Applying for An Access to Capital Grant
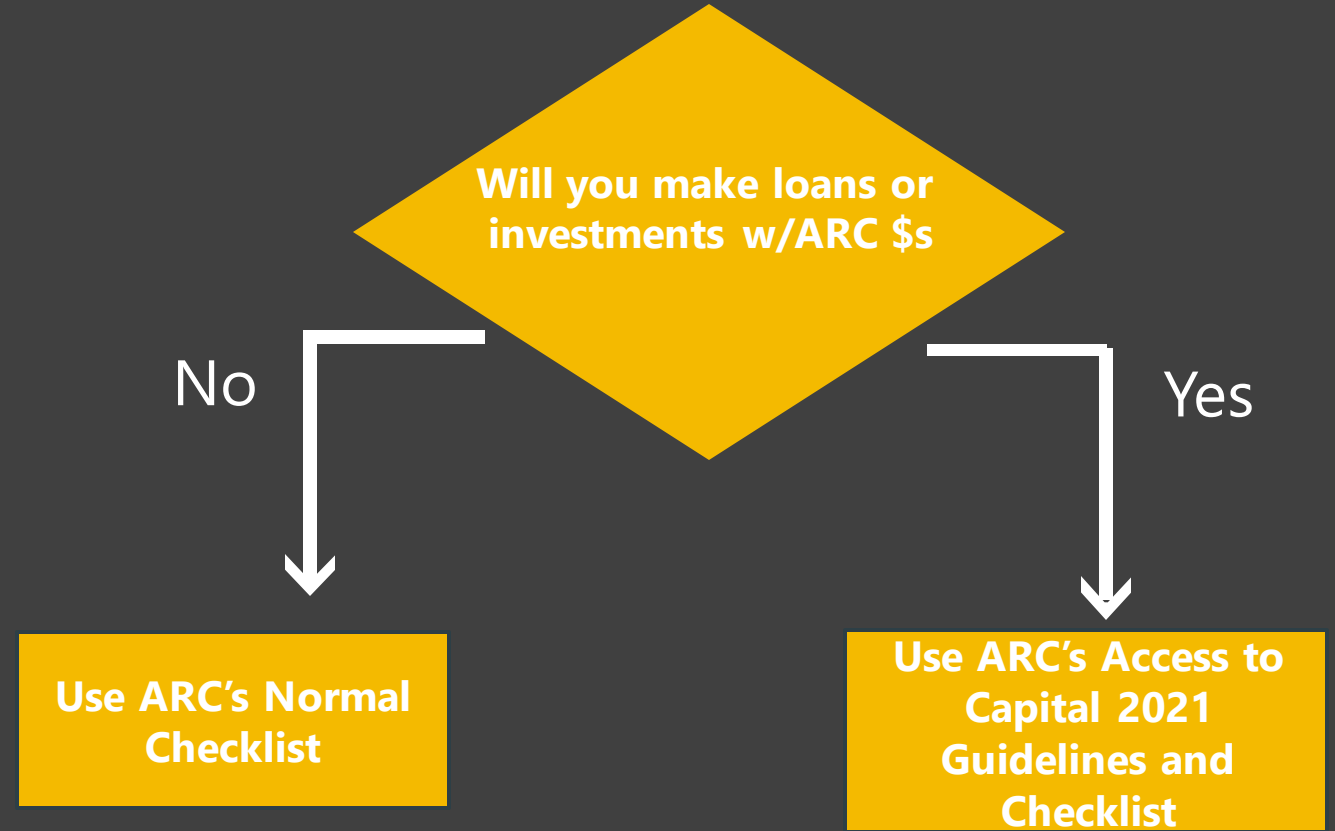
June 2024

Presentation Goals

1.   ARC Funding Programs

2.   Access to Capital Program

3.   Application Process

Appalachian
Regional
Commission

Do you have an access to capital project?

Will you make loans or investments w/ARC $s

No

Yes

Use ARC's Normal Checklist

Use ARC's Access to Capital 2021 Guidelines and Checklist

Housekeeping

Yes, you will get a recording of the webinar

Yes, you will get a copy of the slides so that you have the links referenced.

Type questions in the Chat. Staff will either answer as we go or address your questions at the end.

ARC Signature Grant Programs

- **Area Development** State allocations to identify and make recommendations for various projects.

- **POWER** (Partnerships for Opportunity and Workforce Revitalization)

- **ARISE** (Appalachia Regional Initiative for Stronger Economies)

Principles of Access to Capital Program

- Expand the Region's entrepreneurial ecosystem
- Address gaps in capital across the region
- Expand threshold for risk capital
- All lending and investing decisions are left to the grantee based on its program objectives

Appalachian Regional Commission

ARC does not fund companies directly

We grant funds for non-profits and governments to lend or invest to borrowers.

ARC Grants

Non-Profit

Loans or Investments

Businesses

Appalachian Regional Commission

Do not apply before reading ARC's Access to Capital Projects – Application and Operating Guidelines

Pay particular attention to the federal reversionary interest!

- Federal government retains interest in all loans/investments where ARC funds are used
- ARC's interest is equal to the % of its funds used for the loan or the equity share
- Grantee must submit reports to track ARC's interest
- Bottom line: Grantee will report forever on the fund as it continues to operate.

What is the federal reversionary interest?

