

MONTANA DEPARTMENT OF COMMERCE
MONTANA INDIAN EQUITY FUND
FY 2012 GRANT APPLICATION GUIDELINES

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APPLICATION PERIOD:
September 26, 2011 – December 5, 2011

MONTANA DEPARTMENT OF COMMERCE

MONTANA INDIAN EQUITY FUND

GRANT APPLICATION GUIDELINES FOR FY 2012 INDIAN EQUITY FUND PROPOSALS

A. SUMMARY

There is a serious lack of owner's equity available for Native American business owners on the reservations and among the Indian population of Montana. Owner's equity is defined as the amount of monies invested by the owner in his or her business. Unlike non-native small business owners traditional forms of equity from home ownership, family and friends are often not available to the Indian business owner due to widespread poverty. The Montana Indian Equity Fund is a grant to assist a current Native American business or a new Native American business owner. Because of the fund's ability to offer these grants to be used by the recipient for equity, the fund is able to play a unique role in assisting in the growth of Native American small business. This money can be used for a variety of activities such as the purchase of new equipment or the development of a new product line. The fund requires a minimum of dollar to dollar match which may include collateral such as cash, in kind, or loan funds such as a tribal loan fund, a micro loan program, or a commercial lender. Examples of in kind match may include inventory, supplies, equipment, tools or vehicles that are part of the activity of the business. In order to determine the success of the program, those businesses that receive funding will be required to provide financial information regarding their business as requested to the Department.

Existing business owners must show how the funding will support growth in their business either through the development of a new project or with the existing business strategy. This growth must be described in the narrative, financial information (such as leases, contracts, invoices or vendor quotes), and financial projections.

New business owners must show how the funding will support the success of their start up idea. This must be described in the narrative, financial information (such as leases, contracts, invoices or vendor quotes), and financial projections.

In fiscal year 2012, the Montana Department of Commerce, as recommended by the State Tribal Economic Development Commission, will provide two grants of \$7,000 each to the seven federally recognized Indian Reservations and the Little Shell Tribe. In addition, two \$7,000 grants will be available to "at large" enrolled members living off the reservation whose goal is to better the economic development conditions on our Montana reservations. Applications will be

accepted beginning September 26, 2011 and will remain open until December 5, 2011. All applications will be considered on a competitive basis. Applications will be recorded with date and time received by the Department and reviewed in order of receipt. **Applications considered incomplete or ineligible will be returned to the applicant and their placement on the list of received applications will be removed.** Applications that are not typed will not be accepted. Receipt of an application does not imply a commitment for funding from the Montana Department of Commerce (MDOC). Applications will be reviewed for eligibility and appropriateness with state and program requirements. Applications will be reviewed by a local review committee and the State Review Committee.

The Indian Equity Fund grant review process is extensive. Each application is reviewed by the program manager and every applicant is given an opportunity to make changes to their application. The local review committees are composed of volunteers in each of the communities and to read and to coordinate the ranking of the applications may require several weeks. In addition the state review committee must approve the recommendations of the local review committees. While it is intent of the program management to have funding available as soon as possible, for business planning purposes do not expect funds to be available before April of 2012.

1. Eligible Applicants

The funds are available only to enrolled members of Montana's federally recognized tribes in Montana and to enrolled members of the Little Shell Chippewa Tribe. All applications must include documentation of tribal enrollment in the form of a Certified Indian Blood (CIB) Form or tribal ID.

The funds are available to applicants residing on or next to the seven Indian reservations in Montana and members of the Little Shell Chippewa Tribe residing in Montana as determined by each of the local review committees. One additional slot is available to Montana enrolled tribal members living at large in Montana.

2. Eligible Uses of Funds

Funds can be used for the kinds of activities usually funded by a commercial lender. These activities may include but are not limited to:

- Purchase of land, building and equipment.
- Purchase of assets including furnishings, equipment and technology.
- Selected use of working capital for business operations.

3. Ineligible Activities

The following activity will not be funded:

- Reimbursement for activities completed prior to submittal of the fund proposal.

