



Cottonwood County Seed Capital Fund

Cottonwood County Courthouse

Windom, MN 56101

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Kelly Thongvivong, County Coordinator

GUIDELINES

The intended purpose of the Cottonwood County Seed Capital Fund is to assist inventors or existing businesses in the first stage of the development of a new product. With funds from the Blandin Foundation, Southwest Minnesota Initiative Fund and the local contributions of Bingham Lake, Jeffers, Mountain Lake, Storden, Westbrook, Windom and Cottonwood County, the Cottonwood County Seed Capital Fund totals almost \$50,000.00. With these funds, Cottonwood County hopes to:

- Diversify its economy;
- Reduce its dependence on the agricultural economy;
- Encourage local entrepreneurs to turn their ideas or inventions and their creativity into a solid business venture;
- Create more jobs within the county;
- Reduce the declining population trends of the communities and county.

Cottonwood County will consider low-interest loans for individuals or businesses residing or located in the county to start-up or expand their business.

LOAN CRITERIA AND DEFINITIONS

ELIGIBILITY

Eligible applicants may be either start-up businesses or expansion projects. The type of businesses include, but are not limited to, those engaged in:

- Technologically innovative industries.
- Value added manufacturing.
- Agriprocessing.
- Information industries.
- Agricultural marketing.
- Tourism.
- Diversified industries.
- Unique Services.
- Non-competitive retail development.
- Projects that support economic development.

Loan funds are NOT available for the following activities or businesses:

- Agricultural production/livestock loans.
- Projects for which financing is available for reasonable terms from other sources.
- Projects that cannot demonstrate a reasonable chance of success.

LOAN INTEREST AND TERMS:

Interest rate is established at a fixed rate of 2% under prime with repayment terms of one to three years established according to analysis of repayment capability or as set at the discretion of the advisory board.

- The county will obtain business and/or personal collateral although that interest can be subordinated to private lenders or other lenders.
- Personal Guarantees may be required.
- Applicant must be current on all taxes.

ELIGIBLE USES OF LOAN FUNDS:

All costs demonstrated as essential for the project are eligible for a loan, including, but not limited to:

- Product development and research.
- Patent and legal work.
- Market research and implementation.
- Business planning and equity funds.
- Small business management training.
- Prototype development.
- Working capital/Inventory
- Fixed assets, including:
 - Machinery and equipment
 - Building renovation

Generally, funds for refinancing existing debts are ineligible.

PRIVATE INVESTMENT:

An approved loan from the Seed Capital Fund must be matched by some amount of private funds invested by the business or owner. These funds could be cash or in-kind contributions of the inventor or entrepreneur.

JOB CREATION:

The long-term goal of the Seed Capital Fund is to create new and additional jobs within the county.

BUSINESS PLANNING:

A business should eventually have some expertise in or should obtain assistance with product development, marketing and management. If assistance is needed, applicants can find support from available business development professionals such as regional development commission staff, local community development personnel or small business management consultants. The Seed Capital Fund will refer you to these business experts as you develop your project.

NOTE: On retail projects, a full business plan with financial statement will be expected as a part of the Final Application.

APPLICATION PROCESS

All applicants must obtain a preliminary application from Cottonwood County in order to initiate formal consideration of their project. Preliminary applications are reviewed on a regular basis by staff and the Seed Capital Board. Upon review by staff and the Board, eligible applicants will be asked to submit a full final application. Applicants should not assume any funding commitment if the Seed Capital Fund provides technical assistance or requests a final proposal. The Cottonwood County Seed Capital Board, with representation from all the cities in the County and the County Board of Commissioners, will make the final decision on applications.

The Cottonwood County Seed Capital Fund staff welcomes preliminary inquiries from prospective applicants. Persons with questions about procedures and potential projects are invited to contact:

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