- Answer **all** standard questions on ARC's Non-Construction Checklist

- Add ATC-specific narrative and ATC required attachments

Access-to-Capital Application Requirements

Outlined in ARC's Access to Capital Checklist

![Appalachian Regional Commission logo]

Access to Capital Application Checklist

All applicants requesting ARC funding for Access to Capital Grants (For Loans or Equity Capital) should use this checklist to develop a complete project application. The framework for the checklist is based on ARC's 2022-2026 Strategic Plan, which emphasizes strategic focus, collaboration, sustainability, and measurable impact as well as on the Access to Capital Application and Operating Guidelines.

Please be sure to refer to the Access to Capital Application and Operating Guidelines for more information on the bullet points noted below and to more fully understand ARC's capital program: https://www.arc.gov/resource/access-to-capital-projects-application-and-operating-guidelines/

Though similar in content and structure to ARC's Non-Construction Application Checklist, the Access to Capital Application Checklist includes additional guidance and detail that is specific to projects of this category. Those seeking funding through ARC's POWER or ARISE initiatives should also consult current program NOSAs to ensure that application packages align with the structural/submission guidance contained within.

Please list the page numbers where the information can be found.

SECTION 1: Transmittal Letter (usually provided by the state upon recommendation to ARC).

SECTION 2: REQUIRED APPLICATION FORMS, Page # ____
Include the required application forms:
- ❑ Federal Standard Form 424*: Application for Federal Assistance
  *(*Note: Include ARC funds and all matching funds; put all applicant funds dedicated to the project in the "local" line item)*
- ❑ Federal Standard Form 424A: Budget Information for Non-Construction Programs
  *(*Note: show all capital in the "Other" line item and corresponding narrative as part of the application.)*
- ❑ Federal Standard Form 424B: Non-Construction Assurances
- ❑ ARC Memorandum of Understanding
- ❑ Any forms required by state ARC program offices (ARC Form 3 may be required)

Project Description*

- Outline the proposed financial products (e.g., types of loans or equity investments)

- Describe 1-2 sample projects and how deals would be structured

- Detail technical assistance to be provided to borrowers in-house or with TA providers

*In addition to the non-construction narrative requirements

Appalachian Regional Commission

- Describe gaps in the availability of capital in service territory

- Attach at least 2 letters of demand from businesses/stakeholders

- Make sure to summarize those letters in the narrative

- Providing backup documentation through data is better – ARC's Capital Report

Strategic Rationale*

*In addition to the non-construction narrative requirements

Rationale Continued*

- Describe existing sources of financing available and how this product is complementary or superior

- Provide deployment rate for currently available assets

- Outline current restricted and non-restricted asset allocation

*In addition to the non-construction narrative requirements

Appalachian Regional Commission
ARC

- Briefly outline key partners within the service area's entrepreneurial ecosystem (e.g., TA providers, other finance organizations).

- Describe project partner's roles that are part of the ARC-funded project

- Warning: Don't be a lone wolf

Project Team

Partnerships*

*In addition to the non-construction narrative requirements

Project Team

Organizational Capacity*

- Describe the applicant's and key personnel's lending or investing experience

- List any professional associations or organizations the applicant belongs to. Examples may include CDFA, Opportunity Finance Network, etc.

*In addition to the non-construction narrative requirements

Appalachian Regional Commission

Budget Narrative

- Start with this before filling in SF424a

- Use "Other" budget line item for all capital

- Briefly describe capital products on the budget narrative table

SF-424a: Official Budget

- Link to video on SF424a

- SF424a can include both operations/capital

- Use "Other" budget line item for all capital.

- Make sure this matches the line items on the budget narrative.

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
a. Personnel	$	$	$	$	$
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)					$
j. Indirect Charges					$
k. TOTALS (sum of 6i and 6j)	$	$	$	$	$

What is Match?

Funds or resources contributed to the project outside of ARC. In general, ARC projects require match:

- o Acceptable match sources:
  - o Applicant
  - o Foundations
  - o Public Sector - (e.g., State Small Business Credit Initiative)
  - o Private Sector

- o Types of match:
  - o Cash
  - o Other Loans
  - o Other Grants
  - o In-kind donations– property, equipment, services, personnel etc.

Appalachian Regional Commission

arc.gov

Match Requirements

- ARC <u>match rates</u> are determined by <u>county economic status</u> designations

County Designation	Max ARC	Min Match
Distressed	80%	20%
At-Risk	70%	30%
Transitional	50%	50%
Competitive	30%	70%
Attainment	0%	100%

Note: ARC's POWER program, traditionally requires applicants to match/raise $3 in private funds for each ARC $. The Notice of Solicitation for Applications will inform if this remains in affect in the 2025 program.

Appalachian Regional Commission

arc.gov

- Use these measures at a minimum:

    - Businesses served
    - Businesses improved
    - Jobs created
    - Jobs retained
    - Businesses created - if applicable
    - Leveraged private investment

    Please find the definitions for performance measures [here.](#)

Required Performance Measures

- 5-year pro forma income statements

- Applicant's 3-years of past financial statements if applicable

- Pipeline of potential loan or investment opportunities - less than one page

Required Attachments

- Follow 2021 Access to Capital – Application and Operating Guidelines

- An additional template for the Operating Plan will be available soon.

- Will outline operational, loan/investment criteria, interest rate, governance, conflict of interest, etc.

Required Attachment: Operating Plan

Thank you!