4. Maximum Funding and Required Match

In fiscal year 2012, the Montana Department of Commerce will provide two grants of \$7,000 each to the seven federally recognized Indian Reservations and the Little Shell Tribe. In addition, two \$7,000 grants will be available to “at large” enrolled members living off the reservation whose goal is to better the economic development conditions on our Montana reservations. The business owner must provide a match on a 50-50 basis that must be firmly committed by the time the funds are released. Firm loan commitments, such as funds borrowed from a local bank, are acceptable forms of match. Collateral from the business owner, either in cash or in kind (for example inventory or equipment), is an acceptable form of match. The funds requested and the proposed matching funds must be documented in the application.

B. APPLICATION REVIEW PROCESS

Applications for FY 2012 will be accepted beginning September 26, 2011 (post mark date), by the Montana Department of Commerce-hereafter referred to as the Department. All applications received by the end of the day on December 5, 2011, (post mark date) will be considered on a competitive basis.

Local Review Committee

The application process will include a review by a local review committee and the State Review Committee. After submission to the Department, the application will be reviewed by the local review committee composed of members from the local business and business development communities. The local review committee will include a member of the STED Commission if available or a member appointed by the STED Commission member. The committee will include at a minimum one reviewer who is a professional lender. Recommendations of the local review committee will be forwarded to the State Review Committee.

State Review Committee

A final review will be made by the State Review Committee. A majority of the State Review Committee will be Native American.

The Committee will be composed of:

Lesa Evers, Acting Director, Governor's Office of Indian Affairs
Heather Sobrepena-George, Program Manager, Indian Country Economic
Development, Montana Department of Commerce
Jason Smith, Program Manager, State Tribal Economic Development
Commission, Montana Department of Commerce
Philip Belangie (Non-voting member), Program Manager, SBDC
Entrepreneur Development, Montana Department of Commerce

The State Review Committee will meet to review policy and application requirements and recommend approval or disapproval prior to final approval by the Director of the Department of Commerce.

The following five criteria will be used to evaluate the proposals for potential funding.

1. Quality of the application
2. Business experience of the applicant
3. The financial projections
4. The marketing plan
5. Quality of the match

Financial Need: The fund is designed to assist the new business start up and the small business that is growing. If either the local review committee or the State Review Committee finds the applicant has sufficient wealth (business and/or personal assets) that would allow the applicant to easily access funding through a commercial lender, local economic development organization or other gap financing, either of the committees may deny the application as outside the scope of the program.

The documentation will be reviewed under the following criteria:

The documentation required for the fund is similar to the criteria required by a bank for a commercial loan. Please provide information on the following:

- a. A business description that outlines the nature of your business, describes the product or service and its market, and identifies its customers and competition.
- b. A personal profile that outlines the background and experience of each of the principals in a resume.
- c. A proposal that states the fund request and its purpose.
- d. A business summary (including a marketing plan) that outlines the business strategy for the next three years. This will aid the committee in determining whether the business will generate the cash flow needed to operate the business. (Include a three year cash projection.)
- e. If a loan is included in the match, a repayment plan that proposes to repay the loan or outlines a repayment schedule. (This will be shown by line item in the above three year projection.)
- f. Supporting documentation that includes copies of pertinent papers that support the information contained in the application proposal. For example, a lease, contracts, invoices, vendor quotes or letter of reference.
- g. Documentation of enrollment in a Montana federally recognized tribe or the Little Shell Chippewa Tribe. Documentation will be either a Certified Indian Blood (CIB) Form or tribal ID.
- h. Outline the collateral that the business will use to secure the payment of the loan or as part of the match requirement. Collateral can include either personal or business assets: For example inventory, equipment, accounts receivable, real estate and automobiles.
- i. Tax Returns for last two years if available.
- j. Financial statements both personal and business.

Incomplete applications will not be accepted.

