to set your business apart from competition?
5. **Management and Staffing** – Who is on the team and what is their background? What positions need to be filled? What salary point are you targeting for personnel?
6. **Revenue Model** – How do you get your revenue and from whom? (i.e. advertisers, users, employers paying for their employees, etc.)
7. **Capital Requirement** – How much capital does it take to make your business work? What is the cost to develop and get to market? What are your sources for this capital?
8. **Projected Profit and Loss** – Please show your projected revenue, expenses, and cash flow, as well as monthly projections for the first twelve (12) months if in operation for less than twelve (12) months.
9. **Building Expenses** – Are any of the funds to cover building expenses? Is this for upgrades or basic needs to keep the building sound for business? If so, what type of building expenses? (This may be covered in Capital Requirements, but please identify specifically what will need to be spent on the building.)

If your business plan is lengthy, please include an executive summary of the plan no more than two pages in length. If you do not have a business plan, then you must complete pages 6-9 inclusive.

Contact

For questions or more information, please contact:

FEDC General Manager
125 E. South Main Street
P.O. Box 329
Flatonia, Texas 78941
(361) 865-3548
manager@ci.flatonia.tx.us

**FLATONIA ECONOMIC DEVELOPMENT CORPORATION
BUSINESS INCENTIVE PROGRAM GRANT APPLICATION**

APPLICANT INFORMATION	
Applicant Name:	
Phone Number:	
Email:	
Mailing Address:	

BUSINESS INFORMATION		
Business Name:		
Project Address:		
Is the project in the ETJ?		
Is the project in the Flatonia Historic District?		
List all business owners:	Name	% Ownership

Describe your business:

PROJECT SUMMARY

Describe the project that this grant will help fund:

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How many full-time jobs will this project create?	
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How many full-time jobs will this project retain?	
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Describe how this project will create and/or retain jobs:

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Total estimated project investment: \$

AFFIDAVIT

I certify by my signature below that: A) this business does not and will not knowingly employ an undocumented worker; and B) if convicted of federal immigration violations under US Code Section 1324a(f), I will repay all funds received from this grant plus 10% within 120 days of notice. At completion of the project, I will submit a statement of the project costs with supporting paid invoices, Texas Workforce Commission Employer’s Quarterly Reports with IRS Form 941, roster of employees with total hours worked, and copies of paid tax receipts. UNDER PENALTIES OF PERJURY, I DECLARE THAT I HAVE READ THE FOREGOING STATEMENT AND THAT THE FACTS STATED THEREIN ARE TRUE.

Applicant Signature:	Date:
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Printed Name:

8. Financial Information: Sources of Initial Funds

Owner's equity, savings, etc.	\$ _____
Other equity investors	\$ _____
Loans from individuals	\$ _____
Other loans (bank, etc.)	\$ _____
FEDC BIP Grant (to be funded upon completion)	\$ _____
Other sources of funds	\$ _____
Other sources of funds	\$ _____
Other sources of funds	\$ _____
TOTAL FUNDS AVAILABLE	\$ _____

9. Financial Information: Uses of Initial Funds

Building purchase	\$ _____
Building improvements/remodel	\$ _____
Furniture, fixtures, and equipment	\$ _____
Inventory	\$ _____
Pre-opening payroll	\$ _____
Deposits (utility, lease, etc.)	\$ _____
Other pre-opening expenses	\$ _____
Reserve for losses until profitable	\$ _____
Initial marketing	\$ _____
Other use of funds	\$ _____
Other use of funds	\$ _____
Other use of funds	\$ _____
TOTAL FUNDS USED	\$ _____

10. Projected Profit and Loss Statement

Please attach a separate sheet showing, for each of the first twelve (12) months of your operation, your projected profit and loss and cash flow statement. Include the total for the full year.

11. Additional Information

Please add any additional information you would like to share with the FEDC about your application.