Applicants must submit a completed application supporting documentation. **An original and four copies of the application are required. Please submit the original application and the copies to:**

**Philip Belangie
Montana Department of Commerce
1121 East Broadway, Suite 134
Missoula, MT 59802**

Applicants may address any questions regarding the application or the Indian Equity Fund to:

Philip Belangie
(406) 721-3663
Email: pbelangie@mt.gov

C. DISBURSEMENT OF FUNDING

The funds will be dispersed by the Department. Funding will only be made upon the approval of both loan committees and final approval by the Director of the Department of Commerce.

D. BUSINESS ASSISTANCE RESOURCES

To assist the applicant in the preparation of the application there are two resources available. This assistance does not include preparing the business plan for the applicant—it is essential that business owners understand their business. The assistance is twofold: (1) One on one business counseling; (2) Business management classroom training such as either the *Indianpreneurship* or the *FastTrac* courses. These courses are offered throughout Montana. Attached in Exhibit II are the organizations providing technical assistance or classroom business education in Indian communities, organizations providing business assistance in the Indian communities, and the Small Business Development Centers.

Exhibit I

FY11 Montana Indian Equity Fund

Applicant Certification and Contact Form

The Applicant hereby certifies that:

ACCEPTANCE OF THE FUND PROGRAM REQUIREMENTS

The applicant will comply with all requirements established by the Montana Department of Commerce and applicable State laws, regulations, and administrative procedures.

The applicant accepts the terms, conditions, selection criteria, and procedures established by the Montana Department of Commerce – Indian Equity Fund Process and expressly waives any statutory or common law right the applicant may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that the applicant is not selected for an award of funds.

APPLICANT - CERTIFICATION

To the best of my knowledge and belief, the information provided in this application and in the attached documents is true and correct.

Name _____
(Typed Name)

Title _____

Signature _____

Date _____

Phone Number _____

Contact Person for Further Information:

Name _____

Mailing Address _____

Email Address _____

Phone Number _____

Fax Number _____

Amount of Equity Funds Requested \$ _____

Exhibit II

Organizations Offering Business Assistance on the Reservations

Blackfeet: Browning Community Development Corporation, Joe Bremner, (406) 338-4015;

Crow: Crow Economic Development Corporation, Yolanda Old Dwarf (406) 638 3733;

Flathead: S & K Holding Company, Inc., Steve Clairmont (406) 883-4317, or Carol Cunningham at C2 Solutions (406) 261-3200;

Fort Belknap: Opportunity Link, Inc., Day Soriano (406) 265-3699 or 1 877-332-3699;

Fort Peck: Great Northern Development Corporation, Lorene Hintz, SBDC Director (406) 653-2590;

Little Shell Tribe of Chippewa: Please contact Philip Belangie, (406) 721-3663;

Northern Cheyenne: Chief Dull Knife College Extension Program, Henry Thompson (406) 477-6215 extension 123;

Rocky Boy's: Opportunity Link, Inc., Day Soriano (406) 265-3699 or 1 877-332-3699.

Small Business Development Centers in Montana:

Billings: Big Sky Economic Development Authority, Rebecca Hedegaard, SBDC Director, (406) 254-6014 ext 223

Bozeman: Bozeman Area Chamber of Commerce, Ryan Hanson, SBDC Director (888) 745-5601

Butte: Headwaters RC&D, Julie Jaksha, SBDC Director, (406) 782-7333

Colstrip: Southeastern Montana Development Corporation, Jim Atchison, Executive Director, (406) 748-2990

Great Falls: Great Falls Development Authority, Rebecca Engum, SBDC Director (406) 453-8834

Havre: Bear Paw Development Corporation, Joe LaPlante, SBDC Director, (406) 399-1557

Helena: Montana Business Assistance Connections, Dan Anderson, SBDC Director, (406) 447-1510

Kalispell: Kalispell Area Chamber of Commerce, Chris Parson, SBDC Director, (406) 758-2802

Missoula: Montana Community Development Corporation, Amita Patel, SBDC Director, (406) 728-9234 ext 214 or Lin Dankowski 728-9234 ext 215.

Wolf Point: Great Northern Development Corporation, Lorene Hintz, SBDC Director, (406) 653-2590.